25 August 2020

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

2020 ANNUAL REPORT

Seven West Media Limited (ASX: SWM) attaches the Annual Report for the full year ended 27 June 2020.

Ends.

This release has been authorised to be given to ASX by the Board of Seven West Media Limited.

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closer to the moments that move us

Annual Report 2020

SevenWestMedia

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Who We Are

Transforming to lead

Seven West Media is being transformed to drive long-term success.

We are an audience-centric business that creates and delivers premium content.

We cultivate Australian audiences by engaging them through our news, sport and entertainment content across television, newspapers and our rapidly growing digital platforms.

We are talent-led. Bringing Australians closer to the moments that move them, our people deliver compelling content across our network to inform, inspire and entertain.

Our deep connections with advertisers, technology, data and insights are core to our existence and we invest in these accordingly.

We will emerge from the transformation of Seven West Media a leaner, stronger business – positioned to win as a media company of the future.

Broadcast

Digital

SEVEN WEST VENTURES

Our Strategic Priorities and Performance Dashboard

We defined a new strategy in FY20 with the aim to accelerate the transformation of the company, position it as a media company for the future and grow shareholder value.

Our strategic priorities focus on three key pillars to drive our long-term growth strategy. Our performance dashboard tracks the accomplishments and progress against these strategic pillars.

The COVID-19 pandemic has been highly disruptive to the media sector, with productions delayed, cancellation of sporting events including the Olympics and a significant decline in advertising revenue during the period. Despite these challenges, we accelerated the implementation of transformation initiatives and executed temporary measures to partially offset the effect on our business.

Content led growth

> Revitalise our entertainment programming, creating momentum to engage heartland Australia
> Be the most relevant and exciting offer to advertisers
> Explore a meaningful streaming partnership

Milestones Achieved

> Revitalised entertainment content strategy premiered with *Big Brother*, delivering highest P25–54 audience share in a decade
> #1 CFTA BVOD audience share achieved in 2H20 with audience growth comfortably outpacing market
> News and Sports franchises maintain long-term #1 position in market

Transformation

> Sharpen our focus on being an audience and sales led organisation
> Redefine our working practices, becoming more efficient and effective
> Explore traditional adjacencies
> Explore non-traditional adjacencies

Milestones Achieved

> Actioned $170m in gross cost out initiatives in FY20
> Lowest cost base since 2003, down 20 per cent
> Transformation initiatives deliver lowest TV cost base since 2007 and lowest TV staff base since 2003
> Revised and extended AFL contract with net savings of $87m over the existing contract period to 2022

Capital Structure & Balance Sheet

- Maintain focus to work down debt and improve balance sheet flexibility
- Explore M&A opportunities

Milestones Achieved

- Divested three non-core assets delivering $150m in proceeds
- Bank facilities amended with debt extension to 2022
- Secured 14.9 per cent strategic stake in Prime providing long-term optionality

Letter from the Chairman

Welcome to our 2020 annual report for shareholders.

The last 12 months have arguably been the most tumultuous period in history for Seven West Media, the rest of the media sector and global economy, the effects of which will be felt by all of us for many months to come.

At the start of the financial year we gave a clear mandate to our incoming Managing Director and Chief Executive Officer James Warburton to make the necessary changes to put the Group in a winning position with improved financial, operational and programming strategies.

The continuation of our success in AFL, cricket, news and public affairs programs, as well as a revitalised prime time schedule, necessary cost cutting in operations and sales of non-core assets, were positioning Seven West Media well for the year.

However, the bushfires and the onset of the ongoing COVID-19 crisis in early 2020 dented consumer confidence and business activity across Australia, with the media one of the economy's leading sectors bearing the brunt of the pain as a result of lower advertising expenditure.

The crises did highlight Seven's leadership in news and public affairs, with millions more viewers tuning in to *Sunrise*, our news bulletins, special programs and digital platforms as a trusted source where they could keep abreast of developments throughout the day.

The unprecedented set of difficult economic conditions continued to create an environment where your Board and executive team had to make very difficult decisions to shore up our business to withstand any further shocks.

This strategy has involved the further divestment of non-core assets and a much sharper focus on our cost structure, which sadly has also resulted in the departure of valued staff who have made significant contributions to the Group over many years. They have our greatest respect and we wish them well in the future.

Australians continue to look for a trusted source of news and information from their local broadcasters, which invest heavily in content, employ thousands of people and pay a fair share of tax, while also complying with local content quotas and Code of Practice.

Meanwhile foreign owned online platforms, which pay little tax in Australia, operate on an entirely different playing field without being constrained by these requirements and often the law.

We welcome the very effective work being performed by the Australian Competition and Consumer Commission in bringing these platforms to account for the damage they are causing to jobs, the integrity of news gathering and established, law abiding businesses in Australia and the rest of the world.

We urge political parties from all sides to implement changes in legislation recommended by the Australian Competition and Consumer Commission, in particular where these platforms are no longer described as carriers but publishers in a first step.

The continuation of our success in AFL, cricket, news and public affairs programs, as well as a revitalised prime time schedule, necessary cost cutting in operations and sales of non-core assets, were positioning Seven West Media well for the year

The COVID-19 crisis has highlighted the many challenges the worldwide media sector faces and your Board and management continue to put in place initiatives allowing us to ride through the current environment, but also look forward to a much brighter future as economic conditions recover.

We are already seeing success with a new programming schedule introduced by James and his team, which has seen the network regain our ratings leadership position in recent months.

The team has successfully re-negotiated our rights contracts in AFL and horse racing, with other sports and programming contracts identified for new deals.

On the back of the new night time programming schedule and the continuing strength of our sport, news and public affairs content, we believe Seven is now in a long-term winning position and is best placed to be the first and strongest to recover from the current difficulties.

On behalf of the Board, I thank you, our shareholders, and staff for your ongoing support of Seven West Media as we continue to navigate our way through the very choppy waters in the economy.

Kerry Stokes AC
Chairman

Letter from the Managing Director and Chief Executive Officer

The past 12 months has been a period of significant change for Seven West Media.

Having joined as Managing Director and Chief Executive Officer this financial year, I've had the privilege of being able to articulate a new strategy for SWM that will drive the transformation of the business and position it for the future.

Our strategy is multi-pronged and focuses on three key strategic pillars:

> **Content Led Growth:** a new tentpole strategy to complement the strength of Seven's dominant daily spine of news, sport and entertainment, and The West Australian's unparalleled presence in Western Australia.
>
> Shifting our content to a more advertising-friendly demographic with a refresh already underway. Digital assets at Seven and The West Australian play a critical role in this strategy to broaden distribution of this content and drive growth for our business.

> **Transformation:** sharpening our focus to be an audience and sales-led organisation, while redefining our operating model for the future to become a more streamlined business across both television and newspapers.

> **Capital Structure & Balance Sheet:** establishing an optimal capital structure while continuing to work down debt as a priority to provide us greater flexibility.

The extraordinary financial, operational and social impact of the global COVID-19 pandemic on SWM as well as the Australian and global economy at large has been sudden, severe and well-documented.

The advertising market has been significantly impacted. Productions were disrupted and forced to cancel or be rescheduled. The Tokyo 2020 Olympic Games were postponed and the AFL had to radically revise its schedule to ensure the 2020 season could proceed.

Notwithstanding these headwinds SWM has demonstrated agility in extraordinary circumstances as we have continued to execute this strategy, even accelerating the pace in order to adapt to the unprecedented conditions while delivering the necessary business transformation.

Key achievements

Content led growth

We launched our new tentpole strategy in early June with the premiere of *Big Brother*. This delivered a substantial improvement in our ratings performance, particularly in the key demographics explicitly targeted.

Our target audience growth in more advertiser-friendly demographics was achieved with significant year-on-year growth in the all-important p25-54s (up 67 per cent) while still seeing us grow in total people. Driving our ratings success throughout the year was the existing daily programming spine that continued to perform exceptionally well. Our public affairs programs *7NEWS*, *Sunrise* and *The Morning Show* each continued to dominate in their respective categories, as did *Home and Away* and *The Chase*. Seven's coverage of sport has continued to underpin the AFL and Cricket as Australia's number one winter and summer sports respectively.

Intense focus on our broadcast video on demand platform (BVOD) has seen 7plus dominate its competitors to become the top service in the commercial free-to-air television landscape in the final months of the reporting period.

7plus claimed the leading market position in the fourth quarter capturing 46 per cent share of viewing. In the 2020 financial year streaming minutes on 7plus grew by 53 per cent.

The new content strategy will continue to be executed throughout 2020 with three more tentpoles before the end the year – *Farmer Wants a Wife*, *Plate of Origin* and *SAS Australia*. Each of these has been scheduled to continue the delivery of refreshed and exciting primetime content that attracts bigger audiences to the Seven network across all platforms.

The execution of this strategy will continue into 2021 with the commissioning of four new tentpoles including a new season of *Big Brother*. Reflecting our shift towards externally produced established formats with proven success, SWM will work with external partners to deliver these productions, which are intended to drive audiences in key demographic groups.

Transformation

We have actioned $170 million of gross cost out initiatives this year across both our television and newspaper businesses, which will be realised across the 2020 and 2021 financial years. As a result of these changes SWM will end FY21 with the lowest television cost base since 2007. Similarly, we will have in place the lowest headcount since 2003 after a 20 per cent reduction over the last twelve months.

In addition, our proactive response to COVID-19 included implementing $50 million of temporary cost savings in the 2020 financial year. These temporary savings included cost deferrals due to production disruptions and subsequent content delays, sports rights deferrals, a three-month salary reduction and the Federal Government's JobKeeper contribution. Most are one-off in nature and therefore these expenses will return in FY21.

Capital Structure and Balance Sheet

A key priority for SWM has been to reduce debt and ensure liquidity throughout the uncertain COVID-19 economic environment while we pursue the transformation of the business.

A number of asset sales executed over the financial year has delivered total proceeds to the business of $150 million. These were Redwave Radio in Western Australia yielding $28 million; Pacific Magazines – $40 million; the sale and leaseback of West Australian Newspapers Osborne Park facility for $75 million and the sale and leaseback of a property in Maroochydore for $7 million.

In July 2020 we announced the amendment of our debt facilities, extending the maturity and establishing new debt covenants. The amended facilities provide us the flexibility to pursue our transformation strategy in what continues to be an uncertain operating environment.

Advertising market

Advertising market conditions were challenging prior to the impact of COVID-19. In the financial year, the metropolitan TV market declined 14.1 per cent, and 33.7 per cent in Q4.

The network secured a 37.4 per cent free to air share in the financial year, which was impacted by limited sport and an underperforming entertainment line-up.

Despite this, the BVOD market continued to grow strongly up 30.5 per cent in FY20, and 7plus delivered a 32 per cent share.

Outlook

While we have achieved many major milestones this year, we continue to focus on transforming our business for the future. We have seven new tentpoles in the pipeline, which will launch in 2020 and 2021 calendar years to engage audiences and advertisers alike.

Our focus on establishing a lean, efficient operating cost base will deliver further savings in the 2021 financial year. This will include the ongoing negotiation of existing sports rights and driving greater efficiencies across our operating model.

Our West Australian Newspapers business is undergoing a detailed review and subsequent transformation by the management team.

Additional initiatives are underway in the pursuit of working down our debt, including a number of asset sale processes we continue to explore: the TXA transmission facilities with Goldman Sachs; Seven Studios with Morgan Stanley and SWM Ventures with Grant Samuel.

We are focussed, we are determined, and I am confident we will transform this business to return to its leadership position and drive growth for our shareholders.

Finally, on behalf of the Board and the executive leadership team I would like to thank all my colleagues at Seven West Media for their dedication, sacrifice and continued delivery throughout FY20. While it has been a challenging year, I am confident the passion and dedication of SWM's people will deliver our strategy and ambitions for the future.

James Warburton
Managing Director and
Chief Executive Officer

Group Performance Key Highlights

Relaunched content strategy delivers growth in
25–54
audiences

7plus is
#1
CFTA BVOD service at year end

AFL contract renegotiated and extended **$87m** savings

FY20 cost initiatives actioned
$170m

Net debt reduced to
<$400m

Completed divestment of three non-core assets for proceeds of **$150m**

Summary of Financial Performance

	FY20 $m	FY19[4] $m	Change 3%
Revenue	1,226,371	1,423,388	-14%
Other income	676	3,615	-81%
Share of net profit of equity accounted investees	1,203	1,141	5%
Revenue, other income and equity accounted profits	1,228,250	1,428,144	-14%
Operating expenses excluding depreciation and amortisation	(1,098,671)	(1,175,213)	-7%
EBITDA[1]	**129,579**	**252,931**	-49%
Depreciation and amortisation	(30,925)	(40,119)	-23%
EBIT[2]	**98,654**	**212,812**	-54%
Net finance costs	(40,593)	(48,141)	-16%
Profit (loss) before significant items and tax from continuing operations	**58,061**	**164,671**	-65%
Significant items excluding tax	(351,992)	(609,167)	-42%
Profit (loss) before tax from continuing operations	**(293,931)**	**(444,496)**	-34%
Tax (expense) benefit	93,880	116,900	-20%
Profit (loss) after tax from continuing operations	**(200,051)**	**(327,596)**	-39%
EBITDA margin	10.6%	17.7%	
EPS from continuing operations			
Basic EPS	(13.1 cents)	(21.5 cents)	
Basic EPS excluding significant items net of tax	2.7 cents	16.5 cents	
Diluted EPS	(13.1 cents)	(21.5 cents)	
Diluted EPS excluding significant items net of tax	2.7 cents	16.5 cents	

(1) EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.
(2) EBIT relates to profit before significant items, net finance costs and tax.
(3) Change percentages are calculated on whole dollars and not the rounded amounts presented.
(4) Prior year figures have been restated for AASB 16, amendments to AASB 112 and discontinued operations.
(5) "nm" means "not meaningful"

Reconciliation of EBIT to statutory profit before tax

	FY20 $m	FY19[4] $m	Change %
EBIT	98,654	212,812	-54%
Net finance costs	(40,593)	(48,141)	-16%
Significant items	(351,992)	(609,167)	-42%
Profit (loss) before tax from continuing operations	(293,931)	(444,496)	-34%

Sunrise

Seven West Media Limited reported a statutory loss from continuing operations before tax of $293.9 million for the year ended 27 June 2020. This compares to the previous corresponding year statutory loss before tax from continuing operations of $444.5 million. Excluding significant items, the current year profit after tax of $40.8 million is down 66 per cent on the previous year equivalent profit of $120.4 million.

Seven West Media recorded significant items before tax of $352.0 million in the period, including the impairment of intangibles, other assets including fixed assets, restructuring costs and onerous contracts.

The Group delivered revenue including share of equity accounted investees profits of $1,228.2 million, down 14 per cent versus the previous year. Profit before significant items, net finance costs and tax (EBIT) of $98.7 million was down 54 per cent on the previous year. The dividend remains temporarily suspended with a focus on prudent capital management and balance sheet flexibility post relaxation in media ownership legislation.

During the period, Seven West Media divested the Pacific Magazines assets on 1 May 2020 and Redwave Radio business in Western Australia on 31 December 2019. Pacific Magazines and Redwave Radio combined contributed $93.5 million of revenue, $90.5 million of expenses including depreciation and amortisation and $3.0 million of EBIT before significant items to SWM's FY20 results. The Pacific segment was classified as a discontinued operation in the FY20 Financial Report.

Advertising Market and Revenue Performance

SMI data reported that the Australian advertising market declined by 15.2 per cent in the financial year compared to the previous year. This decline was due to advertisers materially reducing their spend in response to adverse economic conditions driven largely by COVID-19 induced lockdown measures. Advertising spend in the June 2020 quarter decreased 40.8 per cent.

Metropolitan television advertising decreased 14.1 per cent to $2.3 billion in the financial year based on KPMG Think TV data. The fourth quarter was materially impacted by COVID-19, down 33.7 per cent in the period year on year. In the financial year Seven secured a 37.4 per cent share of the Metro television advertising market, down 1.4 percentage points on the prior year.

The Broadcast Video on Demand (BVOD) category continues to grow rapidly, with advertising revenues from online catch-up and live TV streaming up 30.5 per cent YoY to $162 million.

SMI reported the digital advertising market decreased by 9.6 per cent in the financial year compared to the previous year. Seven outperformed the market, growing its digital gross advertising revenue by 31.3 per cent YoY. Seven reported a 32.4 per cent BVOD share among commercial FTA networks for the financial year.

SMI reported that Newspaper advertising spend decreased by 23.4 per cent in the financial year compared to the previous year. The West Australian newspapers delivered above market revenue trends in a sector that continues to face strong headwinds, while operating in a challenging local economy. Advertising revenue at The West Australian decreased 9.6 per cent compared to the previous financial year.

Home and Away

AFL commentary team

Cost Management

In the financial year, management actioned $170 million of gross cost out, which will be realised across the next two years. In addition there were one-off savings from COVID-19 measures in the fourth quarter of the 2020 financial year which saved $51 million.

Divestments in the period resulted in $21.6 million reduction in Group cost. This was partially offset by the full year impact of consolidating Community Newspaper Group and 7Beyond expenses, which added an incremental $22.0 million to operating expense in the year.

Excluding significant items, total Group costs, including depreciation and amortisation, reduced $108 million representing a 8.4 per cent decrease year on year.

Balance Sheet

As at 27 June 2020, the Group's liabilities exceeded its assets by $236.1 million (previously reported 29 June 2019: assets exceeded liabilities by $103.1 million).

The Group is in a net liability position as at 27 June 2020 as a result of the following:

> $123.5 million impairment of intangible assets and programming rights as a result of carrying value assessments performed at reporting date;

> reassessment of onerous contracts provisions required in respect of certain programming rights agreements resulting in the recognition of $136.9 million of additional provisions;

> an accounting policy change resulting in the recognition of a deferred tax liability of $138.5 million relating to the treatment of the Group's indefinite lived intangible assets; and

> the adoption of AASB 16 Leases during the current year which resulted in the recognition of Right of Use Assets of $117.1 million and Lease Liabilities of $175.2 million (Current Liability: $7.7 milllion, Non-Current Liability $167.4 million).

The Group has positive net current assets as at 27 June 2020 of $259.4 million.

Net Debt

Group net debt position (cash and cash equivalents less drawn debt facilities) at $398.0 million.

The Group amended the debt facilities. A syndicated secured facility agreement has been entered into with maturities in July 2022 ($450.0 million) and December 2022 ($300.0 million). Under the terms of the new agreement the existing leverage and interest cover ratios are replaced by a minimum liquidity requirement and a minimum EBITDA test (from March 21) until 31 December 2021 at which time leverage and interest cover covenants are reinstated. The amended interim covenants provide the Group with the flexibility required to complete the transformation program that was commenced during FY20.

At 27 June 2020, the Group had available cash of $352.0 million with net debt of $398.0 million.

Cashflow

Seven West Media held $352.0 million of cash as at 27 June 2020, an increase of $261.6 million from prior year. Net operating cash inflows contributed $47.5 million to the overall increase in cash with cash receipts related to JobKeeper of $13.6 million. Net cash inflows from investing activities of $126.4 million, includes cash proceeds from the divestment of three non-core assets $150.0 million. The sale of assets and investments included the Pacific Magazines segment assets, Redwave Radio operations, and properties in Western Australia and Queensland. The Group's net draw down on debt facilities during the period was $95.0 million, and at year end the debt facility was fully drawn.

03


LIAR
sunrise
the Good Doctor
7 NEWS
Home and Away
BROTHERS AND SISTERS
FARMER wants a WIFE
THE FRONT BAR
GOTTA LOVE SPORT
LIVE & FREE
7Cricket
SAS AUSTRALIA
THE ALL NEW MONTY GUYS & GALS
PLATE OF ORIGIN
THE MORNING SHOW
CRIMINAL MINDS
AFL
HOLEY MOLEY
without a trace
BIG BROTHER
Better Homes and Gardens
GREY'S ANATOMY
ULTIMATE TAG
RESURRECTION

Review of Operations

Seven

Seven's content and transformation strategy accelerated in the financial year with major changes across every aspect of the business.

This included 1) a complete content refresh of the primetime entertainment schedule to complement the strength of Seven's spine of news, sport and entertainment; 2) renegotiation and extension of the AFL broadcast rights and 3) a wide ranging extensive cost out program that reduced headcount by over 20 per cent and costs by 8 per cent in the broadcast business, the lowest levels since the 2003 and 2007 financial years respectively. The impact of COVID-19 on advertising revenue necessitated speed in the execution of these moves.

Seven's strategy is focused on acquiring, engaging and retaining a younger, more advertising friendly demographic. Our aim is to bring viewers the best entertainment, news and sport content to engage these audiences at scale. The entertainment schedule has been revitalised with all new commissions to enrich the demographic profile of the network and be a more attractive proposition for advertisers. The evolution and scaling of 7plus, Seven's BVOD platform, has been a significant focus with a target of capturing far greater share of viewing and revenue.

Seven Network

The depth of the Seven broadcast schedule remains unparalleled. Over the course of the day Seven has won 59 per cent of weekly overall hours in calendar year 2020. This consistency is led by our market-leading news and public affairs programming with *7NEWS*, *Sunrise* and *The Morning Show* all leading their timeslots by a material margin.

During times of global uncertainty, the value of premium and free news services has been unquestionable. Australians have turned in droves to *7NEWS* as the most trusted source of broadcast news in the country with our audience growing 11 per cent to over 1 million metro viewers on average in 2020. *7NEWS* extended its dominance as the number 1 news service in the country, increasing audience share in 2020.

The strength of Seven's programming schedule begins each day with *Sunrise* which was Australia's most-watched breakfast show for a 17th consecutive financial year. *The Morning Show* celebrated its 14th birthday as the most-watched morning show, growing audience by 19 per cent. *Home and Away* continues to be the number 1 Australian drama on free to air. Rounding out Seven's dominance throughout the day is the lead-in to Seven's market leading nightly news service with *The Chase* which increased its audience by 7 per cent in 2020.

Front Bar

Big Brother

Seven is the home of Australia's number one summer and winter sports in the cricket and AFL. While the lockdowns enforced as a result of COVID-19 meant audiences were without their favourite sports for a period, the return of the AFL in June was a reminder of the important role sport plays in the lives of Australians. Over 1 million metro viewers tuned in for the first game back between Richmond and Collingwood, the largest regular season match in more than a decade and the biggest Thursday night match ever. Since the return of the season our audience numbers have continued to strengthen, particularly in the P25–54 demo which grew 14 per cent year on year. As the leading sporting code in the country, AFL is very important to Seven, hence the extension of that rights contract to 2024 and renegotiating the current rights costs lower was a significant strategic outcome for the network.

Seven's second summer of Test Cricket continued the high standard set up by Seven's maiden coverage the year before as Test audiences increased 13 per cent compared to the previous summer. *The Big Bash* continues to be a spectacle for fans and Seven is in discussions with Cricket Australia about the series to address the season and format of the product moving forward.

Entertainment is Seven's third content pillar alongside News and Sport. At Seven's Upfronts presentation in October 2019, Managing Director and CEO, James Warburton outlined plans to change the network's content strategies and announced an investment in and focus on the 7.30pm tentpole strategy.

As a network, this will take time as no network turns around overnight. However, the early signs are that the strategy is working with the launch of *Big Brother* delivering Seven's largest launch audience for a regular series in two years. Importantly this drove significant audience growth in key demos of P25–54 and P16–39. The content also lives beyond just broadcast with significant engagement through curated short form content in 7plus and social. Audiences were maintained with the launch of *Farmer Wants a Wife* in early FY21, further lifting confidence around the strategy.

A revitalised Entertainment schedule with exciting new formats, combined with our market-leading News and Sports franchises gives us the platform to return to the position as the number 1 broadcast network.

The domestic advertising market saw its largest yearly decline on record in the 2020 financial year. The impact of the bushfires over the summer and enforced lockdowns due to COVID-19 led to a decline in the metro FTA TV market of 14.1 per cent during the financial year.

This meaningful decline in advertising market revenue led to a decrease in Seven revenue of 15.1 per cent to $1,041.9 million and a decline in EBIT of 57.5 per cent to $89.3 million during the 2020 financial year.

Seven's studios business produces a number of long-running Australian programs including *Home and Away* and *Better Homes and Gardens*. During the period the studios business was repositioned to maximise profitability and support Seven Network to capitalise on the best external

7 Cricket Glenn, Ricky, Mel and Tim

formats. During the 2020 financial year distribution and other third production income of $43.3 million in FY20, up 12.8 per cent on the prior year. This increase was driven by the consolidation of 7Beyond in the period, contributing $8.3 million incremental revenue. Overall, income from the studios business included within Seven revenue decreased by 8.6 per cent to $49.8 million.

Seven continues to right size its cost base to adapt to a rapidly changing operating environment. During the 2020 financial year $135.0 million of gross cost out initiatives were delivered across the Seven business. These savings included the annualised benefit of the renegotiated AFL agreement, as well as cost savings from a 20 per cent reduction in headcount within the television business. The Seven business delivered incremental temporary savings this financial year, in response to the impact of COVID-19, with savings from JobKeeper, a three-month salary reduction across staff and other initiatives. The net saving in the 2020 financial year as a result was $66.1 million, with savings of $31.0 million offsetting cost growth of $9.7 million.

Digital platforms

Seven's Broadcast Video on Demand (BVOD) streaming platform 7plus claimed the leading market position in the fourth quarter capturing 46 per cent share of viewing. In the 2020 financial year streaming minutes on 7plus grew by 53 per cent, comfortably outperforming commercial FTA market streaming growth of 44 per cent. Seven's strategy of acquiring library content, which drive high volume minutes has been successful in delivering above market consumption growth. During the 2020 financial year BVOD market revenue grew 30.5 per cent.

Importantly our 7plus audience is complementary to our broadcast audience, with the launch of audience measurement system VOZ later in the year to highlight the incremental reach of BVOD. Digital revenue included within the Seven business increased by 44.5 per cent during the financial year to $55.2 million.

In March 2019, Seven launched 7NEWS.com.au. Within 12 months of launch the site rose to be the number two commercial news site in the country peaking at 11.8 million unique audience in March, beating many other long-established news sites. The rapid scaling of 7NEWS.com.au is testament to the strength and awareness of the *7NEWS* brand.

Seven continues to improve its digital audience targeting capabilities, unifying insights and data analytics across the Group, and using third-party partnerships to further accelerate audience insights.

Seven	**FY20 $m**	FY19 $m	Inc/(Dec) %
Revenue	1,041.9	1,227.8	(15.1%)
Costs	(924.9)	(989.1)	(6.5%)
EBITDA	**117.0**	**238.7**	(51.0%)
EBIT	**89.3**	**210.3**	(57.5%)


Western
SUBURBS WEEKLY
Westpoint Star
BEACH TREES AXED
BARK WORSE THAN
Broome Advertiser
VOCAL. MINED.
The Sunday Times
SPECIAL PUZZLES LIFTOUT
perth now
STARTS TONIGHT 7.30
BIG BROTHER
Premier talks borders, grants and snags
A WHOLE NEW GAME
The West Australian
CLAREMONT SERIAL KILLINGS
CLAREMONT THE TRIAL
Claremont victims' role in WA serial killer study
The West LIVE
with Jenna Clarke
LISTEN NOW
OVER 200 PRIZES WORTH $20,000!
The West Australian
UNPRECEDENTED LEGAL VICTORY
"Days became weeks, weeks became months, months became years"
REDEMPTION. RICHMOND. REMARKABLE.
The must-read story of West Aussie's AFL grand final fairytale
SPORT & THE GAME LIFTOUT

Review of Operations
The West Australian

SWM's portfolio of news brands in WA make it the preeminent media company in the state. All together The West Australian, The Sunday Times, PerthNow.com.au and Community Newspaper Group reach 88.2 per cent of the population each month.

The West Australian is a leading publisher in WA with an average of 1.63 million people in WA reading The West, Sunday Times, thewest.com.au and PerthNow.com.au each month.

In print, The West Australian Monday–Friday edition has the highest market reach of any major metro weekday masthead in the nation, with 21.5 per cent of West Australians on average reading an issue of the weekday edition. Average weekday readership of The West Australian was stable in the 12 months to March 2020 (-0.7 per cent), outperforming the broader industry where the majority of other major mastheads saw declines in average readership.

The West continues to transform its business model to adapt to ongoing structural challenges in print media. Digital subscriptions were launched in June 2019 for thewest.com.au with subscriptions in the first 12 months running ahead of plan. Following the successful launch of the paywall for the metro masthead, subscriptions were rolled out for regional masthead websites from February 2020. The West now has over 60 thousand digital product subscribers including print and digital bundled subscribers and this is a growth opportunity for the business.

WAN	FY20 $m	FY19 $m	Inc/(Dec) %
Revenue	167.1	185.8	(10.1%)
Costs	(146.7)	(158.8)	(7.6%)
EBITDA	20.4	27.0	(24.4%)
EBIT	**17.7**	**15.7**	12.7%

Podcasts are another commercial initiative being explored by The West to diversify revenue. Downloads for 'Claremont' totalled 5.5 million across 119 episodes and at the peak of the trial in December was the #1 news podcast in the country. "The West Live" launched in March and is growing strongly with thousands of live listens in addition to the nearly 100 thousand downloads.

Economic conditions remained challenging in Western Australia during the 2020 financial year, resulting in a very weak and short advertising market. Revenue at The West declined by 10.1 per cent to $167.1 million and EBITDA declined by 24.4 per cent to $20.4 million during the period. EBIT increased by 12.7 per cent to $17.7 million which was driven by lower depreciation and amortisation expense. This includes the full year impact of Community Newspaper Group, which was acquired in May 2019.

Cost reduction remains in sharp focus for The West, with $19 million of gross saving initiatives delivered in FY20. These savings exclude the inclusion of Community Newspaper Group in the cost base, which was consolidated in May 2019. The business will continue to reduce its cost base in the coming year as it drives further efficiencies, automation and process improvement to adapt to operating in the digital age.

During the period the business completed the sale of its Osborne Park facility to property manager Primewest Management for consideration of $75 million. The West will continue to occupy the site as its headquarters as the sale is subject to a lease for 15 years.

Review of Operations
Other

A key pillar of Seven West Media's strategy is to work down debt. In this context, the company began an extensive review of non-core assets during the 2020 financial year to identify where we could realise value to reduce our debt.

At the end of December 2019, the company divested its Redwave Radio business in Western Australia to Southern Cross Austereo for a consideration of $28 million.

Following a review by the ACCC, we announced the sale of assets associated with Pacific Magazines to Bauer Media Group in May for $40 million before adjustments.

Seven West Ventures holds a number of investments in high growth digital businesses including Airtasker, Healthengine and SocietyOne. A process is underway to monetise these investments. Similarly, a process commenced to early FY21 to monetise Seven West Media's investment in transmission assets, TX Australia.

Seven West Media will continue to review its portfolio with the goal of ensuring the company's core assets have greater flexibility as a result of lower debt obligations.

Risk, Environment, People and Social Responsibility

Risk Management

Seven West Media maintains sound risk management systems in order to protect and enhance shareholder value. The Board acknowledges that the management of business risk is an integral part of the Company's operations and that a sound risk management framework, aligned to its strategy, not only helps to protect established value, it can also assist in identifying and capitalising on opportunities to create value. The table below sets out the key risks (in no particular order) which could impact achievement of the Company's strategic objectives. These risks are actively monitored under our risk management framework and there are processes in place to identify, measure, evaluate, monitor and report on each of them and then control or mitigate them, to the extent possible. For more information on the Company's risk management framework refer to pages 51 to 53 of the Corporate Governance Statement of this Annual Report.

Risk Management Framework – Key Risks and Mitigations

Strategic Objective	Risk Category	Mitigations
Content Led Growth	**Competition for key entertainment rights** The Company recognises the value of premium content to its audiences and advertisers and the importance of the Company securing rights or creating attractive content at a sustainable cost.	The Company ensures a disciplined approach is maintained in acquiring content rights and production resourcing and that revenue opportunities through the exploitation of its produced or acquired content are maximised, including by targeting key demographics for advertisers and demonstrating the return on advertising investment through reliable measurement systems. New approaches to the acquisition of premium content have been developed and implemented during the year with arrangements renegotiated where possible to reflect the changing operating environment.
	Structural change and new competitors for audiences The rapid transformation of the media industry due to technological change represents a material economic sustainability risk for the Company.	The Company is responding to and participating in this change under its current strategic framework, including a focus on rapid digital transformation of the Company. The Company continues to target leadership in the most valuable linear broadcast demographics which, together with our 7plus Broadcast Video on Demand ("BVOD") service, allows for growth in audiences and greater returns on the investments in content.
Transformation	**Technological risk** There is an ongoing risk that the Company's technology may not be fit for purpose or that major technology projects may not be delivered on plan, impacting business performance or requiring new investment. There is also the risk that key technology may fail resulting in loss of revenue and audiences.	The Company has increased its technology capabilities through enhanced staffing expertise, project delivery governance and reporting processes to better manage this risk. The Company continues to manage risks which could give rise to a failure in core operational systems and processes through Business Continuity Planning including system and site redundancy.
	Regulatory change The media industry is subject to regulation such as television licence conditions and anti-siphoning.	Management maintains a specialised expertise in regulatory matters and participates in regulatory reviews through direct engagement and via representation on a variety of industry bodies. The Company has participated in the Digital Platform and Australian Content Options Review as the television industry questions the differential cost of regulatory compliance for online services in comparison to much higher regulatory costs and required investment in content for commercial broadcast licence holders.

Risk Management Framework – Key Risks and Mitigations

Strategic Objective	Risk Category	Mitigations
Transformation	**Cyber security risk** The number of reported cyber security incidents is on the rise globally and the Company recognises that such incidents, should they occur, may negatively impact financial and operational performance.	The Company has deepened its technical and personnel capabilities in this area and continues to improve prevention measures and educate staff concerning cyber security risks to appropriately manage the potential adverse effects on the business
	COVID-19 Impacts on Workforce The Company carries out core news gathering, publishing and broadcast activities which are essential services required to continue throughout the COVID-19 lockdowns. The changes to normal working conditions for all staff pose ongoing risks to their safety and wellbeing.	The Company has a robust Incident Management framework which has operated throughout the pandemic, seeking to mitigate risks to the safety and wellbeing of all staff regardless of where they are carrying out their duties.
Capital Structure and Balance Sheet	**Capital Funding Availability** There is a risk to the availability of the capital funding including the short-term liquidity required to meet the Company's operating requirements. This risk arises due to some or all of the following factors: > the structural changes in the media industry; > the success of the Company's content and audience strategies; and > the impact of COVID-19 lockdowns on advertising clients and markets.	Subsequent to year end the Company completed an amendment to debt facilities in order to allow the completion of key transformation initiatives whilst managing the impacts of COVID-19 restrictions and lockdowns on the advertising market and Seven's revenue. Further details of these risk mitigations are included in the Directors' Report on pages 44 and 45.

Environment

Sustainability

Seven West Media monitors and measures the effectiveness of sustainable business practices across our businesses and sets internal targets to measure the impact of the inputs and outputs of our business activities on the communities and natural systems in which we operate. These included the following during the year (and in relation to Pacific up to 1 May 2020 when it was sold and ceased to be part of the Group):

- The Group's magazine and newspaper businesses have internal controls in place to ensure that the paper we use is from sustainable sources and not from illegally logged timber.
- Pacific purchases all virgin fibre paper via an outsourced provider that does so in accordance with Pacific's requirements that all material is PEFC C-o-C or FFC certified which assures that forests are managed in accordance with stringent environmental, social and economic requirements.
- In FY19 99.5 per cent of newsprint used for The West Australian and The Sunday Times came from recycled consumer product and the remaining 0.5 per cent was sourced from certified plantation forests.
- The West Australian and The Sunday Times printed waste measure is < 5 per cent per year and all waste was recycled.
- In our press, waste ink is collected and reprocessed, aluminum plates used during the printing process are recycled and plant wastewater is processed and used for reticulation on site.
- FY20 saw Seven West Media donate or recyle 95 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recyling of equipment. All three suppliers are certified to AS/NZS 5377:2013.

People

At Seven West Media, we understand that our people ensure our success and in return, we are committed to creating a workplace where employees can fulfil their individual career aspirations and potential and are inspired by a high-performance culture rewarded for achievement and results.

Management works to promote a collaborative and innovative workplace that is safe, flexible, inclusive and that fosters creativity and excellence. This ensures that the Company continues to meet the highest performance standards and serves the evolving needs of our stakeholders, our customers and our audiences.

People Policies & Practices

We have a comprehensive set of frameworks that support our culture to build a high-performance workplace and drive our focus on results, productivity and safety. Our purpose, strategy and values focus our efforts and determine how we measure our success.

The intent of our people policies and practices is to create a workplace where employees are assured that:

- Minimum legal requirements are being met;
- Best practices appropriate to the Company can be documented and implemented;
- Management decisions and actions are fair, consistent and predictable;
- Employees, as well as the Company are protected from the pressures of expediency; and
- The Company's values are promoted.

Fundamental to building a high-performance culture are the Company's strategic People pillars:

- Reward and performance framework and strategies to attract and retain talented employees by rewarding high performance and delivering superior long-term results, while adhering to sound risk management and governance principles.
- Employee and industrial relations transformation initiatives and reforms which brought about the implementation of new sustainable enterprise agreements across the Company; the most significant workplace reform in the media industry in 20 years aligning workplace terms and conditions with community standards.
- Workplace health and safety agenda with an intense focus on safety and mental health embedding a safety mindset in all areas of the business.
- Talent and development framework to create an environment where continuous learning is part of an employee's development and progression so that they can reach their full potential. This drives leadership capability and is an important channel through which our culture is embedded and reinforced.
- Employee engagement strategies to ensure we are living up to our commitment to employees. This includes continued improvements in employee engagement and refreshing our employee value proposition including the relaunch of our benefits program.

Through these policies and practices, we make it clear that discrimination on any basis is not acceptable. In instances where employees require support for disability, we work with them to identify suitable alternatives to meet their needs.

Employee Engagement

Seven West Media is focused on attracting, rewarding and retaining 'best in class' employees. Commencing with the employee onboarding and orientation process, the Company recognises the importance of early employee engagement. This is reflected in a series of activities and events from meeting the Managing Director and Chief Executive Officer and members of his leadership team to interactive online learning modules designed to communicate and embed the Company's culture and reinforce the ongoing importance of meeting behavioural expectations and effective risk management across our businesses.

To help ensure we are living up to our commitment to employees, the Company conducts employee engagement surveys to solicit feedback on everything from decision-making and professional development to the success of flexible working throughout the COVID-19 pandemic. The survey also provides key insights to drive improvement programs in culture, leadership, teamwork, reward and recognition.

Career & Professional Development

Over the past year, we further invested in the growth, learning and development of our employees through the continued roll-out of a leadership development program. The program's focus areas include building high-performance teams, advanced coaching, managing performance, resilience, conflict resolution, change management and emotional intelligence.

Further online courses have been completed by employees, including compliance-related training for new and existing employees (focusing on appropriate workplace behaviour, fraud awareness, anti-bribery and anti-money laundering, and other compliance matters).

Mentoring, both internal and external, has become a key feature of our culture and is playing an important role in identifying and supporting leadership development, while increasing engagement and productivity.

Regular reviews, including goal setting and ongoing career development, are a key part of performance measurement and management, and support the Company's high-performance ambitions. As well as encouraging regular and ongoing feedback with managers, the Company requires all employees to have at least two formal review sessions with their manager each year. During these reviews, employees are encouraged to raise, discuss and respond to matters relating to performance, training, further education and development of required skills and capabilities.

The Company has increased its focus on increasing the pool of management capability where key high-potential employees are identified and supported through the organisation. A thorough talent and succession planning process has resulted in a deeper review of people and their potential including opportunities for female talent. A key objective is to further embed gender diversity as an active consideration in succession planning. Executive level succession plans were reviewed by the Board and provide a diverse list of candidates for whom development plans to ensure preparedness to take on future opportunities.

Corporate Social Responsibility

The Company recognises and encourages the social and developmental benefits of skilled volunteering and wider community engagement by employees. The Company also continues to support and encourage employees to contribute to worthy causes through its Workplace Giving program. Whether it's helping find a cure for disease, saving the environment or supporting people in crisis, the Company encourages employees to work together as a business to help make an impact. It also continues to encourage its employees to make a difference through providing opportunities to participate in community fundraisers. Examples include:

Perth Telethon

During the year, the Perth Telethon raised $42.6 million, breaking the previous record of $38 million set during the 50th annual fundraiser last year. In the 51 years of the Telethon's history, $349 million has been raised towards child health research, as well as much needed medical equipment, resources and critical services for the children of Western Australia.

UnLtd

The Company has partnered with UnLtd, a social purpose organisation which supports charities working with young people. Seven staff took part in UnLtd's fundraising events including cricket competitions in Sydney and Melbourne, and through UnLtd's partner Whitelion, the AdLand Bailout which gives executives the chance to experience what it is like to be incarcerated in a youth detention centre for 24 hours.

Safety and Wellness

Seven West Media recognises the value of effective workplace safety and wellness as an integral part of how we successfully manage our business. We are committed to building a positive health and safety culture, with a focus on personal wellness, injury prevention and the mitigation of risk through maintaining high workplace safety and wellness standards and performance. With a comprehensive mental health framework, strong risk management processes and engaging wellness initiatives, the business continues to strive to improve in its safety outcomes, including the Lost Time Injury Frequency Rate (LTIFR) which continues to remain significantly below the industry benchmark of 4.5. The Company is also committed to supporting employees during overseas deployments, wherever they might be.

The Company has implemented specific psychological support and 10 days' paid leave per annum for employees who are victims of domestic violence. The Company is involved in the NSW government's Corporate Leadership Group advising the government on further initiatives to eradicate sexual assault and domestic violence in Australia.

With an increasing focus on mental health, the Company has taken an active focus in building awareness and support for managing mental health in our workplace. We have developed and implemented a comprehensive framework, which includes training, initiatives and events tailored for managers and employees to support positive mental health.

The Company's wellness program provides a range of benefits and initiatives to optimise the physical and mental health and wellness of employees, including:

- Confidential counselling services through our Employee Assistance Program;
- Educational seminars on a variety of health topics;
- Fitness classes and flu vaccinations; and
- Psychological wellbeing training and events.

As part of the Company's ongoing focus to improving mental health in the workplace, it hosted various events and fundraising efforts throughout the year for foundations including Beyond Blue and R U OK. The events included guest speakers, morning teas and fitness events to support positive mental health in the workplace. We also promoted wellbeing initiatives such as Mental Health Week, Men's Health Week and Women's Health Week.

Our annual wellness program calendar includes monthly events delivered to employees across the various locations in which we operate. The calendar is reviewed regularly to ensure it continues to promote health as well as meeting the needs of our employees.

Diversity and Inclusion

Seven West Media recognises the benefits of an inclusive and respectful workplace culture that draws on the experiences, diversity and perspectives of our people to ensure that our business remains innovative and sustainable and continues to meet the needs of our stakeholders and audiences.

We view diversity through a broad lens of difference in people across gender, nationality, ethnicity, disability, sexual orientation, gender identity, generation/age, socio-economic status, religious belief, professional and educational background as well as global and cultural experiences.

Gender Balance

We have achieved an overall gender balance across the Company as well as achieving female representation in management positions of 52 per cent.

The Board comprises seven male and two female directors, with female directors therefore representing 22.2 per cent of the Board.

The Board recognises the importance of diversity at Board level and aims to achieve a minimum of 30 per cent female representation in the coming years.

Overall Balance

53% Women

47% Men

Proportion of Women in Management Positions[1]

52% Women

48% Men

1. "Management positions" refer to positions that are responsible for managing teams and/or function as defined by the Workplace Gender Equality Act.

We will continue to focus our strategy to achieve a more diverse and inclusive workplace in other areas of the business by:

- Embedding flexibility in the way we work;
- Supporting our commitment to inclusion and diversity;
- Uncovering and taking steps to mitigate potential bias in our behaviours, systems, policies and processes; and
- Ensuring our brand is attractive to a diverse range of people.

Diversity Commitments and Initiatives

During FY20, the Board reviewed the Company's Diversity Policy which is a key part in its overall talent and culture strategy and guides investment in the areas of recruiting, staffing, account planning, succession planning, promotions and development. The Company supports an inclusive work environment where people have genuine and equitable access to career opportunities, training and benefits.

Our diversity and inclusiveness commitments and initiatives are also focused around having a workforce that represents the broader community in which we operate, leveraging differences to achieve better business results and deliver a better experience for our employees and our audiences.

Some of the Company's achievements towards its diversity commitments and initiatives include:

- Policies to support strategies across recruitment and attraction, retention, working flexibly, performance management, remuneration and learning and development;
- Processes for onboarding and orientation, performance and development, competitive remuneration and recognition;
- *'Mentor Spark'*, an all-employee mentoring program; and
- An external mentoring program, 'Rare Birds' for 30 senior leaders, and an internal skills-sharing program and platform.

In addition, the Company has been at the forefront of supporting diversity to increase the visibility and contribution of women leaders within the media industry as well as across the broader community. Some highlights include:

- International Women's Day – The Company was involved in several IWD initiatives around the country to help accelerate gender parity.
- Footy Means Business Program – The program is designed for participants to learn about career options available, especially linked to football. Now in its 12th year, the program invited a group of 50 young indigenous men from all over the country to learn about working in media. Representatives from the AFL attend along with the teams and their coaches.

LGBTQI+

The Company seeks to provide a safe, inclusive and supportive workplace for all employees, to bring their whole self to work. *'United'* is Seven West Media's LGBTQI+ employee inclusion and diversity group that is dedicated to building a framework, strategy and initiatives to expand awareness and celebrate the importance of diversity and inclusiveness across the business. It also provides employees with opportunities to exchange ideas, build relationships and support the Company's diversity and inclusion strategy.

The purpose of *United* is to showcase that the Company is representing a diverse culture in the workplace and in everything we do. *United* uses the Company's social network platform to engage the entire Seven Community as well as holding events that bring together everyone as "One Connected Team."

Measurable Objectives

In 2020 and 2021, the Company proposes to build on the diversity initiatives from the previous year that enable us to facilitate diversity, inclusion and promote growth for the Company and for our employees.

Our focus will continue in the four key areas:

- Flexible work practices (FWP);
- Gender diversity and inclusion (GD);
- Career development and performance (CDP); and
- Talent and succession planning (TSP).

	Link to Diversity Policy			
Measurable Objective	**CDP**	**FWP**	**GD**	**TSP**
Monitor initiatives that facilitate diversity and inclusion and promote growth for the Company and for all employees.	•	•	•	
Annual succession planning to consider diversity initiatives.				•
Monitor and report on employee turnover by age and gender and parental leave return rates.			•	•
Monitor and report on the proportion of women in the Company, in senior executive positions, and on the Board.			•	

The Company has posted its Workplace Gender Equality Act Public Report for 2019–2020 on its website, which contains the Company's Gender Equality Indicators.

The Company's progress against diversity objectives were established in 2018, and our commitments set for the 2020/21 financial year, can be found in our Corporate Governance Statement at www.sevenwestmedia.com.au/about-us/corporate-governance.

Seven in the Community

Seven West Media's important role in Australian society as a trusted source of news, information and entertainment for millions of people saw a new level of prominence in FY20, due to the summer bushfire crisis and the unfolding COVID-19 pandemic.

Throughout the year we engaged in extensive activities to positively contribute to the communities we are a part of as well as the nation more broadly. Across the year, Seven provided airtime support with a market rate value of over $38 million to more than 170 organisations across Australia by way of Community Service Announcements and airtime donations.

Over summer Seven played a leading role in supporting bushfire recovery efforts through numerous, high profile endeavours. Seven partnered with TEG and Foxtel to produce and broadcast the Fire Fight Australia relief concert on 16 February, at ANZ Stadium in Sydney. The broadcast of the concert, hosted by *Sunrise's* Samantha Armytage and David Koch with Sonia Kruger, Kylie Gillies, Larry Emdur and Sam Mac, reached 4.7 million Australians. During the concert, almost $10 million was raised for bushfire recovery.

Seven partnered with Cricket Australia to broadcast the Bushfire Cricket Bash on 9 February. Over 1.6 million viewers were reached across Australia during the match. $7.7 million was raised to support bushfire recovery efforts. We also partnered with the AFL to broadcast the return of AFL State of Origin to support bushfire recovery on 18 February, from Marvel Stadium in Melbourne. Over 1.7 million Australians tuned in to watch the match across the broadcast, with all proceeds from ticket sales going to assist bushfire recovery.

SWM continued its successful partnership with the National Gallery of Australia (NGA) in FY20, providing considerable support for their exhibitions, Monet's 'Impression, Sunrise' in the first half, and their landmark 'Matisse & Picasso' exhibition later in the year. SWM provided over $2.4 million in advertising support between the two exhibitions as well as extensive editorial support across our platforms.

Fire Fight Australia relief concert

New South Wales

This year *7NEWS* Sydney became a major partner of Sydney Zoo. Sydney Zoo was founded in 2015 with an aim to create amazing experiences for the local and international community by introducing them to a range of animal species from all over the world, while also educating on animal welfare and conservation.

Seven continues to be a long-term supporter of the Children's Hospital at Westmead, Ronald McDonald House at Westmead, the NSW Schools Spectacular, the Sydney Swans Football Club, Greater Western Sydney Football Club, Cancer Council NSW, Surf Life Saving in Cronulla, Manly and Narrabeen, the City of Sydney and the Royal Agricultural Society.

We also supported many major and community events, including Australia Day council events and citizenship ceremonies at Blacktown and Parramatta, the Seven Bridges Walk, runwest, Fairfield Council's Cabramatta Moon Festival, and Liverpool and Penrith Council's Australia Day and New Year's Eve celebrations.

2019 was be the 37th year of Carols in the Domain with the iconic star-studded Christmas celebration held in the Domain adjacent to the Royal Botanic Gardens. Carols in the Domain sees Australia's biggest stars come together to celebrate the spirit of Christmas supporting The Salvation Army and raising money for the Salvo's Oasis youth support project. 50,000 people attend the event, while millions across Australia watch the show from the comfort of their home on Seven.

Victoria

For 63 years, Seven Melbourne has been taking the Good Friday Appeal into the homes of Victorians with one purpose – to raise funds for children and families who most need our help. In a partnership with the Royal Children's Hospital and the Herald Sun that has spanned 88 years, in 2020 the Appeal raised $18,200,000 to support the hospital.

Seven Melbourne has supported Neale Daniher as he has led the fight against Motor Neurone Disease (MND). This year was the 6th Big Freeze, which saw champions from all 18 AFL clubs take on their own unique ice challenges.

Our 17-year partnership with the City of Melbourne is a success story that keeps evolving and growing as our city embraces the future. Under that partnership, Seven Melbourne has delivered 10 broadcasts of the Moomba Festival. Moomba is held annually in Melbourne, Australia. Run by the City of Melbourne, it is Australia's largest free community festival.

In total, Seven Melbourne has more than 40 partnerships including EJ Whitten Legends match, Cadel Evans Great Ocean Road Race, Herald Sun's Run For The Kids, Very Special Kids, Pako Festa and the Victorian State School Spectacular.

Queensland

Seven Queensland has a long-held tradition of supporting our cities and regional communities. We have been doing this for decades and are proud to play a role in enhancing the welfare and development of our local business, sporting, cultural and tourism industries.

In the last 12 months alone, our support has reached the depth and breadth of the Sunshine State. Events include the Royal Queensland Show and several regional show associations; *7NEWS* Young Achiever awards, Queensland Community Achiever awards, RSPCA adoption events; several Business Awards; and Ronald McDonald House Charities events.

A key strategy has been to secure naming rights of several running events including the *7NEWS* Gold Coast Running Festival, 7Sunshine Coast Marathon, 7Rocky River Run and the newly launched 7Cairns Marathon. Our support also extends to other sporting entities including the Brisbane Heat, Brisbane Lions, USC Thunder, Channel 7 Brisbane Racing Carnival; the Cairns Amateurs and the Channel 7 Ipswich Cup to name just a few.

The intent of our partnerships is to work collaboratively with local community groups and sporting organisations to grow awareness, attendance, fundraising efforts and the overall fan experience. Our contributions across Queensland ensure we are playing an active part in building sustainable communities for the future.

Toby Greene, Big Freeze Six

Channel Seven Telethon

South Australia

7NEWS nationally has partnered with Awards Australia for *7NEWS* Young Achiever Awards. The purpose of the *7NEWS* Young Achiever Awards is to acknowledge, encourage and most importantly promote the positive achievements of all young people throughout South Australia.

For the second year of the Cricket Australia broadcast deal, Seven Adelaide partnered with the Adelaide Strikers to engage with the South Australian cricket community.

Seven Adelaide partners with major sporting and community organisations including the South Australian Football League (SANFL), Thoroughbred Racing SA (TRSA), Adelaide Strikers, Adelaide Crows Football Club and Port Adelaide Football Club. We also support local arts performances at the Adelaide Festival Centre, Adelaide Cabaret Festival, the Art Gallery of South Australia and the largest Fringe Festival venue, The Garden of Unearthly Delights.

We proudly support the Royal Flying Doctor Service, The Flinders Foundation, Breakthrough Mental Health Research Foundation, The Advertiser Foundation, Little Heroes Foundation, and Carols by Candlelight which benefits Novita Children's Services. Many of our Presenters are Patrons of these charities.

In addition, the Channel 7 Children's Research Foundation of South Australia was established in 1976 by Seven Adelaide. It now distributes approximately $1.5 million in research grants each year. The robust and respected grant assessment program has delivered nearly $40 million* to over 900 children's research projects in South Australia to date. *(today's measured worth).

Western Australia

Telethon once again broke records in October 2019, raising $42,596,034 to make a total of $349 million since 1968 thanks to the generosity of Western Australia. Telethon is transforming the lives of children in Western Australia funding over 50 children's health charitable organisations providing world class medical research, cutting-edge equipment and vital services and therapies.

The Channel 7 Telethon Trust, Curtin University and the Telethon Kids Institute announced the appointment of Professor Peter Gething to the prestigious Kerry M Stokes Chair of Child Health. Professor Gething is driving new approaches to improving the health of WA children by building upon the significant child health expertise that already exists in the state.

The Chair will create and drive an ambitious health and medical research program in child health and development, expected to deliver paradigm shifting research in broad areas including chronic and severe disease, infectious diseases, mental health, neurodevelopmental health, rare diseases, disabilities and preventative healthcare. This highly respected epidemiologist is an international leader in the use of spatial intelligence, in collecting, mapping and analysing big data sets to better understand the occurrence, causes and trajectory of disease. His work in this area has played a major role in fighting the global burden of tropical diseases such as Malaria – one of the major killers of young children in developing countries.

In his new role, Professor Gething will drive new efforts to better understand where, why and to what extent health conditions are impacting on young children in WA so that resources and interventions can be more effectively targeted. This spatial expertise offers new tools and insights for the WA health sector in improving the life outcomes of children across the state. Professor Gething was most recently Professor of Epidemiology at The Big Data Institute at the University of Oxford, where he was an advisor to the World Health Organisation and national governments.

Board of Directors

Kerry Stokes AC

Chairman – Non-Executive Director

Mr Stokes is the Executive Chairman of Seven Group Holdings Limited, a company with a market-leading presence in the resources services sector in Australia and formerly in north east China and a significant investment in energy and also in media in Australia through Seven West Media. Mr Stokes has held this position since April 2010. He is also Chairman of Australian Capital Equity Pty Limited, which has substantial interests in media and entertainment, resources, energy, property, pastoral and industrial activities.

Mr Stokes' board memberships include Council Member for the Paley Group (formerly the International Council for Museum & Television); Chairman and Fellow (since November 2015) for the Australian War Memorial (previously a Council Member); and a former Chairman of the National Gallery of Australia. Mr Stokes holds professional recognitions which include an Honorary Doctorate in Commerce at Edith Cowan University and an Honorary Fellow of Murdoch University.

Mr Stokes has, throughout his career, been the recipient of awards, including Life Membership of the Returned Services League of Australia; 1994 Paul Harris Rotary Fellow Award; 1994 Citizen of Western Australia for Industry & Commerce; 2002 Gold Medal award from the AIDC for Western Australian Director of the Year; 2007 Fiona Stanley Award for outstanding contribution to Child Health Research; 2009 Richard Pratt Business Arts Leadership Award from the Australian Business Arts Foundation; and 2011 Charles Court Inspiring Leadership Award; 2013 West Australian of the Year; 2014 Awarded Keys to the City of Perth and 2014 Awarded Keys to the City of Melbourne.

Mr Stokes was awarded Australia's highest honour, the Companion in the General Division in the Order of Australia (AC) in 2008. In 1995, he was recognised as Officer in the General Division of the Order of Australia (AO).

Mr Stokes was appointed to the Board on 25 September 2008, and became Chairman of Seven West Media Limited (formerly West Australian Newspaper Holdings Ltd) on 11 December 2008.

James Warburton

Managing Director and Chief Executive Officer

Mr Warburton is Managing Director and Chief Executive Officer of Seven West Media Limited.

Prior to his appointment as MD and CEO of Seven West Media, Mr Warburton was Managing Director and Chief Executive Officer of APN Outdoor where he led a significant transformation and turnaround at the company before departing in late 2018 when APN Outdoor was acquired by JCDecaux for a record valuation. Before his appointment to APN Outdoor, Mr Warburton was the Chief Executive Officer of Supercars for five years.

In this position, Mr Warburton drove significant growth in the sport and delivered unprecedented broadcast, sponsorship and funding deals. Mr Warburton has also held senior leadership roles at media buying company Universal McCann, he was Chief Digital and Sales Officer of the Seven Media Group, and he was the Managing Director and Chief Executive Officer of Network 10.

Mr Warburton was appointed to the Board on 16 August 2019.

John Alexander

Non-Executive Director

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002. Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher & Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

Mr Alexander is currently a director of listed company Crown Resorts Limited. Mr Alexander has previously acted as a director of a number of companies including Foxtel Management Pty Limited, Fox Sports Australia Pty Limited, SEEK Limited, Carsales.com Limited, Ninemsn Pty Limited & CrownBet.

Mr Alexander is Chairman of the Remuneration & Nomination Committee.

Mr Alexander was appointed to the Board on 2 May 2013.

Teresa Dyson

Non-Executive Director

Ms Dyson is an experienced company director, with a broad range of experience across public and private sectors. Ms Dyson has been closely involved in strategic decision making in business and organisational structuring, covering the financial services, transport, energy and resources sectors, as well as infrastructure projects.

Ms Dyson is currently a director of Power & Water Corporation (NT), Energy Queensland, Shine Justice Limited, Genex Power Limited, Gold Coast Hospital and Health Board, Energy Super, Fare Limited, and is a member of the Foreign Investment Review Board and the Takeovers Panel. She is a former director of UN Women National Committee Australia Ltd, Consolidated Tin Mines and Opera Queensland.

Ms Dyson holds a Masters of Applied Finance from Macquarie University. She graduated with a Bachelor of Laws (Honours), a Bachelor of Arts and Masters of Taxation from the University of Queensland and is a graduate of the Australian Institute of Company Directors.

Ms Dyson is Chairman of the Audit and Risk Committee.

Ms Dyson was appointed to the Board on 2 November 2017.

David Evans

Non-Executive Director

Mr Evans is the Executive Chairman of Evans Dixon Pty Ltd. Mr Evans established Evans and Partners Pty Ltd, the investment advisory company in June 2007.

Since 1990, he has worked in a variety of roles within JB Were & Son, and then the merged entity Goldman Sachs JBWere Pty Ltd (GSJBW). Prior to establishing Evans and Partners Mr Evans ran Goldman Sachs JBWere's Private Wealth business and the Institutional Equities business. His most recent role at GSJBW was as Managing Director and Chief of Staff. Mr Evans is a member of the Victorian Police Corporate Advisory Group and former Chairman of Cricket Australia's Investment Committee.

Mr Evans is a member of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee.

Mr Evans was appointed to the Board on 21 August 2012.

Colette Garnsey OAM

Non-Executive Director

Ms Garnsey is currently a non-executive Director of Flight Centre Travel Group, and non-executive Director and Chair of Australian Wool Innovation Limited.

She has over 30 years' executive experience, having held senior management positions at David Jones, Pacific Brands, and Premier Investments, encompassing strategy, operations, marketing, business planning and business transformation. She spent over 20 years with David Jones Limited rising to become Group General Manager.

Ms Garnsey has served on the board of the Melbourne Fashion Festival. She has also advised the CSIRO, The Federal Innovation Council, and the business advisory boards of various Federal Trade and Investment Ministers and Australian Fashion Week.

Ms Garnsey is a member of the Remuneration & Nomination Committee.

Ms Garnsey was appointed to the Board on 12 December 2018.

Michael Malone

Non-Executive Director

Mr Malone founded iiNet Limited in 1993 and continued as CEO until retiring in 2014. During his tenure, iiNet grew to service one million households and businesses, with revenues of one billion dollars and a market cap of over one billion dollars.

Mr Malone has been recognised with a raft of industry accolades, including 2012 Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year in the CSIA's Australian Service Excellence Awards.

Mr Malone is a non-executive Director of NBN Co, ASX-Listed SpeedCast Limited, DUG Technology Limited and of Axicom Pty Limited and a former Director of Superloop Limited. He is also a member of the Advisory Committee of the Regional and Small Publishers Innovation Fund.

Mr Malone is a member of the Audit & Risk Committee.

Mr Malone was appointed to the Board on 24 June 2015.

Ryan Stokes AO

Non-Executive Director

Mr Stokes is Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). SGH owns approximately 41 per cent of SWM.

Mr Stokes has been a Director of Seven West Media Limited (SWM) since 2012 and was an Executive Director and then Chairman of Pacific Magazines from 2004 to 2008 and a Director of Yahoo7 from 2005 to 2013. Mr Stokes is a Director of WesTrac, Chairman of Coates Hire, and a Director of Beach Energy.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in SGH. Mr Stokes was appointed Chairman of the National Gallery of Australia on 9 July 2018. He is also a member of the IOC Education Commission.

Mr Stokes is the former Chairman of the National Library of Australia. He was also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established in 2014 and retiring in 2019.

Mr Stokes holds a BComm from Curtin University and is a Fellow of the Australian Institute of Management (FAIM). Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.

Mr Stokes is a member of the Remuneration & Nomination Committee.

Mr Stokes was appointed to the Board on 21 August 2012.

Michael Ziegelaar

Non-Executive Director

Mr Ziegelaar is a senior partner of global law firm Herbert Smith Freehills, where he is the Co-Head of Australian Equity Capital Markets. He specialises in corporate, equity capital markets and M&A transactions and has acted for a wide range of clients across various industries.

Mr Ziegelaar is also a non-executive director of the Burnet Institute.

He holds a Bachelor of Laws (Hons), a Bachelor of Economics (majoring in Accounting and Corporate Finance) and a Master of Laws (majoring in Commercial Law) from Monash University.

Mr Ziegelaar is a member of the Audit & Risk Committee

Mr Ziegelaar was appointed to the Board on 2 November 2017.

Corporate Governance Statement

For the year ended 27 June 2020

This statement outlines the Company's main corporate governance practices that were in place throughout the financial year and, unless otherwise stated, its compliance with the 4th edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("ASX Recommendations").

The documents marked with an * below have been posted in the 'Corporate Governance' section on the Company's website at www.sevenwestmedia.com.au/about-us/corporate-governance.

Principle 1 – Lay Solid Foundations for Management and Oversight

Role and responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution*. The Board is responsible for the overall corporate governance of the Company and has adopted a Board Charter* setting out the role and responsibilities of the Board.

The Board Charter provides that the Board's role includes:

- representing and serving the interests of shareholders by overseeing, reviewing and appraising the Company's strategies, policies and performance in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution;
- demonstrating leadership by approving the Company's purpose, statement of values, strategic objectives and code of conduct for directors, senior executives and employees and monitoring corporate culture;
- contributing to and approving management's development of corporate strategy including approving strategic objectives;
- monitoring corporate performance and management's performance and implementation of Company strategy and promotion of the Company's values;
- reviewing and monitoring systems of risk management and internal control and ethical and legal compliance, including reviewing procedures to identify the main financial and non-financial risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial reporting, financial controls and other reporting;
- developing a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership;
- developing and reviewing corporate governance principles and policies and monitoring compliance with those principles and policies to underpin and instil the desired culture within the Company and reinforce a culture across the Company of acting lawfully, ethically and responsibly;
- monitoring that management has formal and rigorous processes in place to validate the quality and integrity of the Company's corporate reporting;
- satisfying itself that the Company's remuneration framework is aligned with the Company's purpose, its strategic objectives, values and risk appetite; and
- in accordance with the Company's Diversity Policy, reviewing, on an annual basis, the report prepared by the Remuneration & Nomination Committee outlining the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Group.

The Board Charter provides that matters which are specifically reserved for the Board or its Committees include:

- appointment and removal of the Group Chief Executive Officer;
- approval of dividends;
- approval of annual budget;
- monitoring capital management and approval of capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- the establishment of Board Committees, their membership and delegated authorities; and
- calling of meetings of shareholders.

Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee and the Remuneration & Nomination Committee.

Each Committee has its own written Charter*, which is reviewed on an annual basis and is available on the Company's website. Further details regarding the Audit & Risk Committee and the Remuneration & Nomination Committee are set out under "Principle 4 – Safeguard the Integrity of Corporate Reports" and "Principle 2 – Structure the Board to be Effective and Add Value", respectively, in this Corporate Governance Statement.

The Directors' Report at page 46 sets out the number of Board and Committee meetings held during the 2020 financial year under the heading "Meetings of Directors", as well as the attendance of Directors at those meetings.

Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the law, it is the role of management to carry out functions that are expressly delegated to management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management is charged with promulgating the Company's values across the organisation and is responsible for implementing the policies, business model and strategic objectives approved by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively, including concerning the Company's compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company. The Company has adopted a Delegated Authority Policy, which delegates to management the authority to carry out expenditure in relation to specified areas of the Company's operations, subject to the Company's policies and procedures in respect of the authorisation and signing of Company contracts, which includes a system of legal review.

The functions exercised by the Board and those delegated to management are subject to ongoing review to ensure that the division of functions remains appropriate.

Employment of Executives

Company executives are each employed under written employment agreements, which set out the terms of their employment.

Prior to the commencement of employment, the Company undertakes appropriate background checks on new senior executives.

Appointment of Directors

The Board has established a Remuneration & Nomination Committee to assist in the appointment of new Directors. Further information concerning this Committee is set out under "Principle 2 – Structure the Board to be Effective and Add Value" in this statement. The Remuneration & Nomination Committee periodically review the composition of the Board to ensure that the Board has an appropriate mix of expertise and experience. This review includes considering the appointment of new Directors and the re-election of incumbent Directors to the Board. An output of this process is the Board skills matrix set out under "Principle 2 – Structure the Board to be Effective and Add Value".

The policy and procedure for the selection and appointment of new Directors is set out in an Annexure to the Board Charter. The factors that will be considered when reviewing a potential candidate for Board appointment include:

- the skills, experience, expertise and personal qualities that will best complement Board effectiveness having regard to the Board skills matrix, including a deep understanding of the media industry, corporate management and operational, safety and financial matters;
- the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- the capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- potential conflicts of interest and independence.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have, a mix of tenures such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.

As part of the selection and appointment process:

- the Board, and if so requested the Remuneration & Nomination Committee, identify potential Director candidates, with the assistance of external search organisations as appropriate;
- background information in relation to each potential candidate is provided to all Directors;
- appropriate background checks are undertaken before appointing a Director, or putting forward to shareholders a Director candidate for election; and
- an invitation to be appointed as a Director is made by the Chairman after having consulted all Directors, with recommendations from the Remuneration & Nomination Committee (if any) having been circulated to all Directors.

Appointed Directors receive a formal letter of appointment which set out terms of their appointment and the Company's Corporate Governance Policies. The date at which each Director was appointed to the Board is announced to ASX and is provided in this Annual Report on pages 28 to 30.

Election and re-election of Directors

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting since they were last elected. Under the Company's Constitution, one-third of the Board (excluding the Managing Director and any Directors standing for election for the first time) must retire by rotation at each Annual General Meeting.

The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details and qualifications, and other key current directorships.

Company Secretary

The Company Secretary's role is to support the Board's effectiveness by:

- helping to organise and facilitate the induction and professional development of directors;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes;
- advising the Board and Committees on governance matters; and
- coordinating the timely distribution of Board and Committee agendas and briefing materials.

The decision to appoint or remove a Company Secretary is made or approved by the Board. The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. Each of the Directors has access to the Company Secretary.

Board, Committee and Director performance evaluation

The Chairman closely monitors the performance and actions of the Board and its Committees. During the financial year, Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses were provided to the Chairman and then presented to the Board for discussion and feedback. The Board Evaluation questionnaire provides an opportunity for the Board to benchmark results year-on-year and to identify Board performance priorities, governance framework enhancements and improve the effectiveness of meetings and Company processes.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be taken into account include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions.

Additionally, during the financial year, a report on the program of work undertaken by the Board and each of its Committees, assessed against their respective Charter responsibilities and duties, is provided to the Board for discussion and for the purposes of reviewing performance of the Board and the Committees, as well as their Charters, to ensure that the Board and its Committees operate effectively and efficiently. During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Following this year's Charter reviews, the Board determined not to amend the Company's Board and Committee Charters, given the substantive changes made to the Charters in 2018 and 2019 having regard to the draft and final 4th Edition ASX Corporate Governance Principles to early adopt certain of the recommendations thereunder.

Assessment of management performance

The performance of the Managing Director and Chief Executive Officer is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the Managing Director and Chief Executive Officer's performance-linked remuneration. The Remuneration Report sets out further details of the performance criteria against which the Managing Director's & Chief Executive Officer's performance-linked remuneration in respect of the financial year ended 27 June 2020 is assessed on pages 48 to 70.

The performance of senior executives of the Company is reviewed on an annual basis in a formal and documented interview process with either the Managing Director and Chief Executive Officer or the particular executive's immediate superior. Performance is evaluated against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant business units within budget, motivation and development of staff, and achievement of and contribution to the Company's objectives.

A performance evaluation of the Managing Director and Chief Executive Officer and other senior executives took place during the year in accordance with this process. For further information about the performance-related remuneration of senior executives and staff, please see the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

Diversity policy

The Board recognises the benefits of a workplace culture that is inclusive and respectful of diversity. The Board values diversity, including in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. The Board has adopted a Diversity Policy* that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. Please refer to pages 23 to 24 of this Annual Report for reporting on the Diversity Policy and the measurable objectives and initiatives relating thereto.

Principle 2 – Structure the Board to be Effective and Add Value

Board composition

The Company's Constitution provides for a minimum of three Directors and a maximum of twelve Directors on the Board. As at the date of this statement, the Board comprises nine Directors, including eight Non-Executive Directors and the Managing Director and Chief Executive Officer.

The Non-Independent Directors in office are:

- Mr Kerry Stokes AC, Chairman
- Mr James Warburton, Managing Director & Chief Executive Officer
- Mr Ryan Stokes AO, Director

The Independent Directors in office are:

- Mr John Alexander, Director
- Ms Colette Garnsey OAM, Director
- Ms Teresa Dyson, Director
- Mr David Evans, Director
- Mr Michael Malone, Director
- Mr Michael Ziegelaar, Director

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this Annual Report are disclosed in the Board of Directors section of this Annual Report on pages 28 to 30.

Board independence

The Board comprises a majority of Independent Directors, with three Non-Independent Directors and six Non-Independent Directors. During the period of the financial year prior to the retirement of The Hon. Jeffrey Kennett AC and Mr Peter Gammell on 13 November 2019, the Board comprised four Non-Independent Directors and seven Independent Directors.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, or represents or has been within the last three years an officer or employee of a substantial shareholder of the Company;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- is, or has previously been, employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a Director.
- has been a Director of the entity for such a period that their independence from management and substantial holders may have been compromised.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above. If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than 5 per cent, then a relationship will be considered material.

In the Board's view, the Independent Directors referred to above are free from any interest, position or other relationship that might, or reasonably be perceived to, influence, in material respect the capability to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.

Mr Michael Ziegelaar is a partner at Herbert Smith Freehills, a law firm which provides certain legal services to the Company. The legal services provided by Herbert Smith Freehills are not considered material having regard to the principles above and Mr Ziegelaar is not involved in providing the services. The Board is satisfied that Mr Ziegelaar's role with Herbert Smith Freehills does not interfere with the independent exercise of his judgment as a Non-Executive Director of the Company.

Mr Kerry Stokes AC and Mr Ryan Stokes AO are not regarded as independent within the framework of the independence guidelines set out above because of their positions within Seven Group Holdings Limited, which is a major shareholder of Seven West Media Limited.

Mr James Warburton was appointed Managing Director and Chief Executive Officer of the Company on 16 August 2019, following Mr Tim Worner's resignation from that role and the Board as of the same date. Due to his position as Managing Director and Chief Executive Officer, Mr James Warburton is not considered to be independent.

Chairman

The roles of the Chairman and Chief Executive Officer are separate. Mr Kerry Stokes AC is the Chairman of the Company. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management.

The Board acknowledges the ASX Recommendation that the Chairman should be an Independent Director, however the Board has formed the view that Mr Stokes is the most appropriate person to lead the Board as its Chairman given his experience and skills, particularly with regard to his long-term association with various media businesses of the Group. In addition, the Company has a clear conflict of interest protocol to manage the relationships between the Company and Seven Group Holdings Limited.

Board skills, experience and expertise

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills, tenures and diversity, including a deep understanding of the media industry across multiple channels, as well as corporate management and operational, financial and safety matters. Directors devote significant time and resources to the discharge of their duties.

Company's Purpose and Strategic Objectives

During the year, the Company undertook strategic review process which led to the definition of the Company's revised purpose. Following this process, the Board approved the Company's purpose as *"We're here to bring all Australians closer to the moments that move us"*. The Company's purpose is an aspirational reason for being that inspires a call to action for our people and stakeholders. The language of the Company's purpose encompasses the following key concepts:

"Closer":

First on the scene, and with our finger on the pulse, home, or away, we're right there beside you.

On our wavelength. On demand. On the moment. We unite communities, create shared understanding, and help form a common bond that goes the distance.

"Moments":

In a world of immediacy, right now is everything. From the whimsical, to the seismic, breaking news, or smashing records, you'll find us at the heart of it.

Our experiences make us who we are, they shape us, define us, we're here to make sure you don't miss a thing.

"Move us":

Life never stands still. Wherever it takes us, embrace it with feeling. Familiar faces. Chance encounters. Shared experiences. They bring us together, and spur us on to be more, creating a feeling of shared identity and belonging, even when we're far from home.

Moving forward as a nation, starts with empathy. It's how we stand apart, build volume, and move ahead of our competitors.

The Board also approved the following areas as strategic objectives for the Company to achieve this purpose and underpin the Company's economic sustainability:

1. Content Led Growth

> Revitalise our entertainment programming, creating momentum to engage heartland Australia.
> Be the most relevant and exciting offer to advertisers.
> Explore a meaningful streaming partnership play.

2. Transformation

> Sharpen our focus on being an audience and sales led organisation.
> Redefine our working practices, becoming more efficient and effective.
> Explore traditional adjacencies.
> Explore non-traditional adjacencies.

3. Capital Structure & Balance Sheet

> Maintain focus to work down debt and improve balance sheet flexibility.
> Explore M&A opportunities.

Board Skills Matrix

The Board has developed a Board Skills Matrix, which is reviewed each year, reflecting the desired skills and experience required to be able to deliver on the strategic objectives of the Company. The Board believes that these skills and experiences are well-represented by its current composition.

The Board Skills Matrix is set out in two parts. The first table outlines the desired industry specific skills and experience, which continues to evolve given the rapid changes in the media industry, and the second table outlines the depth of general corporate, executive and Director experience which are appropriate for the Company. The tables also outline the percentage of current directors possessing those skills and experience.

Skills and Experience	Percentage
Media industry leadership Senior executive or Board level experience in the media industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	66%
Banking, finance, asset and capital management Senior executive or Board level experience and understanding of banking markets and commercial financing arrangements as well as strategic planning and oversight of asset allocation and capital management.	78%
Marketing, sales and product distribution and servicing Senior executive or Board level experience in delivering product offerings to market, including marketing, branding and optimising sales processes and product distribution systems.	78%
Investment, mergers and acquisitions, venture capital and entrepreneurship Senior executive or Board level experience in analysis and identification of business and market opportunities as well as execution in relation to investment, mergers and entrepreneurial activities.	89%
Technology, digital media and transformation Senior executive or Board level experience in relation to digital media and transformation, information management, information technology, digital and streaming product technology, and the oversight of implementation of major technology projects.	66%

Skills and Experience	Percentage
CEO and Board level experience Significant business experience and success at a senior executive level.	100%
Accounting and treasury Senior executive or equivalent experience in financial accounting and reporting, corporate finance, internal financial controls and an ability to probe the adequacies of financial risk controls.	89%
Corporate governance and organisation management Commitment to the highest standards of corporate governance, including experience within an organisation that is subject to rigorous governance and regulatory standards.	100%
Legal, regulation and compliance Senior executive or Board level experience in compliance and knowledge of legal and regulatory requirements.	100%
Risk management and audit Senior executive or Board level experience in identification, management and oversight of material corporate risks and audit, including ability to monitor risk and compliance.	100%
WHS, human resource management and remuneration Board remuneration committee membership or Senior executive experience relating to workplace health and safety, diversity and inclusion, managing people and remuneration, including incentive arrangements and the legislative framework governing employees and remuneration.	100%

Remuneration & Nomination Committee

The Board has established a Remuneration & Nomination Committee comprised of the following members, all of whom are Independent Directors except for Mr Ryan Stokes AO:

- Mr John Alexander (Chairman)
- Mr David Evans
- Ms Colette Garnsey OAM
- Mr Ryan Stokes AO

The Hon. Jeffrey Kennett AC was a member of the Remuneration & Nomination Committee throughout the financial year until his retirement on 13 November 2019.

During the year the Board undertook a review of the Committee's composition, and on 3 October 2019 appointed Ms Colette Garnsey OAM to the Committee, thereby adding further depth and experience to the Committee.

The Remuneration & Nomination Charter* provides that the Committee must consist of a minimum of three members and must have a majority of Independent Directors, all of whom must be Non-Executive Directors.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may also attend any meeting of the Committee by invitation

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations. Further details concerning the Remuneration & Nomination Committee's role in relation to Board appointments are set out in this Corporate Governance Statement under the heading "Principle 1 – Lay Solid Foundations for Management and Oversight", and under "Principle 8 –Remunerate Fairly and Responsibly" in relation to its role regarding the Company's remuneration arrangements.

Director induction and ongoing training

As part of the induction process, Board appointees attend a briefing with the Chairman, meet with the Company Secretary about the Company's corporate governance framework, visit key business sites and meet with Company Executives. In addition to an induction process for new Director appointments, from time to time, Directors attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Group's business activities, as well as industry and regulatory developments.

The Director induction and ongoing training programs are reviewed to consider appropriate opportunities for Director development having regard to the desired skills and competencies for Board members as well as emerging governance issues. During the year Directors were briefed on regulatory and reporting developments, including changes to the ASX Corporate Governance Principles and accounting standards as well as regulatory responses to the COVID-19 pandemic.

Effective functioning of the Board

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Group needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision making. Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

Principle 3 – Instil a Culture of Acting Lawfully, Ethically and Responsibly

Core Values

In accordance with its Charter, the Board has reviewed and approved the core values of the Company below which function as guiding principles and expectations for behaviour and the culture the Board and Management are seeking to embed across all businesses within the Group to assist in the achievement of the Company's purpose and strategic objective set out under Principle 2.

- *Be Brave*
- *Better Together*
- *Make it Happen*

Code of Conduct and other Company policies

The Board has adopted a Code of Conduct for Directors* which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests. The Company has adopted a Code of Conduct for Employees* which provides a framework of ethical principles for conducting business and dealing with customers, employees and other stakeholders. The Code sets out the responsibilities of employees in regard to the Company's commitment to workplace safety and employees' fulfilment of their work duties and compliance with Company policies. The Code requires employees to maintain confidentiality of confidential Company information, avoid conflicts of interest, not misuse Company property or accept or offer inappropriate gifts.

Material breaches of the Codes of Conduct for Directors and Employees are reported to the Board.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision making, including the following:

- Continuous Disclosure policy*
- Share Trading policy*
- Group Editorial policy*
- Diversity policy*
- Whistleblower policy*
- Fraud, Anti-Bribery and Corruption Policy*

The Company's Share Trading policy establishes the governing principles for trading in Company shares by Directors, Executives and staff. The Company's Whistleblower policy, which includes an external reporting 'hotline', encourages the reporting and investigation of unethical and unlawful practices and matters of concern. The Company's Fraud, Anti-Bribery and Corruption policy prohibits all Company Directors, employees, contractors and business partners giving bribes or other improper payments or benefits to public officials and material breaches of the policy must be reported to the Board and the Audit & Risk Committee.

The Company requires compliance with Company policies by staff under the terms of their employment and carries out training of employees in relation to its policies and procedures.

Bushfire Relief Assistance and COVID-19 Response

For information on the company's support of bushfire recovery efforts and maintaining its essential services throughout the COVID-19 pandemic in the provision of its news and entertainment services to the Australian public, see pages 25 to 27 of this Annual Report.

Principle 4 – Safeguard the Integrity of Corporate Reports

Audit & Risk Committee

As at the date of this statement, the Committee comprised the following members, all of whom are Independent Directors and all of whom are non-executives:

- Ms Teresa Dyson (Chairman of the Committee)
- Mr David Evans
- Mr Michael Malone
- Mr Michael Ziegelaar

Mr Peter Gammell was a member of the Audit & Risk Committee throughout the financial year until his retirement on 13 November 2019. The Audit & Risk Committee has adopted a formal Charter* which is available on the Company's website.

The relevant qualifications and experience of the members of the Committee are set out on pages 28 to 30 under the heading Board of Directors.

The Committee's key responsibilities in respect of its audit function are to assist the Board in fulfilling its responsibilities in relation to:

- the accounting and financial reporting practices of the Company and its subsidiaries;
- the consideration of matters relating to the internal controls and systems of the Company and its subsidiaries;
- reviewing the process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by the External Auditor;
- the identification and management of financial and non-financial risk; and
- the examination of any other matters referred to it by the Board.

The Audit & Risk Committee is also responsible for:

- making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor;
- evaluating the overall effectiveness of the external audit function through the assessment of external audit reports and meetings with the External Auditors;
- reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee; and
- reviewing the External Auditor's fees for non-audit work and assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence.

Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may also attend any meeting of the Committee by invitation. The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations.

The Audit & Risk Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk".

External Audit function

It is the policy of The Audit & Risk Committee meets periodically with the External Auditors without management being present.

Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

Declarations by the Managing Director and Chief Executive Officer and Chief Financial Officer

Before the Board approves the financial statements for each of the half year and full year, it receives from the Managing Director and Chief Executive Officer and the Chief Financial Officer a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

To assist the Managing Director and Chief Executive Officer and the Chief Financial Officer in making their declarations to the Board in relation to the for each of the half-year and full year, and to ensure integrity in corporate reporting and good governance, a detailed questionnaire is distributed to senior management across the Group, including business unit Chief Executives and business unit Chief Financial Officers as well as other selected key senior managers, requiring confirmation from each of them that financial and accounting controls have been in place and adhered to, Company codes or policies have not been breached, risks have been appropriately managed, and that any matters requiring further consideration by senior group management are disclosed.

The required declarations from the Managing Director and Chief Executive Officer and Chief Financial Officer have been given for the half year ended 28 December 2019 and the financial year ended 27 June 2020.

Verification of Integrity of Periodic Corporate Reports

Corporate reports which are not audited or reviewed by the external auditor are prepared by Senior Executive Management by reference to company records and systems, with external professional assistance where appropriate. Such reports, as are included in the non-audited sections of this Annual Report, are submitted to a Committee or the Board for consideration. The detailed questionnaire distributed to senior management across the Group as part of the Company's periodic reporting procedures, referred to above, is a feature of the verification process in relation to corporate reporting on the Company's policies and compliance.

Principle 5 – Make Timely and Balanced Disclosure

The Company is committed to complying with the disclosure obligations of the Corporations Act and the Listing Rules of the ASX and has adopted a Continuous Disclosure Policy*.

Media releases, half yearly and yearly financial reports and results presentations are lodged with ASX and upon confirmation of receipt by ASX, they are posted to the Company's website.

In order to protect against inadvertent disclosure of price sensitive information, the Company imposes communication 'blackout' periods for financial information between the end of financial reporting periods and the announcement of results to the market.

The Board receives copies of all announcements under Listing Rule 3.1 promptly after they have been made.

Principle 6 – Respect the Rights of Security Holders

Communications with security holders

As disclosed in the Shareholder Communication Policy*, the Board aims to ensure that security holders are informed of all major developments affecting the Company's state of affairs and that there is an effective two-way communication with its security holders facilitated via the Company's Investor Relations function. The Company adopted a communications strategy that promotes effective communication with security holders principally through ASX announcements, the Company website, the provision of the Annual Report, including the financial statements, and the Annual General Meeting (and any extraordinary meetings held by the Company) and notices of general meetings. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Security holders are given the option to receive communications from, and to send communications to, the Company electronically, to the extent possible. The Board continues to review its channels of communications with security holders for cost effectiveness and efficiencies, including using electronic delivery systems for security holder communications where appropriate. The Company continues to implement campaigns to encourage security holders to elect to receive all security holder communications electronically to help reduce the impact on the environment and costs associated with printing and sending materials by post.

It is the Company's policy that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's website

The Company's website www.sevenwestmedia.com.au provides various information about the Company, including:

- Overviews of the Company's operating businesses, divisions and structure;
- Biographical information for each Director;
- Copies of the following:
  - Board and Committee Charters;
  - Corporate Governance Policies;
  - Annual Reports and Financial Statements; and
  - Announcements to ASX;
  - Security price information;
  - Contact details for the Company's Share Registry; and
  - Details concerning the date of the Annual General Meeting, including the Notice of Meeting, when available.

Principle 7 – Recognise and Manage Risk

Risk oversight and management

The Board recognises that the management of financial and non-financial risk is an integral part of its operations and has established policies and procedures for the oversight and management of material business risks, including the establishment of the Audit & Risk Committee. Details regarding the Committee are set out under "Principle 4 – Safeguard the Integrity of Corporate Reports".

The Board also believes a sound risk management framework should be aimed at identifying and delivering improved business processes and procedures across the Group which are consistent with the Group's commercial objectives.

Under the Audit & Risk Committee's Charter*, the Committee's key responsibilities in respect of its risk function are to:

- Oversee, evaluate and make recommendations to the Board in relation to the adequacy and effectiveness of the risk management framework and the risk management systems and processes in place, and be assured and in a position to report to the Board that all material risks have been identified and appropriate policies and processes are in place to manage them;
- Review and approve management's annual report on the effectiveness of the risk management systems and internal control framework;
- Review reports from management on new and emerging sources of financial and non-financial risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- Review, at least annually, the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk, and reports to the Board regarding any recommended changes to the Company's risk management framework;
- Review, and make recommendations to the Board in relation to, the Company's insurance program and other risk transfer arrangements having regard to the Company's business and the insurable risks associated with it, and be assured that appropriate coverage is in place;
- Monitor compliance with applicable laws and regulations, review the procedures the Company has in place to ensure compliance and be assured that material compliance risks have been identified;
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding fraud or non-compliance with applicable laws and regulations and the confidential, anonymous submission by employees of the Company of any concerns regarding business practices; and
- Review and make recommendations to the Board in relation to any incidents involving fraud or other breakdown of the Company's internal controls.

The Board requires management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on the management of those risks. During the reporting period, management reported to the Board as to the effectiveness of the Company's management of its material business risks.

During the 2020 financial year, the Committee conducted periodic as well as the annual review of the Company's risk management framework and satisfied itself that the framework continues to be sound and effectively identifies potential risks.

Internal Control Framework – Risk Assurance & Internal Audit

The Company has established a Risk Assurance & Internal Audit function to evaluate and improve the effectiveness of the Company's governance, risk management and internal control processes. The Audit & Risk Committee reviews and approves Risk Assurance & Internal Audit plans and resourcing as well as monitors its independence, performance and management's responsiveness to its findings and recommendations.

The Internal Audit function has traditionally required a combination of internal and external resourcing, with external resourcing being engaged to conduct highly specialised reviews or to access particular professional or technical expertise. During the year, as part of a Request for Proposal process, external accounting and consulting firms with suitable capability were invited to make submissions to provide services to enhance the Company's Internal Audit function. Following evaluation by the Audit & Risk Committee of a shortlist of providers and submissions, Protiviti were appointed to conduct the Company's Internal Audit reviews, under in-house oversight, for the financial year commencing from December 2019. The Board considers that this appointment provides an enhanced level of capability, providing technical depth from a leading internal audit firm. This will embed a stronger risk and compliance culture across the organisation, whilst drawing on best practice and knowledge across operational and emerging issues. Additionally, efficiencies will also be gained by the externally resourced Internal Audit function working closely with the Group's external auditor, KPMG, to ensure audit efforts are not duplicated and Internal Audit work can be relied upon.

During the year, detailed Internal Audits and Risk Reviews were presented to the Committee regarding the effectiveness of the Company's management of its material business risks, in accordance with the approved Risk Assurance & Internal Audit plan. Focus areas of the 2020 Risk Assurance & Internal Audit plan included the review of the Group's tax corporate governance framework, review of content production processes, and the effectiveness of the Group's sales incentive schemes.

Risk Management Policy

The Board has adopted a Risk Management Policy consistent with Australian Standard ISO 31000:2009 and Principle 7 of the ASX Recommendations.

The group-wide risk profile covers the key revenue, content, product/technology and people risks of the Company and is prepared by the Risk Assurance & Internal Audit function in consultation with key executives across the business. Throughout the year, the Audit & Risk Committee reviews with management the group-wide risk profile and the success of the risk mitigation strategies in order to satisfy itself that management is operating within the risk appetite set by the Board. External advice is obtained as appropriate. The key risks identified by Management and mitigation actions in place are regularly updated and reported to the Audit & Risk Committee and periodically to the Board.

Workplace Safety

The Company is committed to providing a safe workplace for all and maintains comprehensive workplace safety policies and systems which are overseen by the Group Safety & Wellness Manager. These polices are promulgated to staff through induction, training, the Company's intranet as well as through Workplace Health & Safety Committees at each business premises. Consultative workplace safety arrangements, ranging from formal quarterly health and safety committee meetings to other agreed arrangements, have been put in place at each key business premises.

Management provide leadership by promoting a culture of safety and wellness, risk awareness, mitigation and injury prevention. Regular workplace safety and wellness updates are provided to department executives and the Board. Additionally, to support health and well-being, the Company provides a calendar of free wellness activities including yoga, pilates, meditation, exercise classes, flu vaccinations, health checks, 'lunch and learns' and confidential external counselling service for employees and their immediate families.

Environment

Environmental risks are considered as part of the Company's risk assessment processes. Environmental risks relating to the use and storage of any hazardous materials are identified and managed through regular inspections of business premises, reviews of compliance and emergency procedures, and advice from external consultants on environmental matters.

The Company is mindful of climate change and managing the environmental impact of its operations. For more information on the Company's environmental practices and the Company's efforts to minimise the environmental footprint of its businesses, please refer to page 21 of this Annual Report.

Material risks

Under the risk framework described above the Company has identified revenue, content, and product/technology risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate Senior Management within the Company. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks, the Company's economic sustainability risks and how it manages those risks is set out under the headings "Risk Management" and "Risk Management Framework" on page 20 of this Annual Report. The Company does not believe it has any material exposure to environmental risks. The Company considers it has material exposure to social risks associated with a pandemic, such as COVID-19. The Company has assessed this exposure and sets out how it manages these risks on pages 21, 44 and 45 of the Annual Report. Commentary on the Company's environmental and human capital related initiatives as well as its community engagement is provided on pages 20 to 27 of this Annual Report.

Strategy

The Company has continued its strategic focus on responding rapidly to the challenges and opportunities in its marketplace. For more information on the Company's strategic framework which underpins the Company's economic sustainability please refer to pages 2 to 3 of this Annual Report.

Principle 8 – Remunerate Fairly and Responsibly

Remuneration policy

The objective of the remuneration policy for employees is to ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and with the best skills from the industries in which the Company operates.

Remuneration & Nomination Committee

To assist in the adoption of appropriate remuneration practices, the Board has delegated specific responsibilities to the Remuneration & Nomination Committee. Details regarding the Committee are set out under "Principle 2 – Structure the Board to be Effective and Add Value".

The primary responsibilities of the Committee which relate to remuneration are:

- To review and advise the Board on Directors' fees and the remuneration packages, including equity incentive grants, of the Managing Director and Chief Executive Officer, Chief Executives and senior executives of the Group;
- To ensure the Company has a rigorous and transparent process for developing its remuneration policy and for fixing the remuneration packages of directors and senior executives, in light of the objective that the company's remuneration framework is aligned with the Company's strategic objectives, values, purpose and risk appetite;

- To provide advice and support and serve as a sounding-board for the Managing Director & Chief Executive Officer and Board in human resource and remuneration-related matters;
- To advise on succession planning and employee development policies; and
- To review and monitor the implementation of, the Company's remuneration framework to confirm it:
  - encourages and sustains a culture aligned with the Company's values;
  - supports the Company's strategic objectives and long-term financial soundness; and
  - is aligned with the Company risk management framework and risk appetite.

It is the practice for the Managing Director and Chief Executive Officer to attend meetings of the Remuneration & Nomination Committee to report on, or seek approval of, senior Group Management's remuneration, but he is not present during meetings of the Committee (or the Board) when his own performance or remuneration are being discussed or reviewed.

Remuneration of Directors and Senior Executives

The aggregate remuneration for Non-Executive Directors is approved by shareholders. Fees for Directors are set out in the Remuneration Report on pages 48 to 70.

The Committee reviews remuneration packages and policies applicable to the Managing Director and Chief Executive Officer and senior executives. This includes share schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits and insurance policies. External advice is sought directly by the Committee, as appropriate. The Committee also directly obtains independent market information on the appropriateness of the level of fees payable to Non-Executive Directors and makes recommendations to the Board.

During the year, the Board resolved that Directors' base, Committee and Chair fees would each be reduced by 20 per cent for the period from 1 April to 30 June 2020 to support the Company's cost reduction initiatives, particularly during the period impacted by restrictions associated with the COVID-19 pandemic.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board performance-related remuneration for Key Management Personnel ("KMP"). This process is summarised in the Remuneration Report on pages 48 to 70. The Remuneration Report also sets out details of Directors' and executives' remuneration, as well as the Board's policy for Non-Executive Directors and senior executives' remuneration throughout sections 6 to 7.

Hedging

It is the Company's policy that employees (including KMP) are prohibited from dealing in Seven West Media securities if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements which operate to limit the executives' economic risk in connection with Seven West Media securities which are unvested or remain subject to a holding lock.

This statement has been approved by the Board and is current as at 25 August 2020.

Directors' Report

For the year ended 27 June 2020

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven West Media Limited and the entities it controlled at the end of, or during, the year ended 27 June 2020 and the auditor's report thereon.

Board

The following persons were directors of Seven West Media Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kerry Stokes AC – Chairman

James Warburton – Managing Director and Chief Executive Officer *(appointed 16 August 2019)*

John Alexander

Teresa Dyson

David Evans

Colette Garnsey OAM

Michael Malone

Ryan Stokes AO

Michael Ziegelaar

Timothy Worner – Managing Director and Chief Executive Officer *(resigned 16 August 2019)*

Peter Gammell *(retired 13 November 2019)*

The Hon. Jeffrey Kennett AC *(retired 13 November 2019)*

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held at any time in the last three years are set out in this Annual Report under the headings "Board of Directors" and "Corporate Governance Statement" on pages 28 and 31 and form part of this report.

Warren Coatsworth is the Company Secretary. He was appointed to the role on 24 April 2013

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Masters of Law in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

Mr Coatsworth has been Company Secretary of Seven Group Holdings Limited since April 2010 and Company Secretary of Seven Network Limited since July 2005. He has extensive experience as Legal Counsel at the Seven Network advising broadly across the company, and was formerly a solicitor at Clayton Utz. Included on Doyles Guide's list of Leading In-House Technology, Media & Telecommunications Lawyers in Australia for 2016 and 2017.

Principal activities

The principal activities of the Group during the financial year were free to air television broadcasting and newspaper publishing.

During the financial year the Group made the following changes to the principical activities. On 31 December 2019 the Company had finalised the sale of Redwave Radio assets in Western Australia to Southern Cross Austereo. On 1 May 2020 the Company announced that it had finalised the sale of its Pacific Magazines assets to Bauer. From the date of each of these sales the Group's principal activities no longer include radio broadcasting and magazine publishing respectively.

Business strategies, prospects and likely developments

Information on the Group's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the "Performance of the Business" section on page 2. The Performance of the Business section also refers to likely developments in the Group's operations in future financial years and the expected results of those operations.

Information in the Performance of the Business section is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- On 16 August 2019, Mr Timothy Worner resigned as Managing Director and Chief Executive Officer and Mr James Warburton was appointed Managing Director & Chief Executive Officer.
- On 31 December 2019, the Company finalised the sale of Redwave Radio assets in Western Australia to Southern Cross Austereo for a price of $28 million.
- On 1 May 2020, the Company announced that it had finalised the sale Pacific Magazines to Bauer. The Company received $40 million in cash consideration, pre-adjustments and leave provisions, as well as $6.6 million in advertising over three years in Bauer publications.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Net liability position and basis of preparation

Current year performance

For the year ended 27 June 2020 the Group recorded Earnings Before Interest and Tax (EBIT) (and before significant items) of $101.7 million ($98.7 million from continuing operations). The statutory loss after tax was $200.1 million (including significant items but excluding discontinued operations). The FY20 net operating cash inflows were $47.5 million. At year end the Group was in a net liability postion of $236.1 million, including available cash of $352.0 million and net debt of $398.0 million.

The COVID-19 pandemic has had a significant impact on the Australian advertising market in the second half of the financial year as advertising clients managed the impacts of the Australian and foreign government restrictions on their operations.

SMI data reported the Australian advertising market down 20.6 per cent in the 6 months to 27 June 2020 compared to the previous period. ThinkTV reported the metropolitan FTA market decreased by 21.9 per cent for this period, with the final quarter of the financial year showing a decline of 33.7 per cent. Seven's revenue was down $182.7 million or -14.9 per cent.

COVID-19 restrictions also had significant impacts on content production activities. While news gathering and broadcasting continued throughout the shutdown as essential public services, all other content production was required to cease. Major sporting codes were also impacted by restrictions, resulting in the loss of key programming.

The Group's revised content strategy, outlined in the August 2019 results and 2019 AGM, was impacted by COVID-19 shutdowns. Many of the scheduled 1HFY21 programs will now form part of the content line up for calendar year 2021. The Group expects it will take some time for the impact of the new strategy to positively impact earnings and cash flow and the Group incurred additional costs in respect of the interruptions and delays to the production of key content.

Debt facilities

As a result of the financial impacts of these operating conditions in the second half of the year, a waiver of compliance with the covenants under the Group's $750 million of debt facilities was obtained in respect of the June 2020 testing date.

Subsequent to year end, the Group amended the debt facilities. A syndicated secured facility agreement has been entered into with maturities in July 2022 ($450 million) and December 2022 ($300 million). Under the terms of the new agreement the existing leverage and interest cover ratios are replaced by a minimum liquidity requirement and a minimum EBITDA test (from March 21) until 31 December 2021 at which time leverage and interest cover covenants are reinstated. The amended interim covenants provide the Group with the flexibility required to complete the transformation program that was commenced during FY20.

At 27 June 2020, the Group had available cash of $352.0 million with net debt of $398.0 million.

Net liability position

As at 27 June 2020, the Group's liabilities exceeded its assets by $236.1 million (previously reported 26 June 2019: assets exceeded liabilities by $103.1 million).

The Group is in a net liability position as at 27 June 2020 as a result of the following:

- $123.5 million impairment of intangible assets and programming rights as a result of carrying value assessments performed at reporting date;
- reassessment of onerous contracts provisions required in respect of certain programming rights agreements resulting in the recognition of $136.9 million of additional provisions;
- an accounting policy change resulting in the recognition of a DTL of $138.5 million relating to the treatment of the Group's indefinite lived intangible assets. This accounting policy change was as a result of an IFRIC Tentative Agenda Decision issued in April 2020; and
- the adoption of AASB 16 Leases during the current year which resulted in the recognition of Right of Use Assets of $117.1 million and Lease Liabilities of $175.2 million (Current Liability: $7.7 million, Non-Current Liability $167.4 million). The Right of Use asset recognised during the year in respect of the leaseback of the WA headquarters was required to be fully impaired as a result of the assessment of the recoverable value of the Newspapers CGU at reporting date.

The adoption of AASB 16 on a fully retrospective basis and the accounting policy change relating to the recognition of deferred tax on the Group's television licences resulted in a restatement of the prior year balance sheet. As a result, liabilities exceeded assets by $87.1 million at 29 June 2019 on a restated basis.

The Group has positive net current assets as at 27 June 2020 of $270.3 million with Group net debt position (cash and cash equivalents less drawn debt facilities) at $398.0 million.

Cashflow forecasts

In the ordinary course of business the Group prepares longer term and detailed projections for the next 12 months. These risk adjusted forecast future cashflows have been used by the Board to assess the Group's ability to meet its obligations as and when they fall due including compliance with the requirements of the new debt facilities over the forthcoming 12 months.

While market conditions in the final quarter were significantly down on the prior year, the market conditions have been less severe than forecast. This is also evident into the first months of FY21, supported by the resumption of major sports and the lifting of COVID-19 trading restrictions in many States earlier than originally anticipated.

In response to the very subdued COVID-19 impacted market projections and to fund the new content strategy, the Group implemented the first phase of a cost out programme which was substantially completed by the end of FY20. Transformation remains a core pillar of the Group's strategy.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market. The key assumption, which remains uncertain and which may be material, is the timing and extent of the advertising market recovery from COVID-19. The risk adjusted cash flow projections included in the analysis support that the Group will continue as a going concern and be able to meet its obligations as and when they fall due.

Due to the uncertainty of these key assumptions, which are not within the control of the Group, the Directors recognise that action is required to advance the Group's content, transformation and balance sheet strategy. The Directors therefore approved several actions to accelerate the Group's transformation and debt reduction agenda to ensure adequate liquidity is in place. This year the Group:

> sold the Redwave regional radio business completed on 31 December 2019 ($28.5 million net proceeds);
> sold the Pacific Magazines operating segment to Bauer for $40 million (pre working capital adjustments) completed on 1 May 2020;
> sold the Maroochydore property for $6.7 million in June 2020;
> sold the WA headquarters located in Osborne Park for $75 million completed on 9 June 2020; and
> implemented operational cost and cash savings which will deliver an additional net $110.0 million cash benefit in FY21;
> commenced search for futher incremental savings targetting $30.0–$50.0 million of initiatives in FY21.

Market impacts may be more prolonged or more significant than anticipated in current projections, management has therefore identified further operational responses and additional funding initiatives which are being implemented to provide additional earnings liquidity to manage the Group's financial performance and cashflows. These initiatives include:

> the sale of the Group's portfolio of early stage digital businesses, Seven West Media Ventures;
> the sale of the Group's 50 per cent investment in the TX Australia transmission services business;
> the sale of the Seven Studios business including the historical content catalogue; and
> further operational cost and cash saving initiatives.

Matters subsequent to the end of the financial year

On 30 July 2020 the Group announced it had amended its $750 million banking facilities with the Company's existing lender group.

A syndicated secured facility agreement has been entered into with maturities in July 2022 ($450 million) and December 2022 ($300 million). Under the terms of the new agreement the existing leverage and interest cover ratios are replaced by a minimum liquidity requirement and a minimum EBITDA test (from March 2021) until 31 December 2021 at which time leverage and interest cover covenants are reinstated. The amended interim covenants provide the Group with the flexibility required to complete the transformation program that was commenced during FY20.

The amended facilities are secured via a General Security Deed and come at an increased cost (margin of 4.5 per cent), plus up front fees.

Subsequent to year end the Group reclassified their equity accounted investment in TX Australia Pty Limited to assets held for sale. The Group holds 50 per cent of the shares in TX Australia Pty Limited.

Further government actions in response to COVID-19 pandemic

Subsequent to year end, the impact of COVID-19 pandemic continues to evolve. The Victorian government implemented a Stage 4 lockdown across parts of Victoria, including Melbourne. The Queensland government also announced temporary reclosing of the Queensland border to NSW and ACT residents.

The Group continues to monitor market conditions in light of government decisions, and is focused on continuing to deliver on their cost out strategy into FY21. Transformation remains a core pillar of the Group's strategy.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market. The key assumption, which remains uncertain and which may be material, is the timing and extent of the advertising market recovery from COVID-19.

In the opinion of the Directors there are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect:

a. the Group's operations in future financial years; or
b. the results of those operations in future financial years; or
c. the Group's state of affairs in future financial years.

These financial statements have been prepared on a going concern basis.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 27 June 2020, and the numbers of meetings attended by each Director were:

	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
Directors	**(a)**	**(b)**	**(a)**	**(b)**	**(a)**	**(b)**
Kerry Stokes AC	12	12	–	–	1	1
Timothy Worner (resigned 16 August 2019)	1	1	1	1	1	1
James Warburton (appointed 16 August 2019)	11	11	6	6	3	3
John Alexander	12	12	–	–	7	7
Teresa Dyson	12	11	7	6	1	1
David Evans	12	12	7	7	7	7
Peter Gammell (retired 13 November 2019)	3	3	2	2	–	–
Colette Garnsey OAM	12	12	–	–	5	5
Jeffrey Kennett AC (retired 13 November 2019)	3	2	2	2	4	4
Michael Malone	12	12	7	7	–	–
Ryan Stokes AO	12	12	7	7	7	7
Michael Ziegelaar	12	12	7	7	1	1

a. Number of meetings held during the year while the person was a Director.

b. Number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included above.

Performance rights and options

During the financial year, there were not any rights issued over an equivalent number of unissued fully paid ordinary shares in the Company.

At the date of this report, the following rights to acquire an equivalent number of ordinary shares in the Company under the various employee equity schemes are outstanding:

Share Plan	Rights on Issue	Expiry Date
Seven West Media Equity Incentive Plan (2016 LTI)	3,473,305	1 September 2018

Rights were granted for nil consideration. None of the rights currently on issue entitle the holder to participate in any share issue.

During the financial year, no rights vested and 2,334,152 rights lapsed.

There are no other unissued shares or interests under options as at the date of this report.

For names of the Directors and Key Management Personnel who currently hold rights through these schemes, refer to the Remuneration Report.

Dividends – Seven West Media Limited

Dividends paid to members during the financial year were as follows:

	2020 $	2019 $
Final ordinary dividend for the year ended 29 June 2019 nil cents (2018 – nil cents)	–	–
Interim ordinary dividend for the year ended 27 June 2020 was nil cents (2019 – nil cents)	–	–

In addition to the above dividends, since the end of the 2020 financial year the Directors have declared the payment of a final ordinary dividend of nil cents per share.

Environmental regulation

The Group's major production facilities do not require discharge licences under the Environmental Protection Act 1986 and no formal reporting is required to either the Environmental Protection Authority or the National Pollutant Inventory.

Greenhouse gas and energy data reporting requirements

The Group continues to measure and monitor its Greenhouse Gas emissions under the National Greenhouse and Energy Reporting Act (2007). The Group is actively working towards reduction of direct emissions from the consumption of fuels (Scope 1) and indirect emissions from electricity consumption (Scope 2) reportable under NGER, as well as Scope 3 voluntary emissions where possible and practical for the business units.

There are no other particular and significant environmental regulations under the law of the Commonwealth or of a State or Territory for the Group.

Directors' interests in securities

The relevant interests of each Director in shares and rights issued by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

	Performance Rights	Number of ordinary shares
Directors		
Kerry Stokes AC	–	619,753,734
James Warburton	10,945,945	–
John Alexander	–	55,768
Teresa Dyson	–	38,218
David Evans	–	927,803
Colette Garnsey OAM	–	250,000
Michael Malone	–	233,000
Ryan Stokes AO	–	240,466
Michael Ziegelaar	–	10,000

Remuneration report

A remuneration report is set out on the pages that follow (pages 48 to 70) and forms part of this Directors' Report.

Indemnity and insurance of directors and officers

The Constitution of the Company provides an indemnity to any current and former Director, Alternate Director and Secretary of the Company against any liabilities incurred by that person arising out of the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company, except where the liability arises out of conduct involving a lack of good faith.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions were taken pursuant to these indemnities during the year.

During the financial year, the Company paid a premium in respect of a contract insuring all Directors and officers (including employees) of the Company and of related bodies corporate against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Amounts paid or payable by the Group to the auditor, KPMG, for non-audit services provided during the year were $442,742. The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

> all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;

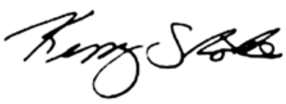
> the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management decision making capacity for the Group, acting as an advocate of the Group or jointly sharing the risks and rewards.

The Lead auditor's independence declaration is set out on page 71 and forms part of the Directors' Report for the financial year ended 27 June 2020.

Rounding of amounts

The Group is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest one thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Kerry Stokes AC
Chairman
Sydney

25 August 2020

Remuneration Report

Message from the Remuneration & Nomination Committee

Dear Shareholder

On behalf of the Seven West Media Board, we present the Remuneration Report for the 2020 financial year (FY20) which sets out remuneration information for Key Management Personnel (KMP) and Non-Executive Directors.

In August 2019, we announced the appointment of the new Managing Director and Chief Executive Officer (MD and CEO) for the Group, Mr James Warburton. With a background in media, advertising, sports administration, sales and marketing, Mr Warburton's experience makes him ideally suited to address the disruption in the sector and to lead the Company's strategic priorities. Specifically, these priorities focus on three key pillars to drive our long-term strategy: Content Led Growth, Transformation, and Improvement of Capital Structure and Balance Sheet.

The impact to the economy, operating environment and our communities from the COVID-19 pandemic has led to a higher level of uncertainty across the media sector. It has seen productions delayed, sporting events cancelled or delayed, including the 32nd Olympic Games, and a material adverse impact on advertising revenue. Despite these challenges, we accelerated the implementation of transformation initiatives and executed temporary measures to partially offset the effect on our business. Key milestones include:

> Content Led Growth – Leading the CFTA BVOD platform to number 1 in 2H20; revitalising our entertainment content strategy premiered with *Big Brother*, delivering the highest P25-54 audience share in a decade; News and Sports franchises maintaining our long-term leading position in market; and extension of the AFL rights contract to 2024.

> Transformation – Actioned $170 million in cost savings initiatives, the lowest cost base since 2007, including and revising the AFL contract with net savings of $87 million over the existing contract period to 2022.

> Improvement of Capital Structure and Balance Sheet – Divestment of three non-core assets delivering $150 million in proceeds; amendment of debt facilities and acquiring a 14.9 per cent strategic stake in Prime Media Group, providing long-term optionality.

Overview of FY20 Executive Remuneration and Performance Outcomes

> Fixed Remuneration – There have been two Executive KMP appointments during FY20, namely the MD and CEO and the Chief Financial Officer (CFO), who were appointed at remuneration levels set below former incumbents. We have not increased fixed remuneration for KMP since 2015, except for one Executive KMP which took effect on 1 July 2019 and made after considering relevant benchmarks, internal relativities, role scope and complexity.

> Temporary Remuneration Reductions – During the final quarter in FY20, fixed remuneration for all KMP and Non-Executive Directors was reduced by 20 per cent and 50 per cent respectively. Fixed remuneration was reinstated to contracted levels effective 1 July 2020.

> Termination Arrangements for the former MD and CEO – Mr Timothy Worner's employment formally ended after a period of gardening leave (from 16 August to 15 December 2019). Termination benefits include payment in lieu of the balance of notice and provision of other benefits by law upon termination. Mr Worner did not receive a FY20 STI and all of his restricted vested and unvested 'at risk' equity was forfeited. Further details are tabled at Sections 5 and 7 of the Report.

> Short-Term Incentive (STI) Plan – The Company's underlying Earnings Before Interest and Tax (EBIT) result fell below the 90 per cent range of budget, and the STI gateway did not open. Therefore, and despite the significant transformation progress achived to date, no STI awards were made for the FY20 performance year.

> Long-Term Incentive (LTI) Plan – The 2018 LTI Award reached the end of its three-year performance period on 30 June 2020. 100 per cent of the Award was tested against relative TSR which did not meet the performance hurdle and therefore, will not vest. All Performance Rights lapsed.

Other Changes to Key Management Personnel and Non-Executive Directors

> Mr Jeff Howard joined the Company as CFO on 20 January 2020, replacing Mr Warwick Lynch following his separation effective 15 January 2020;

> Mr Peter Gammell, Non-Executive Director retired from the Company on 13 November 2019; and

> The Hon. Jeffrey Kennett AC, Non-Executive Director retired from the Company on 13 November 2019.

Outlook and Proposed Changes for 2021

In order to ensure that Seven's remuneration practices align with the Company's new strategy and continue to incentivise and motivate KMP and our staff, the Remuneration and Nomination Committee (Committee) has undertaken a review of its remuneration structure. Given the dynamic environment in which we operate, each year, the Committee and Board reviews the measures that we use to reward short and long-term performance so that they reflect the most relevant drivers of value in our business. While we are generally satisfied that the current remuneration framework is still aligned to our business strategy and is delivering the desired result in terms of remuneration levels, we are making a few changes to our incentive programs for implementation in FY21. These changes are briefly outlined below.

- Key Performance Indicator (KPI) Measures – The number of KPIs for the FY21 Company scorecard will be reduced to four critical measures: Strategic, Financial, Audience & Content and People, Operations & Compliance.
- STI Plan – Participants will receive 50 per cent of any their award granted as Performance Rights made on a prospective basis at the beginning of the performance year. Following assessment at the end of the performance year, any vested award will be subject to a 12-month deferral, as in previous years.
- LTI Plan – The Board commenced its review of the LTI arrangements for the MD and CEO and a final determination including any changes will be presented to shareholders for adoption at the 2020 Annual General Meeting.

The changes to our revised incentive programs will take full effect during FY21 to drive performance and support retention of our talented team, while providing alignment and transparency for shareholders.

We have again this year simplified and focused the Report with the aim of helping our shareholders navigate important, yet complex information. The Company will continue to voluntarily disclose the actual cash remuneration received by Executive KMP in addition to the statutory reporting obligations.

Thank you for your ongoing support of Seven West Media. I look forward to receiving your views and support at the 2020 Annual General Meeting.

Yours faithfully

John Alexander

Remuneration & Nomination Committee Chairman

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Remuneration Report 2020 – Audited

1. Introduction

This Report describes the remuneration arrangements for the Key Management Personnel (KMP) of Seven West Media Limited as defined in AASB 124 Related Party Disclosures, including Non-Executive Directors, the Managing Director and Chief Executive Officer (MD and CEO), and other Executives (including Executive Directors) (hereafter referred to in this Report as Executive KMP) who have authority for planning, directing and controlling the activities of the Group. The KMP for the financial year are set out below.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth). It forms part of the Directors' Report.

2. FY20 Key Management Personnel Covered by this Report

The KMP whose remuneration is disclosed in this year's Report are:

KMP	Position	Term as KMP
Non-Executive Directors (NEDs)		
KM Stokes AC	Chairman	Full Year
JH Alexander	Director	Full Year
T Dyson	Director	Full Year
D Evans	Director	Full Year
C Garnsey OAM	Director	Full Year
M Malone	Director	Full Year
RK Stokes AO	Director	Full Year
M Ziegelaar	Director	Full Year
Former Non-Executive Directors		
PJT Gammell	Director	Part Year – Retired 13 November 2019
JG Kennett AC	Director	Part Year – Retired 13 November 2019
Managing Director and Chief Executive Officer (MD and CEO) and Executive KMP		
J Warburton	MD and CEO	Part Year – Appointed 16 August 2019
KJ Burnette	Chief Revenue Officer	Full Year
J Howard	Chief Financial Officer	Part Year – Appointed 20 January 2020
KA McGrath	Chief People and Culture Officer	Full Year
BI McWilliam	Commercial Director	Full Year
Former Executive KMP		
TG Worner	MD and CEO	Part Year – Ceased as KMP on 15 August 2019
WO Lynch	Chief Financial Officer	Part Year – Ceased as KMP on 15 January 2020

3. Executive Remuneration at a Glance

Key Features	Details of Seven West Media's Approach	Further Information
Executive Remuneration in FY20		
1. What impact has the COVID-19 pandemic had on Executive remuneration levels?	Due to the significant market volatility, and the ongoing financial uncertainty, Executive KMP and Non-Executive Director remuneration levels were temporarily reduced by 20 per cent and 50 per cent respectively during the final quarter of the financial year and reinstated from 1 July 2020.	Section 5 Pages 54–57 Section 6 Pages 57–64 Section 7 Pages 64–70
2. How is Seven West Media's performance reflected in this year's remuneration outcomes?	Seven's remuneration outcomes are strongly linked to the delivery of sustainable shareholder value over the short and long-term. > **Short-Term Incentive (STI):** The Company's underlying Earnings Before Interest and Tax (EBIT) result fell below the 90 per cent range of budget, and the STI gateway did not open despite significant progress in the transformation strategy. > **Long-Term Incentive (LTI):** The 2018 LTI Award reached the end of its three-year performance period on 30 June 2020. 100 per cent of the Award was tested against relative TSR performance which fell below the median of the comparator group. All Performance Rights lapsed. With respect to the partial vesting of the 2016 LTI Award which was tested in September 2018, the Board reassessed the vesting outcome and exercised discretion to lapse the vested Performance Rights. Therefore, no awards under the 2016 LTI Plan were made to the MD and CEO and Executive KMP.	Section 5 Pages 54–57 Section 6 Page 57–64
3. What changes have been made to the remuneration framework in FY20?	There were no changes made to the Company's remuneration framework in FY20. Fixed remuneration levels for Executive KMP remain unchanged, except for one Executive KMP whose fixed remuneration was increased at the beginning of the performance year as a result of internal relativities and market adjustments	Section 6 Pages 57–59
4. Are any changes planned for FY21?	We are making minor changes our Remuneration Framework to ensure we reward short- and long-term performance that reflect the most relevant drivers of value in our business. > **STI:** The deferred component of the STI award (i.e., 50 per cent) will be granted at the commencement of the performance year in the form of Performance Rights, and subject to the assessment to FY21 performance. > **LTI:** The Board commenced its review of the LTI arrangements for the MD and CEO and a final determination including any changes will be presented to shareholders for adoption at the 2020 Annual General Meeting.	Section 6 Page 57
Executive Remuneration Framework		
5. What is Seven West Media's remuneration strategy relative to the market?	Fixed and variable remuneration strategy is aimed at the median of the market, with remuneration opportunities for outstanding performance extending up to the upper quartile of the market.	Section 6 Page 58
6. What proportion of remuneration is "at risk"?	Executive KMP remuneration is broadly evenly distributed between fixed remuneration and on performance which is therefore 'at risk'. > MD and CEO: 66.7 to 71.4 per cent at risk. > Executive KMP: Remuneration package range between 43 to 50 per cent at risk.	Section 6 Page 58
7. Are there any claw-back provisions for incentives?	Yes. If there is a material financial misstatement, any unvested LTI or deferred STI awards can be clawed back.	Section 6 Page 59
Short-Term Incentives (STI)		
8. Are any STI payments deferred?	Yes. Typically, 50 per cent of the STI award for Executive KMP is deferred in Restricted Shares which vest after 12 months. As noted above, for FY21, the deferred component of the award will be delivered in Performance Rights. If an Executive resigns or their employment is terminated for cause before the vesting period ends, the shares do not vest and are forfeited.	Section 6 Page 59

Key Features	Details of Seven West Media's Approach	Further Information
9. Are STI payments capped?	Yes. STI opportunity is capped as follows: > MD and CEO: STI is capped at 150 per cent of fixed remuneration (maximum opportunity). > Executive KMP: STI is capped at the STI target (at 100%), achievable only in circumstances of both exceptional individual and Company performance.	Section 6 Page 59
Long-Term Incentives (LTI)		
10. What are the performance measures for the LTI?	100 per cent subject to relative TSR with an individual performance condition, with the Board having discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Page 61–62
11. Are there any restrictions imposed on disposal of LTI awards?	Yes. There is a restriction imposed on the sale and use of shares after vesting until the earliest of the following: > The date the holder ceases employment with Seven West Media (subject to approval by the Board); > The one-year anniversary of the vesting date (or subsequent anniversaries if elected by the award holder); or > The Board determines that the holding lock should be released. > The Board has ultimate discretion to determine otherwise.	Section 6 Page 62
12. Does the LTI have re-testing?	No. There is no re-testing.	Section 6 Page 62
13. Are dividends paid on unvested LTI awards?	No. Dividends are not paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	Section 6 Page 62
14. Is the size of LTI grants increased in light of performance conditions?	No. There is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Seven uses a 'face value methodology' for allocating Performance Rights to each Executive KMP, being the average share price for the month leading up to grant, discounted for the assumed value of dividends not paid during the three-year performance period.	Section 6 Pages 61–62 Section 7 Page 67–69
15. Can LTI participants hedge their unvested LTI?	No. Consistent with the *Corporations Act 2001* (Cth), participants are prohibited from hedging their unvested Performance Rights.	Section 4 Page 54 Section 6 Page 62
16. Does Seven West Media buy shares or issue new shares for share-based awards?	For deferred STI awards, shares are purchased on-market. For LTI awards, the Board has discretion to issue new shares or buy shares on-market.	Section 6 Page 61–62
17. Does Seven West Media issue share options?	No. Seven typically uses Restricted Shares for the deferred STI awards and Performance Rights for LTI awards. However, for FY21 Performance Rights will be issued for both STI and LTI awards	Section 6 Page 61–62
Executive Service Agreements		
18. What is the maximum an Executive can receive on termination?	The Executive KMP termination entitlements are limited to six (6) months' fixed remuneration.	Section 6 Page 63

4. Remuneration Governance

4.1 Role of the Remuneration and Nomination Committee

The primary objective of the Remuneration and Nomination Committee (the Committee) is to assist the Board to fulfil its corporate governance and oversight responsibilities to ensure that remuneration policies and structures are fair, competitive and are aligned with the long-term interests of the Company. These include our people strategy, remuneration components, performance measurements and accountability frameworks, recruitment, engagement, retention, talent management and succession planning.

The table below outlines the roles and responsibilities of the Board, the Committee and management in relation to Board and Executive KMP remuneration.

Board	Remuneration and Nomination Committee	Management
> Approves remuneration arrangements and conditions of service for the MD and CEO, Executive KMP and Non-Executive Directors. > Monitors the performance of Executive management. > Retains discretion in determining the overall outcome of the incentive awards or adjust remuneration to ensure it is consistent with, and appropriately reflects the Group performance and of the individual Executive experience over the relevant performance period.	> Recommends remuneration and incentive policies, structures and practices. > Recommends remuneration arrangements for the MD and CEO and Executive KMP. > Undertakes an annual review of the Company's remuneration strategy and Remuneration Policy. > Reviews executive remuneration arrangements or Executive KMP and Non-Executive Directors on an annual basis against the Remuneration Policy, obtaining independent external remuneration advice where appropriate. > Review and recommend the Remuneration Report and any other report required to be produced for shareholders to meet statutory requirements.	> Prepares recommendations and provides supporting information for the Committee's consideration. > Implements approved remuneration-related policies and practices. > The MD and CEO assesses each Executive's performance at the end of the financial year relative to agreed business and individual targets. Based on this assessment, the MD and CEO makes a recommendation to the Committee for approval.

The Committee has a strong focus on the relationship between business performance, risk management and remuneration. During the year, the Committee met on four occasions and reviewed and approved or made recommendations to the Board on matters including:

- Remuneration review for the MD and CEO and other senior Executives (broader than those disclosed in the Remuneration Report) covered by the Company's Remuneration Policy;
- The review of the Seven West Media STI Plan and Employee Share Plan;
- The Company's performance framework (objectives setting and assessment) and annual variable remuneration spend;
- Performance and remuneration outcomes for senior Executives;
- Approval of Executive KMP and other senior Executive appointments and terminations;
- The effectiveness of the Company's Remuneration Policy;
- Succession plans for senior Executives; and
- Diversity, employee engagement, and health, safety and wellbeing.

The Committee reviews its Charter every financial year. The Corporate Governance Statement on pages 31 to 42 provides further information on the role of the Committee.

4.2 Members of the Remuneration and Nomination Committee During FY20

During FY20, the members of the Remuneration and Nomination Committee were:

- Mr JH Alexander, Chairman
- Mr D Evans
- Ms C Garnsey OAM (effective 3 October 2019)
- Mr JG Kennett AC (until 13 November 2019)
- Mr RK Stokes AO

4.3 Services from External Remuneration Consultants

External consultants and advisors are engaged as needed to provide independent advice. The requirements for external consultants' services are assessed annually in the context of remuneration matters that the Committee requires to address. Recommendations provided by external consultants are used as a guide.

During FY20, the Committee retained Ernst & Young ("EY") to provide an independent valuation for the 2020 LTI Award, and to assess TSR performance for the Company's FY18 LTI Plan. In the course of providing this information, the Board is satisfied that EY did not make any remuneration recommendations relating to KMP as defined by the Corporations Act.

The Company employs in-house remuneration professionals who provide recommendations to the Committee and the Board. The Board made its decisions independently, using the information provided and with careful regard to the Company's strategic objectives, risk appetite and the Seven West Media Remuneration Policy and principles.

4.4 Security Trading Policy

Hedging Prohibition

All deferred equity must remain 'at risk' until it has fully vested. Accordingly, Executives and their associated persons must not enter into any schemes that specifically protect the unvested value of equity allocated. If they do so, then they forfeit the relevant equity. These restrictions satisfy the requirements of the Corporations Act which prohibits hedging of unvested awards.

5. Executive Remuneration Outcomes During the FY20 Performance Year

5.1 Executive Remuneration Earned and Vested (Voluntary Disclosure)

The purpose of this table is to provide shareholders with a summary of the actual remuneration which has been received by Executive KMP during 2020, and to show remuneration received during 2019 for comparative purposes. The table below has been prepared to supplement the statutory requirements in Section 7 of the Report and shows:

- Fixed remuneration and the value of cash incentives earned in respect of 2020 and 2019; and
- 'At risk' equity-based remuneration granted to Executive KMP in prior years that vested during 2020 and 2019. The final column shows the value of prior equity awards which lapsed in 2020 (these awards reflect the FY18 LTI grant of Performance Rights which did not meet the performance hurdles when tested in July 2020).

Unlike the Statutory Disclosure table in Section 7 which has been prepared in accordance with Australian Accounting Standards and discloses the value of LTI grants which may or may not vest in future years (i.e., reported on an accounting basis), this table discloses the value of LTI grants from previous years which vested in FY20.

Name	Financial Year	Fixed Remuneration[1] $	Other Remuneration[2] $	Termination Benefits $	2020 Total Cash Payments[3] $	Prior Year Equity Awards Vested during 2020[4] $	Prior Year Equity Awards Lapsed/ Forfeited during 2020[4] $
MD and CEO							
J Warburton[5]	**2020**	**1,134,875**	**43,899**	**–**	**1,178,774**	**–**	**–**
	2019	–	–	–	–	–	–
Executive KMP							
KJ Burnette	**2020**	**1,189,095**	**42,534**	**–**	**1,231,629**	**–**	**(25,388)**
	2019	1,176,045	42,906	–	1,218,951	72,632	(217,896)
J Howard[5]	**2020**	**275,400**	**15,193**	**–**	**290,593**	**–**	**–**
	2019	–	–	–	–	–	–
KA McGrath[6]	**2020**	**492,340**	**29,442**	**–**	**521,782**	**–**	**(9,140)**
	2019	429,388	27,682	–	457,070	–	–
BI McWilliam[7]	**2020**	**988,779**	**38,092**	**–**	**1,026,871**	**–**	**(22,341)**
	2019	753,547	29,961	–	783,508	63,916	(191,748)
Former Executive KMP							
TG Worner[8]	**2020**	**413,435**	**35,018**	**2,573,920**	**3,022,373**	**–**	**(105,613)**
	2019	2,497,048	64,396	–	2,561,444	302,148	(906,446)
WO Lynch[9]	**2020**	**363,214**	**22,562**	**352,005**	**737,781**	**–**	**(14,725)**
	2019	666,541	35,050	–	701,591	14,042	(42,127)
Total	**2020**	**4,857,138**	**226,740**	**2,925,925**	**8,009,803**	**–**	**(177,207)**
	2019	5,522,569	199,995	–	5,722,564	452,738	(1,358,217)

1. Fixed remuneration is the total cost of salary, salary-sacrificed benefits (including associated fringe benefits tax (FBT)) and an accrual for annual leave entitlements. The accounting value may be negative where an Executive's annual leave balance decreases as a result of taking more than the leave accrued during the year. Fixed remuneration was temporarily reduced by 20 per cent for the final quarter of FY20.
2. Other remuneration includes the cash value of non-monetary benefits, superannuation, long service leave entitlements and any fringe benefits tax payable on non-monetary benefits. The elements of other remuneration are valued consistently with the equivalent benefits included in the statutory disclosure table in Section 7 of the Report.
3. Refers to the total value of remuneration earned during FY20, being the sum of the prior columns.
4. Refers to equity-based plans from prior years that have vested or been lapsed/forfeited in the current year. The value is calculated using the five-day Volume Weighted Average Price (VWAP) of Company shares on the vesting lapse/forfeiture date.
5. The information relates to the period J Warburton and J Howard held office during the year. Refer Section 2 of the Report for details of appointment dates.
6. KA McGrath's fixed remuneration was increased by 17 per cent at the commencement of the financial year due to internal relativities and market adjustments.
7. Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by BI McWilliam in a Company to Company agreement which ceased on 20 November 2019.
8. TG Worner's employment formally ended after a period of gardening leave (from 16 August to 15 December 2019). Termination benefits include payment in lieu of notice, provision of other benefits by law upon termination. Termination benefits provisions did not exceed the limits in accordance with the Corporations Act (s200AA), TG Worner did not receive a FY19 or FY20 STI and all of his restricted vested and unvested equity were forfeited.
9. WO Lynch's employment ended on 15 January 2020. Termination benefits include payment in lieu of notice, provision of other benefits by law upon termination. WO Lynch did not receive a FY19 or FY20 STI and all of his restricted vested and unvested LTI awards were forfeited.

5.2 Summary of STI Outcomes

How the Group's Performance was Assessed for the 2020 Financial Year

Under the design of the STI Plan, a pool may be available for distribution where the Group's underlying EBIT threshold target is met as set out in Section 6.1.2 of the Report. The framework provides a set of Key Performance Indicators (KPIs) which are used to assess the quality of the outcomes delivered against the Group's strategic goals. The FY20 STI financial gateway reflects the overall assessment of Group performance. For FY20, the Company's underlying EBIT result of $100.9 million did not open the financial gateway.

The individual KPIs and FY20 achievements as determined by the Remuneration and Nomination Committee for the MD and CEO are provided in the following table.

Strategic Pillar & Measure	Weight	Performance Against Scorecard Targets	Outcome
Financial > Group Revenue Target > Underlying EBIT Target > Target Net Debt > Debt Reduction Strategy > Acquisition & Divestments Program	40%	The key financial outcomes for the 2020 performance year were all below target: > Group Revenue was $1,321.7 million. > Underlying EBIT was $100.9 million. > June 2020 net debt was $398 million resulting in a leverage ratio of 3.45 times EBITDA. Although these were below target, management exceeded target in other measures: > Actioned $170 million in gross cost savings. > Divested three non-core assets delivering $150 million in proceeds. Acquired 14.9 per cent strategic stake in Prime Media Group providing long-term optionality.	Partial Achievement
Audience & Customer > Revenue Share Growth Targets in FTA and BVOD > Growth in BVOD (VOD + Live) Audience Share > Growth in Audience and Profitability of Digital Products	20%	> FTA and BVOD FYTD share were 37.5 per cent and 36.6 per cent respectively. > No. 1 in CFTA BVOD audience share achieved in 2H20, with 7plus leading in both live and VOD minutes.	Partial Achievement
Operational Risk & Compliance > Target Cost Reduction > Regulatory Environment Initiatives > Improvement in Risk & Compliance Reporting	20%	> Significant cost initiatives of $170 million implemented, targeted restructures and corresponding changes across the Company met. > Significant industry collaboration achieved to support regulatory reforms. > Reduced number of ACMA breaches for the year by 50 per cent.	Full Achievement
Content & Product > Target Growth in Audience Strength > Development of New Acquisition Models > Accelerate Growth of Seven Studios	10%	> Seven's primetime audiences decreased by 13.3 per cent (compared to market of -4.9 per cent). > Negotiated an extension of the AFL rights by two years to 2024, resulting in savings of $87 million. > Revitalised the entertainment content strategy premiered with *Big Brother*, delivering highest P25-54 audience share in a decade. > News and Sports franchises maintained the long-term number 1 position in the market.	Partial Achievement
People & Leadership > Improvement in Engagement, Development and Performance > Improvement in Key Safety Metrics	10%	> Focus has been on supporting our people and building resilience through the significant change in the current year. Training initiatives have been on-going throughout the year. > Rate of injuries has decreased over the period.	Partial Achievement
Total	**100%**		**Partial Achievement**

5.3 Equity Granted to the MD and CEO and Executive KMP

No STI awards were granted to Executives under the FY20 STI Plan. The table below presents the equity granted under the LTI Plan to the Executive KMP during FY20.

Name	FY20 Deferred STI[1] $	FY20 LTI[2] $	Total $	Financial Year in which Grant Vests
J Warburton	–	4,050,000	4,050,000	2022 & 2023
KJ Burnette	–	312,500	312,500	2022
J Howard	–	144,740	144,740	2022
KA McGrath	–	131,250	131,250	2022
BI McWilliam	–	206,250	206,250	2022

1 Typically, this column shows the number of Restricted Shares granted with respect to the current performance year as deferred STI in August next year. 50 per cent of the deferred award is recognised in the current performance year, and 50 per cent recognised next year. Deferred equity under the STI Plan is not subject to any further performance conditions except continued employment. For FY20 no STI awards were made.

2 Subject to performance conditions and due to vest 1 July 2022. For the MD and CEO, Tranche 1 is due to the vest on 1 July 2022 and Tranch 2 is due to vest on 1 July 2023.

5.4 Summary of LTI Outcomes

The table below shows the vesting outcomes for the FY18 LTI grant to Executive KMP that reached the completion of the performance period during FY20.

			Performance Range				
Performance Measure	Performance Start Date	Test Date	Threshold	Maximum	Outcome	% Vested	% Lapsed
TSR (100% of Award)	1 July 2017	30 June 2020	51st Percentile	75th Percentile	TSR of -86.2% (ranked at 108.5% below the Comparator Index)	0%	100%

6. Executive Remuneration Details

Composition of Executive Remuneration and Application of Remuneration Principles

Executive remuneration is determined by the Remuneration and Nomination Committee and, for the MD and CEO, is recommended to the Board for its approval. Executive remuneration comprises both a fixed component and a variable (or "at risk") component which contains separate STI and LTI elements. These components are explained in detail below.

6.1 Executive Remuneration Framework

In structuring remuneration, the Board aims to find a balance between fixed remuneration and 'at risk' variable remuneration; cash and deferred equity; and short-, medium-, and long-term rewards in line with the Company's performance cycle.

The Remuneration Framework is outlined in the table below and explained in detail in Section 6 of the Report.

Strategic Priorities

Content Led Growth	Transformation	Capital Structure and Balance Sheet

Remuneration Strategy

Attract and retain high-preforming employees with market competitive and flexible reward.
Align reward to our business strategy, helping to create sustainable shareholder value, while adhering to good governance principles.

Remuneration Principles

Seven West Media's remuneration framework is reinforced by the following principles:

Align remuneration with shareholder interests	Provide market competitive and responsible remuneration	Enable attraction and retention of high-performing employees	Support an appropriate culture and employee conduct	Differentiate pay for performance and behaviour in line with our vision and strategy	Be simple, flexible and transparent

Executive Remuneration Structure

	Fixed	**At Risk**	
Component	**Total Employment Remuneration (TER)**	**Short-Term Incentive (STI)**	**Long-Term Incentive (LTI)**
Determination	Fixed remuneration is set with reference to the median of our peer groups, reflecting: > Size and complexity of the role; > Individual responsibilities and performance; and > Skills and experience.	STI rewards financial and non-financial performance consistent with the Company's strategy over the short to medium term with reference to: > Group EBIT and revenue; > Strategic programs, content and product; > Audience and customers; > Transformation, operational risk and compliance; > People and leadership; and > Individual performance targets relevant to the specific position.	LTI ensures alignment of Executive accountability and remuneration outcomes for sustainable long-term growth and shareholder return. LTI targets are linked to > Relative Total Shareholder Return (TSR) performance measure; and > An individual performance condition over a three-year vesting period.
Delivery	Fixed remuneration comprises: > Cash salary; > Superannuation; and any > Prescribed non-financial benefits at the Executives' discretion on a salary sacrifice basis.	STI is delivered as: > 50 per cent cash; and > 50 per cent in Restricted Shares, subject to service conditions. For FY21, the deferred component of STI awards will be granted in Performance Rights.	Equity in Performance Rights. All equity is held subject to service and performance over a three-year performance period. The equity is at risk until vesting. Performance is tested once at the vesting date.
Strategic Intent & Market Positioning	Our peer groups are the Australian media and entertainment industry.	Performance incentive is directed to achieving Board approved targets, reflective of market circumstances. Combined, fixed remuneration and target STI is intended to be positioned towards the 3rd quartile of the relevant benchmark comparisons.	LTI is intended to reward Executive KMP for sustainable long-term growth aligned to shareholders' interests. LTI allocation values are intended to be positioned around the 3rd quartile of the relevant benchmark comparisons.
Target Remuneration Mix	MD and CEO: 33.3% Executive KMP: 50 – 57%	33.3% 25 – 29%	33.3% 14 – 25%

Total Target Remuneration (TTR)

TTR is positioned to achieve the remuneration objectives outlined above. Out-performance generates higher reward. The remuneration structure is designed to ensure top quartile Executive KMP remuneration is only achieved if the Company out-performs against stated targets.

6.1.1 Fixed Remuneration

Fixed remuneration is expressed as a total dollar amount which is delivered as cash salary and employer contributions to superannuation funds as well as any ongoing employee benefits on a salary-sacrificed basis. It provides a fixed level of income commensurate with the Executive's role, responsibilities, qualifications, and experience, and is set by considering peer market data.

6.1.2 Short-Term Incentive (STI)

STI rewards the achievement of pre-determined, individual and Company KPIs over the 12-month performance period which are aligned to and supportive of the Company's annual strategic objectives. STI awards are delivered in cash and deferred shares. For the FY21 performance year, the deferred component of the STI will be delivered as Performance Rights early in or at the beginning of the performance period.

Short-Term Incentive Plan

The STI Plan is an award used to provide clear motivation to focus on strategically-aligned metrics and goals that can be measured annually. The award reflects the achievement of specific objectives that are based on a rigorous bottom-up budgeting process.

Further details on the key design features of the 2020 STI Plan and changes to the 2021 STI Plan, are set out below.

Seven West Media STI Plan	
STI Opportunity	For the MD and CEO, the 'at target' STI opportunity is 100 per cent of fixed remuneration up to a maximum of 150 per cent. Each Executive's STI opportunity for on-target performance is 50 per cent of fixed remuneration. 'On-target' refers to the STI award opportunity for an Executive who achieves successful performance against all KPIs and where 100 per cent of the Group's underlying EBIT target is achieved. EBIT is defined as the Group's profit before significant items, net finance costs and tax.
Eligibility	The STI Plan covers employees in executive and senior management positions, subject to having more than three months' active service during the financial year and remaining employed on, or not having provided notice of termination before the award date.
Delivery of Awards	50 per cent is paid in cash at the end of the annual Performance and Remuneration Review (usually in the September pay cycle). To support an ownership culture and drive retention outcomes, 50 per cent of the STI award is deferred in the form of Restricted Shares over 12 months. The number of Restricted Shares allocated to each participant will be determined by dividing the dollar amount of the STI award deferred into Restricted Shares by the average cost per share purchased on market (rounded down to the nearest whole number of shares). The Restricted Shares are usually allocated in August or September following the end of the relevant financial year and are held on trust on behalf of each participant. Participants have entitlements to dividends and voting rights in relation to their Restricted Shares during the vesting period. For disclosure and expensing purposes, we use the one-day Volume-Weighted Average Price (VWAP) to determine the fair value.
Target Opportunity	STI targets are set by the Committee and approved by the Board at the start of each performance year, based on a range of factors including market competitiveness and the responsibilities of each role.
Determination of the STI Gateway	At Group level, the Company's STI pool is based on performance. The size of the pool available for distribution as STI awards is based on the achievement of the Group's underlying EBIT target set by the Board at the beginning of the financial year as shown in the table below:

Percentage of Group Underlying EBIT Achieved (%)	STI Award Pool Available (% of On-Target)
<90%	0%
90–94%	25%
95–99%	50%
100%	100%

The Board retains discretion to not make an STI award available to participants where such payment is regarded to be inconsistent with shareholders' interests over the financial year, even if the gateway requirement is achieved.

Seven West Media STI Plan

Performance Conditions	Performance is measured against risk-adjusted financial targets and non-financial targets which support the Company's strategy. Performance measures are based on performance at Group, divisional and individual level. The deferred STI awards recognise past performance and are not subject to further performance hurdles (other than continued service). Refer Section 5 on the MD and CEO's balanced scorecard.
Assessment of Performance Outcomes	STI outcomes are subject to both a quantitative and qualitative assessment. The Board has the capacity to adjust STI outcomes (and reduce STI outcomes to zero if appropriate) in the assessment process.
STI Treatment on Cessation of Employment	Participants must be employed on the award payment date and not be in a period of termination notice. The deferred component of an STI award will be forfeited if the participant resigns or the employment is terminated for cause, prior to the vesting date. The Board has discretion to determine whether the participant retains any unvested deferred awards relating to prior years' STI performance outcomes if the participant leaves due to any other circumstances, having regard to prior years' STI performance and time elapsed to the date of cessation.
Changes for 2021	For the FY21 performance year, the deferred component (i.e., 50 per cent) of the STI will be granted prospectively in the form of Performance Rights early in or at the beginning of the performance period. All other features of the STI Plan remain the same. Following assessment at the end of the performance year, the vested award will be subject to a 12-month deferral, as in previous years.

Determination of STI at an Individual Level

At an individual level, STI is designed to focus Executive KMP on key performance measures supporting the Company's business strategy and encourage the delivery of value for shareholders.

Seven West Media Financial Year	Beginning of Performance Period	**Performance Objectives Set** > Individual objectives are agreed for Executive KMP, using a balanced scorecard approach under the five categories of (i) Financial, (ii) Audience & Customer, (iii) Content & Product; (iv) Operational Risk and Compliance; and (v) People and Leadership. > The weighting of measures varies to reflect the responsibilities of an individual's role. > Many of these measures relate to the contribution towards short to medium term performance outcomes aligned to the Company's strategic objectives. > This methodology is replicated across the Company for all employees reflecting the individual's responsibilities.
	End of Performance Period	**Performance Assessed Against Objectives** > The performance of each Executive KMP is assessed against their objectives and compliance standards. > The Remuneration & Nomination Committee seeks input from the MD and CEO and CFO (on financial performance, internal audit and compliance matters). > The Committee reviews (and the Board reviews and approves) the performance outcomes for the CEO and each Executive KMP. **Determination of Remuneration Outcomes** > The Committee considers the performance of the Group, division and individual to determine remuneration recommendations for Executive KMP respectively. > Where Executive KMP deliver on-target performance at a Group, divisional and individual level (taking into consideration the Company's values and compliance standards), then incentive award recommendations are likely to be around target opportunity. Recommendations will be adjusted up or down in line with performance. > The Committee's recommendations are then reviewed and ultimately approved by the Board.

6.1.3 Long-Term Incentive (LTI)

LTI rewards performance over the longer term and is designed to encourage sustained performance, drive long-term shareholder value creation and ensure alignment of executive remuneration outcomes to shareholder interests. LTI awards are delivered in the form of Performance Rights subject to Company performance hurdles and individual service conditions being met.

Long-Term Incentive Plan

The LTI Plan is a means to align incentive pay with specific corporate results measured over three years. LTI Plan metrics and peers are approved by the Board for the beginning of the three-year performance period and are performance-granted with vesting following the end of the performance period.

Key Terms of FY20 LTI Awards

The key features of the FY20 LTI Plan are provided in the following table.

Seven West Media Long-Term Incentive Plan

LTI Plan Vehicle	The grant is made in the form of Performance Rights. The Performance Rights are granted at no cost and each right entitles the participant to one ordinary share in the Company, subject to the achievement of the performance hurdles and service conditions outlined below. As Performance Rights are automatically exercised at vesting, no expiry date applies.
Number of Performance Rights Granted	MD and CEO: Typically, the value of LTI granted is allocated annually at 100 per cent of the MD and CEO's fixed remuneration. However, the 2020 LTI Grant represents an upfront long-term incentive award for combining the 2020, 2021 and 2022 performance years. Performance Rights were granted in two (2) tranches and vest subject to continued employment with the Company and satisfaction of the performance conditions in accordance with the following schedule: > Tranche 1: 50 per cent of Rights vest subject to meeting the performance conditions over a three-year period (1 July 2019 to 30 June 2022) following the announcement of the 2022 financial year results. Following vesting, the Shares allocated will be subject to a one-year holding lock; and > Tranche 2: 50 per cent vest subject to meeting the Performance Conditions over a four-year period (1 July 2019 to 30 June 2023) following the announcement of the 2023 financial year results. Following vesting, Shares allocated will be subject to a one-year holding lock. For the CFO, allocation is based on 50 per cent of fixed remuneration, and for other Executive KMP, allocation is based on 25 per cent of fixed remuneration. The number of Performance Rights granted to each Executive is equivalent to the face value of the LTI grant divided by an amount calculated based on the share price in accordance with the terms and conditions of the Plan.
Performance Hurdle	Performance Rights are subject to continued employment with Seven West Media, a single relative Total Shareholder Return (RTSR) and an individual performance condition. The FY20 TSR hurdle will be measured from 1 July 2019 to 30 June 2022 for Executives and 1 July 2019 to 30 June 2023 for the MD and CEO.
TSR and Vesting Schedule	Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates the alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is recorded above the median of the Comparator Index. The relative TSR of Seven West Media is compared to the performance of the S&P/ASX 200 Communication Services Accumulation Index (Accumulation Index) over the performance period. The level of out-performance of Seven West Media, compared with the Accumulation Index, is used to determine the proportion of awards that are available to vest as per the schedule below. The TSR of Seven West Media is calculated based on the 60-day trading average share price up to, but not including, the start and end of the performance period, adjusted for dividends and capital movements. The performance of the Accumulation Index is calculated based on the index levels at the start and end of the performance period. TSR performance is monitored and assessed by an independent advisor. The percentage of TSR Performance Rights that vest (if any) at the end of the three-year performance period will be based on the following schedule:

Company's TSR Performance Relative to the Index over the Performance Period	Proportion of Performance Rights Vesting
Outperform Index by at least 10%	100%
Outperform the Index by up to 10%	Pro-rata from 50% to 100%
Equal to or less than the Index	Nil

Seven West Media Long-Term Incentive Plan

Individual Performance Condition	Incorporating an individual performance hurdle, in addition to the relative TSR performance measure, will further align executive remuneration outcomes and performance. To the extent that any Performance Rights become available to vest based on the relative TSR hurdle, the percentage of awards that vest will be determined based on the balanced scorecard of Key Performance Indicator (KPI) outcomes over the performance period. The minimum percentage of Performance Rights that can possibly vest, subject to the KPI hurdle, is 0 per cent. The number of Performance Rights that vest will be calculated based on the following formula: Number of Performance Rights available to vest, based on TSR performance *multiplied by* The average of the Executive's individual KPI outcomes (expressed as a percentage) for the relevant three financial years of the performance period
Testing of Performance Hurdle	Awards are subject to a three-year performance period. Shortly after the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. The LTI Plan does not permit re-testing. Any Performance Rights that do not vest following testing of performance hurdles (i.e., at the end of the three-year performance period) will lapse.
Disposal Restrictions on Vested Shares	There is a restriction imposed of the sale of shares acquired after vesting (to the extent the performance hurdles are achieved) until the earliest of the following: > The date the Executive ceases employment with Seven West Media (subject to approval by the Board); > The one-year anniversary of the vesting date (or subsequent anniversaries (if elected by the Executive); or > The Board determines that the restriction should be released.
Dividends and Voting Rights	Performance Rights do not carry any dividend or voting rights prior to vesting.
Change of Control	In the event of a change of control of the Company, unvested Performance Rights may vest to the extent the performance hurdles are considered to have been achieved to the date of the transaction. The Board will have discretion to determine whether any additional vesting should occur.
Cessation of Employment	If the participant ceases employment before the end of the performance period by reason of death, disablement, retirement, redundancy or for any other reason approved by the Board, unvested awards remain on-foot, subject to original performance hurdles, although the Board may determine that some or all of the awards should be forfeited. If the participant ceases employment before the end of the performance period by reasons other than outlined above, unvested awards will automatically lapse.
Hedging	Under the Seven West Media Equity Incentive Plan Rules, Executives who are granted share-based payments, such as Performance Rights under the LTI Plan as part of their remuneration, are prohibited from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

6.2 Link Between Remuneration Policy and Company Performance

MD and CEO Performance Objectives and Key Highlights

The Committee reviews and makes recommendations to the Board on performance objectives for the MD and CEO. These objectives are intended to provide a robust link between remuneration outcomes and the key drivers of long-term shareholder value. The STI objectives are set in the form of a balanced scorecard with targets and measures aligned to the Company's strategic priorities cascaded from the MD and CEO scorecard to the relevant Executive KMP scorecard. The key financial and non-financial objectives for the MD and CEO in the 2020 financial year, with commentary on key highlights, are provided in Section 5 of the Report.

Group Financial Performance – Five Year Perspective

In FY20, the Remuneration Policy was linked to profit before significant items, net finance costs and tax (EBIT), and TSR performance of the Group.

The following table sets out the Group's performance over the last five financial years:

	2020	2019[5]	2018[4]	2017[4]	2016
Profit before significant items[1], net finance costs and tax (EBIT) ($'000's)	98,654	212,812	235,636	261,385	318,126
Statutory NPAT ($'000's)	**(293,931)**	(444,496)	132,788	(738,135)	184,289
NPAT (excluding significant items) [1,2] ($'000's)	**58,061**	164,671	140,358	166,809	207,343
Diluted earnings per share (as reported) (cents)	**(10.6)**	(21.5)	8.8	(49.0)	12.2
Diluted earnings per share (excluding significant items)[1] (cents)	**5.2**	16.5	9.3	11.1	13.7
Dividend per share (cents)	**–**	–	–	6	8
Share price as at reporting date[3] ($)	**0.09**	0.47	0.84	0.70	1.08
Return on capital employed (%)	**9.63**	20.21	15.91	18.58	14.44

1 Significant Items is a non-IRFS measure. For details of significant items, refer to Note 1.4 to the Financial Statements.
2 NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for reconciliation to statutory net profit after tax.
3 The opening share price on the first day of trading in FY16 was $1.05.
4 2018 figures have been restated for AASB 9 Financial Instruments standard.
5 Prior year figures have been restated for AASB 16, amendments to AASB 112 and for discontinued operations.

Company performance is linked to the STI Plan through the underlying EBIT hurdle, and for the LTI Plan, Company performance is linked through the relative TSR target.

The Company continues to operate in intensively competitive markets. Executive 'at-risk' remuneration outcomes are dependent on the Company and Group's financial performance reflecting the Board's commitment to maintaining the link between executive remuneration and Company performance.

6.3 Executive Service Agreements

The terms of employment for Executive KMP of the Seven West Media Group, are formalised in their employment agreements, the major provisions of which are set out below.

Name	Duration of Contract	Period of Notice Required to Terminate the Contract	Contractual Termination Benefits
J Warburton	Open-ended	Six months' notice	Nil
KJ Burnette	Open-ended	Six months' notice	Nil
J Howard	Open-ended	Six months' notice	Nil
KA McGrath	Open-ended	Three months' notice	Nil
BI McWilliam	Open-ended	Three months' notice	Nil

6.4 Non-Executive Director Remuneration Framework

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Non-Executive Directors. Seven West Media's Non-Executive Director remuneration framework is designed to attract and retain experienced, qualified Board members and remunerate them appropriately for their time and expertise.

The table below sets out the components of Non-Executive Director remuneration:

> **Base Fee** – This fee is paid as cash and is for service as a Non-Executive Director of the Seven West Media Board. The base fee for the Chairman of the Board covers all responsibilities, including all Board Committees.

> **Committee Fees** – These additional fees are also paid as cash to other Non-Executive Directors for chairing or participating in Board Committees.

> **Employer Superannuation Contributions** – This component reflects statutory superannuation contributions which are capped at the superannuation maximum contributions base as prescribed under the Superannuation Guarantee legislation.

To maintain independence and impartiality, Non-Executive Director fees are not linked to the Company's performance or short-term results. Likewise, Non-Executive Directors are not eligible to participate in any of the Company's performance-based remuneration arrangements.

6.4.1 Fee Pool

The aggregate of payments each year to Non-Executive Directors must be no more than the amount approved by shareholders in the Annual General Meeting (AGM). The current aggregate fee pool is $1.9 million which is inclusive of employer superannuation contributions, was approved at the 2013 AGM held on 13 November 2013. The aggregate of payments to Non-Executive Directors in FY20 did not exceed the approved amount. For the year ended 30 June 2020, $1.34 million (71 per cent) of this fee pool was used.

6.4.2 Non-Executive Director Remuneration in FY20

The fees for the year to 30 June 2020 are provided in the table below:

Annual Remuneration	Board	Audit and Risk Committee	Remuneration and Nomination Committee
Chairman	$335,000	$40,000	$20,000
Member	$135,000	$20,000	$10,000

During the final quarter of FY20, Non-Executive Director fees were voluntarily reduced by 50 per cent. Fees were reinstated to contracted levels effective 1 July 2020.

6.4.3 Changes to Board and Committee Composition

The following changes were made to Board and Committee composition:

> C Garnsey OAM was appointed to the Remuneration and Nomination Committee effective 3 October 2019; and

> PJT Gammell and JG Kennett AC retired as Non-Executive Directors of the Seven West Media Board effective 13 November 2019.

7. Statutory Remuneration Disclosures for Key Management Personnel

7.1 Executive Remuneration in Detail (Statutory Disclosures)

Details of the audited remuneration of the Company's MD and CEO and Executive KMP for the year ended 30 June 2020 are set out in the following table, calculated in accordance with statutory accounting requirements.

		Short-Term Benefits			Post-Employment Benefits			Share-Based Payments			
Name	Financial Year	Fixed Remun-eration[1] $	Cash STI & Incentives[2] $	Non-Monetary Benefits[3] $	Super-annuation Benefits[4] $	Long Service Leave[5] $	Termination Benefits $	Restricted Shares[6] $	Performance Rights[7] $	Total $	Performance-Related Remuneration %
Managing Director and Chief Executive Officer											
J Warburton[8]	**2020**	**1,134,875**	**–**	**3,440**	**21,003**	**19,456**	**–**	**–**	**163,474**	**1,342,248**	**12%**
	2019	Not KMP in 2019									
Executive KMP											
KJ Burnette, Chief Revenue Officer	**2020**	**1,189,095**	**–**	**954**	**21,003**	**20,577**	**–**	**–**	**59,422**	**1,291,051**	**5%**
	2019	1,176,045	–	1,763	20,531	20,612	–	28,343	119,748	1,367,042	11%
J Howard, Chief Financial Officer[8]	**2019**	**275,400**	**–**	**–**	**10,501**	**4,692**	**–**	**–**	**5,576**	**296,169**	**2%**
	2019	Not KMP in 2019									
KA McGrath, Chief People and Culture Officer[9]	**2020**	**492,340**	**–**	**–**	**21,003**	**8,440**	**–**	**40,000**	**22,114**	**583,897**	**11%**
	2019	429,388	–	–	20,531	7,150	–	62,443	16,962	536,474	15%
BI McWilliam, Commercial Director[10]	**2020**	**988,779**	**–**	**2,064**	**18,959**	**17,069**	**–**	**–**	**44,745**	**1,071,616**	**4%**
	2019	753,547	–	1,079	15,399	13,483	–	19,439	100,494	903,441	13%
Former Executive KMP											
TG Worner, MD and CEO[11]	**2020**	**413,435**	**–**	**84**	**15,761**	**19,172**	**2,573,920**	**–**	**(299,647)**	**2,722,725**	**–**
	2019	2,497,048	–	–	20,531	43,864	–	89,700	498,153	3,149,296	19%
WO Lynch, Chief Financial Officer[12]	**2020**	**363,214**	**–**	**399**	**15,752**	**6,411**	**352,005**	**–**	**(41,778)**	**696,003**	**–**
	2019	666,541	–	2,202	20,531	12,316	–	35,797	41,369	778,756	10%
Total Executive Remuneration	**2020**	**4,857,138**	**–**	**6,941**	**123,982**	**95,817**	**2,925,925**	**40,000**	**(46,094)**	**8,003,709**	
	2019	5,522,569	–	5,044	97,523	97,425	–	235,722	776,726	6,735,009	

1. Fixed remuneration is the total cost of salary, salary-sacrificed benefits (including associated fringe benefits tax (FBT)) and an accrual for annual leave entitlements. The accounting value may be negative where an Executive's annual leave balance decreases as a result of taking more than the leave accrued during the year. Fixed remuneration was temporarily reduced by 20 per cent for the final quarter of FY20.
2. No STI awards were made for FY20 performance year.
3. Non-monetary benefits are determined on the basis of the cost to the Company (including FBT, where applicable).
4. Superannuation benefits have been calculated consistent with AASB 119 Employee Benefits.
5. The accounting value of long service leave may be negative where an Executive's long service leave balance decreases as a result of taking more than the leave accrued during the year.
6. The value of Restricted Shares and Performance Rights is amortised over the applicable vesting period and the amount shown is the amortisation relating to the FY20 reporting year (and FY19 as a comparison). The accounting value of share-based payments may be negative, for example where an Executive's share-based payment expense includes cumulative adjustments for changes in non-market vesting conditions.
7. Represents the fair value of Performance Rights expensed by the Company in relation to the LTI grants.
8. The information relates to the period J Warburton and J Howard held office during the year. Refer Section 2 of the Report for details of appointment dates.
9. KA McGrath's fixed remuneration was increased by 17 per cent at the commencement of the financial year due to internal relativities and market adjustments.
10. Excludes cash salaries and fees charged by Seven West Media Limited to Seven Group Holdings Limited for the provision of services to Seven Group Holdings by BI McWilliam in a company to company agreement which ceased 20 November 2019.
11. TG Worner's employment formally ended after a period of gardening leave (from 16 August to 15 December 2019). WO Lynch's employment ended on 15 January 2020. Termination benefits include payment in lieu of the of notice and provision of other benefits by law upon termination. Termination benefits provisions did not exceed the limits in accordance with the Corporates Act (s200AA). TG Worner and WO Lynch did not receive an FY20 STI award and all restricted vested and unvested LTI awards were forfeited.

7.2. Non-Executive Remuneration in Detail

Details of the remuneration of the Company's Non-Executive Directors for the year ended 30 June 2020 are set out the following table.

		Short–Term Benefits		Post–Employment Benefits	
Name	Financial Year	Seven West Media Board Fees[1] $	Non–Monetary Benefits $	Superannuation $	Total $
Non–Executive Directors					
KM Stokes AC, Chairman	**2020**	**274,750**	**970**	**19,481**	**295,201**
	2019	314,468	5,808	20,531	340,807
JH Alexander	**2020**	**123,860**	**–**	**11,767**	**135,627**
	2019	141,553	–	13,447	155,000
T Dyson	**2020**	**139,841**	**–**	**13,285**	**153,126**
	2019	159,817	472	15,183	175,472
D Evans	**2020**	**127,056**	**–**	**12,070**	**139,126**
	2019	145,205	–	13,795	159,000
C Garnsey OAM	**2020**	**113,519**	**–**	**10,784**	**124,303**
	2019	68,493	–	6,507	75,000
M Malone	**2020**	**119,065**	**–**	**11,311**	**130,376**
	2019	136,073	–	12,927	149,000
RK Stokes AO	**2020**	**120,586**	**–**	**6,290**	**126,876**
	2020	132,420	–	12,580	145,000
M Ziegelaar	**2019**	**119,065**	**–**	**11,311**	**130,376**
	2019	130,391	361	12,387	143,139
Former Non–Executive Directors					
PJT Gammell[2]	**2020**	**50,217**	**–**	**4,771**	**54,988**
	2019	136,073	–	12,927	149,000
JG Kennett AC[2]	**2020**	**48,869**	**825**	**4,643**	**54,337**
	2019	132,420	–	12,580	145,000
Total Non–Executive Director Fees[3]	**2020**	**1,236,828**	**1,795**	**105,713**	**1,344,336**
	2019	1,496,913	6,641	132,864	1,636,418

1. Includes fees paid to the Chairman and members of Board Committees. Fees were temporarily reduced by 50 per cent for the final quarter of FY20.
2. The information relates to the period Non-Executive Directors held office during the year. Refer Section 2 of the Report for details of retirement dates.
3. The total fees for 2019 reflect the current year's remuneration for the 2020 reported Non-Executive Directors.

7.3 Key Management Personnel Equity Transactions and Holdings

7.3.1 Equity Incentive Plan Holdings

Equity grants under the LTI Plan and the STI Plan are made in accordance with the Seven West Media Equity Incentive Plan Rules.

FY20 LTI Grant and Prior Years' LTI Grants

Details of vesting profiles of the Performance Rights granted as remuneration in FY20 to each Executive KMP of the Company under its LTI Plan, including prior years' Performance Rights that remain unvested and on-foot, are provided below.

Name	Number of Performance Rights	Grant Date1	Fair Value Per Right at Grant Date	Number of Rights Vested During FY20	Percentage of Rights Forfeited or Lapsed in FY20	Financial Year in which Grant may Vest
J Warburton	5,472,972	31–Jan–20	$0.045	–	–	2023
J Warburton	5,472,973	31–Jan–20	$0.065	–	–	2024
KJ Burnette	844,594	31–Jan–20	$0.045	–	–	2023
J Howard	391,190	31–Jan–20	$0.045	–	–	2023
K McGrath	354,729	31–Jan–20	$0.045	–	–	2023
BI McWilliam	557,432	31–Jan–20	$0.045	–	–	2023
TG Worner	1,214,953	01–Feb–19	$0.24	–	100%	NA
KJ Burnette	292,056	01–Feb–19	$0.24	–	–	2022
WO Lynch	169,392	01–Feb–19	$0.24	–	100%	NA
K McGrath	105,140	01–Feb–19	$0.24	–	–	2022
BI McWilliam	192,757	01–Feb–19	$0.24	–	–	2022
TG Worner	2,037,617	01–Feb–18	$0.16	–	100%	NA
KJ Burnette	489,811	01–Feb–18	$0.16	–	100%	NA
WO Lynch	284,090	01–Feb–18	$0.16	–	100%	NA
K McGrath	176,332	01–Feb–18	$0.16	–	100%	NA
BI McWilliam	431,034	01–Feb–18	$0.16	–	100%	NA

1 LTI awards granted prior to FY18 were subject to a performance condition based on 100 per cent TSR measured against S&P/ASX 200 Consumer Discretionary Index. These awards are subject to a three-year performance period.

With respect to the FY20 LTI grant, the maximum possible total value of each grant assuming all vesting conditions are met is with respect to the FY20 LTI grant, the maximum possible total value of each grant assuming all vesting conditions are met is calculated as the number of Performance Rights times the fair value. This maximum value, measured under applicable accounting standards, will be recognised as statutory remuneration on a straight-line basis equally over the three financial years 2020, 2021 and 2022. For the MD and CEO, tranche two of the FY20 LTI grant will be recognised as statutory remuneration on a straight-line basis over the four financial years 2020, 2021, 2022 and 2023. If all vesting conditions are met, this will be received by each Executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

Prior Year's Short–Term Incentive Award

The following table shows the number of Restricted Shares that were allocated during FY20 to one Executive KMP under the STI Plan as their total FY19 STI award.

Name	Number of Shares Granted	Grant Date	Fair Value Per Share at Grant Date	Number of Shares Vested During FY19	Percentage Vested in FY19	Percentage Forfeited in FY19	Financial Year in which Grant Vests
KJ Burnette	–	–	–	–	–	–	N/A
KA McGrath	197,530	16 September 2019	$0.405	–	–	–	2021
BI McWilliam	–	–	–	–	–	–	N/A
Former KMP							
TG Worner[1]	–	–	–	–	–	–	N/A
WO Lynch[1]	–	–	–	–	–	–	N/A

1 The information relates to the period TG Worner and WO Lynch held office during the year. Refer Section 2 of the Report for details on relevant dates.

The maximum possible total value of the grant assuming all vesting conditions are met is the number of shares times the fair value based on the share price at 16 September 2019. If all vesting conditions are met, this will be received by the Executive in the year of vesting. The minimum possible total value is nil where the vesting conditions are not met.

7.3.2 Total Performance Rights Holdings

The total number of Performance Rights in the Company held during the financial year by each Executive KMP of the Group are set out in the table below.

			Performance Rights Granted as Remuneration		Performance Rights Vested			
Name	**Financial Year**	**Opening Balance**	**Number Granted[1]**	**Value Granted[1] $**	**Number Vested[2]**	**Value Vested[2] $**	**Number of Performance Rights Lapsed[3]**	**Closing Balance**
Managing Director and Chief Executive Officer								
J Warburton	**2020**	**–**	**10,945,945**	**602,027**	**–**	**–**	**–**	**10,945,945**
	2019	–	–	–	–	–	–	–
Executive KMP								
KJ Burnette	**2020**	**781,867**	**844,594**	**38,007**	**–**	**–**	**(489,811)**	**1,136,650**
	2019	978,092	292,056	70,093	(122,070)	72,632	(366,211)	781,867
J Howard	**2020**	**–**	**391,190**	**17,604**	**–**	**–**	**–**	**391,190**
	2019	–	–	–	–	–	–	–
KA McGrath	**2020**	**281,472**	**354,729**	**15,963**	**–**	**–**	**(176,332)**	**459,869**
	2019	176,332	105,140	25,234	–	–	–	281,472
BI McWilliam	**2020**	**623,791**	**557,432**	**25,084**	**–**	**–**	**(431,034)**	**750,189**
	2019	860,721	192,757	46,262	(107,422)	63,916	(322,265)	623,791
Former Executive KMP								
TG Worner[3]	**2020**	**3,252,570**	**–**	**–**	**–**	**–**	**(3,252,570)**	**–**
	2019	4,068,867	1,214,953	291,589	(507,813)	302,148	(1,523,437)	3,252,570
WO Lynch[3]	**2020**	**453,482**	**–**	**–**	**–**	**–**	**(453,482)**	**–**
	2019	378,491	169,392	40,654	(23,600)	14,042	(70,801)	453,482
Total	**2020**	**5,393,182**	**13,093,890**	**698,685**	**–**	**–**	**(4,803,229)**	**13,683,843**
	2019	6,462,503	1,974,298	473,832	(760,905)	452,738	(2,282,714)	5,393,182

1 Based on fair value at grant date of $0.045 for Tranche 1 and $0.065 for Tranche 2.
2. Based on the 5-day VWAP at vesting of $0.595.
3. The information relates to the period TG Worner and WO Lynch held office during the year. Refer Section 2 of the Report for details on relevant dates.

7.3.3 Equity Holdings and Transactions of Executive Key Management Personnel

The table below provides details of equity granted as remuneration and the number of ordinary shares in the Company held during the financial year by Executive KMP of the Company held directly, indirectly, beneficially and including their personally-related entities.

Executive KMP Equity Granted, Vested, Exercised and Lapsed

Name	Type of Equity-Based Instrument	Number Held at Start of the Year	Number Granted During the Year as Remuneration[1]	Number Received on Exercise and/or Exercised During the Year[2]	Number Lapsed During the Year	Changes During the Year	Number Held at End of the Year	Number Vested and Exercisable at End of the Year[2]
Managing Director and Chief Executive Officer								
J Warburton	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	–	–	–	–	–	–	–
	Performance Rights	–	10,945,945	–	–	–	10,945,945	–
Executive KMP								
KJ Burnette	Deferred Shares	108,294	–	–	–	(108,294)	–	–
	Ordinary Shares	122,070	–	108,294	–	–	230,364	–
	Performance Rights	781,867	844,594	–	(489,811)	–	1,136,650	–
J Howard	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	–	–	–	–	195,630	195,630	–
	Performance Rights	–	391,190	–	–	–	391,190	–
KA McGrath	Deferred Shares	44,940	197,530	–	–	(44,940)	197,530	–
	Ordinary Shares	–	–	44,940	–	–	44,940	–
	Performance Rights	281,472	354,729	–	(176,332)	–	459,869	–
BI McWilliam	Deferred Shares	102,704	–	–	–	(102,704)	–	–
	Ordinary Shares	288,683	–	102,704	–	–	391,387	–
	Performance Rights	623,791	557,432	–	(431,034)	–	750,189	–
Former Executive KMP								
TG Worner[3]	Deferred Shares	179,615	–	–	–	(179,615)	–	–
	Ordinary Shares	801,623	–	–	–	(507,813)	293,810	–
	Performance Rights	3,252,570	–	–	(3,252,570)	–	–	–
WO Lynch[3]	Deferred Shares	71,680	–	–	–	(71,680)	–	–
	Ordinary Shares	82,763	–	–	–	(23,600)	59,163	–
	Performance Rights	453,482	–	–	(453,482)	–	–	–

1 FY19 deferred STI Restricted Shares were allocated in September 2019. The balance of Performance Rights at the end of the year are unvested rights.
2. The information relates to the period TG Worner and WO Lynch held office during the year. Refer Section 2 of the Report for details on relevant dates.

Non-Executive Directors

The number of ordinary shares in the Company held during the financial year by each Non-Executive Director of Seven West Media Limited held directly, indirectly, beneficially and including their personally related entities are set out in the tables below.

Name	Type of Equity-Based Instrument	Number Held at Start of the Year	Changes During the Year	Value Vested[2]
Chairman of the Seven West Media Board				
KM Stokes AC	Ordinary Shares	619,753,734	–	619,753,734
Non-Executive Directors				
JH Alexander	Ordinary Shares	55,768	–	55,768
T Dyson	Ordinary Shares	38,218	–	38,218
D Evans	Ordinary Shares	927,803	–	927,803
C Garnsey OAM	Ordinary Shares	250,000	–	250,000
M Malone	Ordinary Shares	133,000	100,000	233,000
RK Stokes AO	Ordinary Shares	240,466	–	240,466
M Ziegelaar	Ordinary Shares	10,000	–	10,000
Former Non- Executive Directors				
PJT Gammell[1]	Ordinary Shares	329,216	–	329,216
JG Kennett AC[1]	Ordinary Shares	75,000	–	75,000

1. The information relates to the period Non-Executive Directors held office during the year. The balance for PJT Gammell and JG Kennett are as at 13 November 2019, the date of their resignations.

8. Loans and Other Transactions with Key Management Personnel

During FY20, a company associated with a Director, Mr Jeffrey Kennett AC, was party to a consulting agreement with the Group which ended in April 2020. The consulting agreement provided for the services of Mr Kennett AC to be supplied to Seven West Media to perform the role of political commentator, independent of his duties as a Non-Executive Director with Seven West Media. Total fees paid during the year in relation to this consulting agreement were $165,000 (2019: $220,000). There were no other transactions with KMP during FY20.

All other transactions involving the Non-Executive Directors and Executive KMP and their related parties are conducted on normal commercial terms and conditions that are no more favourable than those given to other employees or customers. Any that are on-foot, are trivial or domestic in nature.

There were no loans provided to KMP during FY20.

Auditor's Independence Declaration

KPMG

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Seven West Media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Seven West Media Limited for the financial year ended 27 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

D McLennan

Duncan McLennan
Partner

Sydney
25 August 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

For the year ended 27 June 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 27 June 2020

	Notes	2020 $'000	Restated[1 2 3] 2019 $'000
Continuing Operations			
Revenue	2.2	**1,226,371**	1,423,388
Other income	2.2	**676**	3,615
Revenue and other income		**1,227,047**	1,427,003
Expenses	2.3	**(1,129,596)**	(1,215,332)
Impairment of intangible assets	2.4	**(67,558)**	(477,972)
Impairment of investments and other assets	2.4	**(137,332)**	(64,507)
Onerous contracts	2.4	**(136,864)**	(20,963)
Redundancy and restructure costs	2.4	**(12,000)**	(20,388)
Costs related to investments	2.4	**(9,242)**	–
Other	2.4	**(9,447)**	–
Net loss on sale of asset held for sale	2.4	**–**	(16,750)
Net gain on disposal of investments	2.4	**11,012**	–
Net gain(loss) on assets disposed	2.4	**9,439**	–
Share of net profit of equity accounted investees	7.1	**1,203**	1,141
Profit (loss) before net finance costs and tax from continuing operations		**(253,338)**	(387,768)
Finance costs		**(42,106)**	(49,560)
Write off of unamortised refinancing cost	2.4	**–**	(8,587)
Finance income		**1,513**	1,419
Profit (loss) before tax from continuing operations		**(293,931)**	(444,496)
Tax benefit	5.1	**93,880**	116,900
Profit (loss) for the year from continuing operations		**(200,051)**	(327,596)
Discontinued operations			
Profit after tax for the year from discontinued operations	8.4	**37,907**	3,302
Profit (loss) for the year		**(162,144)**	(324,294)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**659**	(3,536)
Exchange differences on translation of foreign operations		**132**	158
Tax relating to items that may be reclassified subsequently to profit or loss		**(198)**	1,061
Items that will not be reclassified to profit or loss:			
Net change in fair value of financial assets at fair value through other comprehensive income		**(4,537)**	–
Tax relating to items that will not be reclassified subsequently to profit or loss		**1,278**	–
Other comprehensive income (expense) for the year, net of tax		**(2,666)**	(2,317)
Total comprehensive income (expense) for the year		**(164,810)**	(326,611)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**(164,239)**	(326,644)
Non-controlling interests		**(571)**	33
Total comprehensive income (expense) for the year		**(164,810)**	(326,611)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share	2.5	**(10.6 cents)**	(21.5 cents)
Diluted earnings per share	2.5	**(10.6 cents)**	(21.5 cents)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail.
3 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 27 June 2020

	Notes	2020 $'000	Restated[1 2] 2019 $'000	Restated[1] 2018 $'000
ASSETS				
Current assets				
Cash and cash equivalents	3.1	**352,021**	90,455	142,163
Trade and other receivables	3.2	**156,456**	262,798	276,986
Current tax receivable		**–**	–	9,119
Program rights and inventories	3.3	**137,436**	193,269	205,068
Contract assets	3.6	**2,425**	3,566	–
Asset held for sale		**–**	–	35,500
Other assets		**13,295**	12,454	7,070
Total current assets		**661,633**	562,542	675,906
Non–current assets				
Program rights	3.3	**41,042**	15,857	2,169
Equity accounted investees	7.1	**9,513**	12,850	3,445
Other financial assets	4.5	**79,135**	60,552	28,384
Property, plant and equipment	4.2	**51,456**	126,554	141,572
Intangible assets	4.1	**483,501**	565,478	1,033,962
Right of use assets	4.3	**87,527**	117,051	124,187
Other assets		**12,223**	7,178	6,968
Total non–current assets		**764,397**	905,520	1,340,687
Total assets		**1,426,030**	1,468,062	2,016,593
LIABILITIES				
Current liabilities				
Trade and other payables	3.4	**221,014**	271,579	261,924
Lease liabilities	4.3	**9,350**	7,744	6,635
Provisions	4.4	**128,526**	105,425	104,477
Deferred income		**11,931**	7,192	5,395
Contract liabilities	3.6	**31,031**	21,368	21,463
Current tax liabilities		**346**	1,575	–
Total current liabilities		**402,198**	414,883	399,894
Non–current liabilities				
Trade and other payables	3.4	**5,188**	10,011	29,785
Lease liabilities	4.3	**214,262**	167,414	169,593
Provisions	4.4	**229,427**	147,681	137,186
Deferred income		**2,650**	–	–
Contract liabilities	3.6	**9,542**	12,792	–
Deferred tax liabilities	5.2	**49,583**	148,531	287,622
Borrowings	6.1	**749,268**	653,839	769,851
Total non–current liabilities		**1,259,920**	1,140,268	1,394,037
Total liabilities		**1,662,118**	1,555,151	1,793,931
Net assets		**(236,088)**	(87,089)	222,662
EQUITY				
Share capital	6.2	**3,405,666**	3,393,546	3,393,546
Reserves	6.3	**11,970**	14,640	545
Non–controlling interests		**3,522**	398	(1,071)
Accumulated deficit		**(3,657,246)**	(3,495,673)	(3,170,358)
Total equity		**(236,088)**	(87,089)	222,662

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 27 June 2020

	Share capital $'000	Reserves $'000	Accumulated deficit $'000	Total $'000	Non–controlling Interests $'000	Total Equity $'000
Balance at 30 June 2018	3,393,546	545	(2,859,977)	534,114	(1,071)	533,043
Effect of adoption of new AASB 16 accounting standard[1]	–	–	(23,683)	(23,683)	–	(23,683)
Effect of adoption of amendments AASB 112[2]	–	–	(286,698)	(286,698)	–	(286,698)
Balance at 30 June 2018 (restated) [1 2]	**3,393,546**	**545**	**(3,170,358)**	**223,733**	**(1,071)**	**222,662**
Effect of adoption of new AASB 15 accounting standard	–	–	(988)	(988)	–	(988)
Effect of adoption of new AASB 9 accounting standard	–	16,079	–	16,079	–	16,079
Balance at 1 July 2018 (restated) [1 2]	**3,393,546**	**16,624**	**(3,171,346)**	**238,824**	**(1,071)**	**237,753**
Profit (loss) for the year (restated) [1 2]	**–**	**–**	**(324,327)**	**(324,327)**	**33**	**(324,294)**
Cash flow hedge gains (losses) taken to equity	–	(3,536)	–	(3,536)	–	(3,536)
Foreign currency translation differences	–	158	–	158	–	158
Tax on other comprehensive income	–	1,061	–	1,061	–	1,061
Other comprehensive income (expense) for the year, net of tax (restated) [1 2]	**–**	**(2,317)**	**–**	**(2,317)**	**–**	**(2,317)**
Total comprehensive income (expense) for the year (restated) [1 2]	**–**	**(2,317)**	**(324,327)**	**(326,644)**	**33**	**(326,611)**
Transactions with owners in their capacity as owners						
Share based payment expense	–	333	–	333	–	333
Acquisition of NCI	–	–	–	–	1,436	1,436
Total transactions with owners	**–**	**333**	**–**	**333**	**1,436**	**1,769**
Balance at 29 June 2019 (restated) [1 2]	**3,393,546**	**14,640**	**(3,495,673)**	**(87,487)**	**398**	**(87,089)**
Profit (loss) for the year	**–**	**–**	**(161,573)**	**(161,573)**	**(571)**	**(162,144)**
Cash flow hedge (losses) gains taken to equity	–	659	–	659	–	659
Foreign currency translation differences	–	132	–	132	–	132
Tax on other comprehensive income	–	(198)	–	(198)	–	(198)
Net change in fair value of financial assets at fair value through other comprehensive income	–	(4,537)	–	(4,537)	–	(4,537)
Tax relating to items that will not be reclassified to P&L	–	1,278	–	1,278	–	1,278
Other comprehensive income (expense) for the year, net of tax	**–**	**(2,666)**	**–**	**(2,666)**	**–**	**(2,666)**
Total comprehensive income (expense) for the year	**–**	**(2,666)**	**(161,573)**	**(164,239)**	**(571)**	**(164,810)**
Transactions with owners in their capacity as owners						
Issue of ordinary shares	12,120	–	–	12,120	–	12,120
Share based payment expense	–	(4)	–	(4)	–	(4)
Acquisition and disposal of NCI	–	–	–	–	3,695	3,695
Total transactions with owners	**12,120**	**(4)**	**–**	**12,116**	**3,695**	**15,811**
Balance at 27 June 2020	**3,405,666**	**11,970**	**(3,657,246)**	**(239,610)**	**3,522**	**(236,088)**

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 27 June 2020

	Notes	2020 $'000	Restated[1] 2019 $'000
Cash flows related to operating activities			
Receipts from customers		**1,458,125**	1,738,354
Payments to suppliers and employees		**(1,389,509)**	(1,564,910)
Dividends received from equity accounted investees	7.1	**5,100**	880
Interest and other items of similar nature received		**1,513**	1,367
Interest and other costs of finance paid		**(26,424)**	(30,082)
Interest paid on lease liability		**(14,731)**	(14,496)
Receipt of Government Grants		**13,643**	–
Income taxes paid, net of refunds		**(199)**	(15,207)
Net operating cash flows	3.1	**47,518**	115,906
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		**(7,357)**	(26,158)
Proceeds from sale of property, plant and equipment		**86,787**	255
Payments for intangibles		**(14,124)**	(14,689)
Proceeds from sale of other assets		**38,379**	–
Payments for investments		**(2,000)**	(1,068)
Payments for equity accounted investees		**(558)**	(11,564)
Proceeds from sale of equity accounted investees		**–**	20,750
Proceeds on sale of subsidiaries		**28,619**	–
Payment for purchase of controlled entities, net of cash acquired		**–**	1,446
Loans issued to investees		**(3,362)**	(4,359)
Net investing cash flows		**126,384**	(35,387)
Cash flows related to financing activities			
Proceeds from borrowings		**157,000**	100,000
Repayment of borrowings		**(62,000)**	(226,427)
Payment of lease liabilities		**(7,336)**	(5,800)
Net financing cash flows		**87,664**	(132,227)
Net increase (decrease) in cash and cash equivalents		**261,566**	(51,708)
Cash and cash equivalents at the beginning of the year		**90,455**	142,163
Cash and cash equivalents at the end of the year	3.1	**352,021**	90,455

Comparative financial information has been restated for the following:
1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 27 June 2020

Section 1: Introduction and basis of preparation

Seven West Media (SWM) is a for-profit company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial statements are for the Group consisting of Seven West Media Limited (the "Company" or "Parent Entity") and its subsidiaries, all of which are for-profit entities.

1.1 Basis of preparation

The consolidated general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and the Australian Accounting Standards and other authoritative pronouncements of The Australian Accounting Standards Board and International Financial Reporting Standards (IFRS).

All new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to Note 8.6 for further details.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2020. The financial statements have been prepared using the historical cost basis except for assets described in Note 6.6B.

The financial statements are presented in Australian dollars (AUD) and all values are rounded to the nearest $1,000 unless otherwise stated under the option available to the Company under Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191.

The Group presents reclassified comparative information where required for consistency with the current year's presentation.

1.2 Current Year Performance

For the year ended 27 June 2020 the Group recorded Earnings Before Interest and Tax (EBIT) (and before significant items) of $101.7 million ($98.7 million from continuing operations). The statutory loss after tax was $200.1 million (including significant items). The FY20 net operating cash inflows were $47.5 million. At year end the Group was in a net liability position of $236.1 million, including available cash of $352.0 million and net debt of $398.0 million.

The COVID-19 pandemic has had a significant impact on the Australian advertising market in the second half of the financial year as advertising clients managed the impacts of the Australian and foreign government restrictions on their operations.

SMI data reported the Australian advertising market down 20.6 per cent in the 6 months to 27 June 2020 compared to the previous period. ThinkTV reported the metropolitan FTA market decreased by 21.9 per cent for this period, with the final quarter of the financial year showing a decline of 33.7 per cent. Seven's revenue was down $182.7 million or -14.9 per cent.

COVID-19 restrictions also had significant impacts on content production activities. While news gathering and broadcasting continued throughout the shutdown as essential public services, all other content production was required to cease. Major sporting codes were also impacted by restrictions, resulting in the loss of key programming.

The Group's revised content strategy, outlined in the August 2019 results and 2019 AGM, was impacted by COVID-19 shutdowns. Many of the scheduled 1HFY21 programs will now form part of the content line up for calendar year 2021. The Group expects it will take some time for the impact of the new strategy to positively impact earnings and cash flow and the Group incurred additional costs in respect of the interruptions and delays to the production of key content.

To partially mitigate the unprecedented market conditions, further cost transformation initiatives were implemented in the final quarter of the year. These annualised, recurring cost reductions were in addition to the changes made in the first half resulting in full year costs that were down $110.0 million on the prior year.

1.3 Debt Facilities

As a result of the financial impacts of these operating conditions in the second half of the year, a waiver of compliance with the covenants under the Group's $750 million of debt facilities was obtained in respect of the June 2020 testing date.

Subsequent to year end, the Group amended the debt facilities. A syndicated secured facility agreement has been entered into with maturities in July 2022 ($450 million) and December 2022 ($300 million). Under the terms of the new agreement the existing leverage and interest cover ratios are replaced by a minimum liquidity requirement and a minimum EBITDA test (from March 2021) until 31 December 2021 at which time leverage and interest cover covenants are reinstated. The amended interim covenants provide the Group with the flexibility required to complete the transformation program that was commenced during FY20.

At 27 June 2020, the Group had available cash of $352.0 million with net debt of $398.0 million.

1.4 Net Liability Position

As at 27 June 2020, the Group's liabilities exceeded its assets by $236.1 million (previously reported 29 June 2019: assets exceeded liabilities by $103.1 million).

The Group is in a net liability position as at 27 June 2020 as a result of the following:

- $123.5 million impairment of intangible assets and programming rights as a result of carrying value assessments performed at reporting date;
- reassessment of onerous contracts provisions required in respect of certain programming rights agreements resulting in the recognition of $136.9 million of additional provisions;
- an accounting policy change resulting in the recognition of a DTL of $138.5 million relating to the treatment of the Group's indefinite lived intangible assets. This accounting policy change was as a result of an IFRIC Agenda Decision issued in April 2020; and
- the adoption of AASB 16 Leases during the current year which resulted in the recognition of Right of Use Assets of $117.1 million and Lease Liabilities of $175.2 million (Current Liability: $7.7 million, Non-Current Liability $167.4 million). The Right of Use asset recognised during the year in respect of the leaseback of the WA headquarters was required to be fully impaired as a result of the assessment of the recoverable value of the Newspapers CGU at reporting date.

The adoption of AASB 16 on a fully retrospective basis and the accounting policy change relating to the recognition of deferred tax on the Group's television licences resulted in a restatement of the prior year balance sheet. As a result, liabilities exceeded assets by $87.1 million at 26 June 2019 on a restated basis.

The Group has positive net current assets as at 27 June 2020 of $259.4 million with Group net debt position (cash and cash equivalents less drawn debt facilities) at $398.0 million.

1.5 Cashflow Forecasts

In the ordinary course of business the Group prepares longer term and detailed projections for the next 12 months. These risk adjusted forecast future cashflows have been used by the Board to assess the Group's ability to meet its obligations as and when they fall due including compliance with the requirements of the new debt facilities over the forthcoming 12 months.

While market conditions in the final quarter were significantly down on the prior year, the market conditions have been less severe than forecast. This is also evident into the first months of FY21, supported by the resumption of major sports and the lifting of COVID-19 trading restrictions in many States earlier than originally anticipated.

In response to the very subdued COVID-19 impacted market projections and to fund the new content strategy, the Group implemented the first phase of a cost out programme which was substantially completed by the end of FY20. Transformation remains a core pillar of the Group's strategy.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market. The key assumption, which remains uncertain and which may be material, is the timing and extent of the advertising market recovery from COVID-19. The risk adjusted cashflow projections included in the analysis support that the Group will continue as a going concern and be able to meet its obligations as and when they fall due.

Due to the uncertainty of these key assumptions, which are not within the control of the Group, the Directors recognise that action is required to advance the Group's content, transformation and balance sheet strategy. The Directors therefore approved several actions to accelerate the Group's transformation and debt reduction agenda to ensure adequate liquidity is in place. This year the Group:

- sold the Redwave regional radio business completed on 31 December 2019 ($28.5 million net proceeds);
- sold the Pacific operating segment to Bauer for $40 million (pre working capital adjustments) completed on 1 May 2020;
- sold the WA headquarters located in Osborne Park for $75 million completed on 9 June 2020; and
- sold the Maroochydore property for $6.7 million in June 2020;
- implemented operational cost and cash savings which will deliver an additional net $109.5 million cash benefit in FY21.
- commenced search for further incremental savings targeting $30–50 million of initiatives in FY21.

Market impacts may be more prolonged or more significant than anticipated in current projections, management has therefore identified further operational responses and additional funding initiatives which are being implemented to provide additional earnings and liquidity to manage the Group's financial performance and cashflows. These initiatives include:

- the sale of the Group's portfolio of early stage digital businesses, Seven West Media Ventures;
- the sale of the Group's 50 per cent investment in the TX Australia transmission services business;
- the sale of the Seven Studios business including the historical content catalogue; and
- further operational cost and cash saving initiatives.

These financial statements have been prepared on a going concern basis.

Notes to the Financial Statements for the year ended 27 June 2020

Section 2:
Group Performance

2.1. Segment Information

2.1A. Description of Segments

Accounting Policy

For management purposes, the Group is organised into business segments based on its products and services and has four reportable segments, as follows:

Reportable segment	Description of Activities
Television	Production and operation of commercial television programming and stations as well as distribution of programming content across platforms in Australia and around the world.
The West	Publishers of newspapers and insert magazines in Western Australia; Colourpress; Digital publishing, West Australian Publishers and Community Newspaper Group.
Other Business and New Ventures	Made up of equity accounted investees including TX Australia, Oztam and Starts at 60.

The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer, the Chief Financial Officer, Business Segment Chief Executive Officers and other relevant members of the executive team.

Segment performance is evaluated based on a measure of profit / (loss) before significant items, net finance costs and tax.

Revenue from external sales is predominantly to customers in Australia and total segment assets are predominantly held in Australia.

Total assets and liabilities by segment are not provided regularly to the chief operating decision makers and as such, are not required to be disclosed.

2.1B. Segment information

Year ended 27 June 2020	REF	Television $'000	The West $'000	Other Business and New Ventures $'000	Corporate [B] $'000	Total $'000
Advertising revenue		849,181	93,057	5,196	–	947,434
Circulation revenue		–	52,950	–	–	52,950
Program production and distribution		93,001	–	–	–	93,001
Affiliate fees		91,322	–	–	–	91,322
Rendering of services		–	14,734	58	–	14,792
Other revenue		7,766	6,327	12,779	–	26,872
Revenue from continuing operations		1,041,270	167,068	18,033	–	1,226,371
Other income		621	25	30	–	676
Share of net profit of equity accounted investees		–	–	1,203	–	1,203
Revenue, other income and share of net profit of equity accounted investees		**1,041,891**	**167,093**	**19,266**	**–**	**1,228,250**
Expenses		(924,936)	(146,705)	(11,274)	(15,756)	(1,098,671)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**116,955**	**20,388**	**7,992**	**(15,756)**	**129,579**
Depreciation and amortisation	[A]	(27,677)	(2,716)	(480)	(52)	(30,925)
Profit (loss) before significant items, net finance costs and tax		**89,278**	**17,672**	**7,512**	**(15,808)**	**98,654**

Notes to the Financial Statements for the year ended 27 June 2020

Year ended 29 June 2019 (restated)[1 2]	REF	Television $'000	The West $'000	Other Business and New Ventures $'000	Corporate [B] $'000	Total $'000
Advertising revenue		1,006,248	103,195	12,011	–	1,121,454
Circulation revenue		–	57,040	–	–	57,040
Program production and distribution		92,219	–	–	–	92,219
Affiliate fees		107,091	–	–	–	107,091
Rendering of services		–	20,971	102	–	21,073
Other revenue		18,459	4,395	1,657	–	24,511
Revenue from continuing operations		1,224,017	185,601	13,770	–	1,423,388
Other income		3,146	211	258	–	3,615
Share of net profit of equity accounted investees		667	–	474	–	1,141
Revenue, other income and share of net profit of equity accounted investees		**1,227,830**	**185,812**	**14,502**	**–**	**1,428,144**
Expenses		(989,130)	(158,799)	(12,884)	(14,400)	(1,175,213)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**238,700**	**27,013**	**1,618**	**(14,400)**	**252,931**
Depreciation and amortisation	[A]	(28,398)	(11,278)	(392)	(51)	(40,119)
Profit (loss) before significant items, net finance costs and tax		**210,302**	**15,735**	**1,226**	**(14,451)**	**212,812**

[A] Excludes program rights amortisation which is included in media content expenses (refer note 2.3).
[B] Corporate is not an operating segment. The amounts presented are unallocated costs.

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 Information has been restated and presented on a continuing operations basis resulting in the removal of the Pacific segment.

2.1C. Other segment information

The chief operating decision makers assess the performance of the operating segments based on a measure of earnings before net finance costs and tax. This measurement basis excludes the effects of significant items from the operating segments.

	2020 $'000	Restated[1 2] 2019 $'000
Reconciliation of profit (loss) before significant items, net finance costs and tax		
Profit (loss) before significant items, net finance costs and tax	**98,654**	212,812
Finance costs	**(42,106)**	(49,560)
Finance income	**1,513**	1,419
Profit (loss) before tax excluding significant items	**58,061**	164,671
Significant items before tax (refer note 2.4)	**(351,992)**	(609,167)
Profit (loss) before tax from continuing operations	**(293,931)**	(444,496)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Notes to the Financial Statements for the year ended 27 June 2020

2.2. Revenue And Other Income

Accounting Policy

Revenue recognition and measurement

The Group derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Customer contracts can have a wide variety of performance obligations, from production contracts to format licences and distribution activities. For these contracts, each performance obligation is identified and evaluated. Under AASB 15 the Group needs to evaluate if a distribution rights is a right to access the content (revenue recognised over time) or represents a right to use the content (revenue recognised at a point in time). The Group has determined that most distribution revenues are satisfied at a point in time due to their being limited ongoing involvement in the use of the rights following its transfer to the customer.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. The transaction price will also include an estimate of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed targets such as audience targets. Variable consideration is not recognised until the performance obligations are met.

Revenue is stated exclusive of GST and equivalent sales taxes.

Revenue recognition criteria for the Group's key classes of revenue are as follows:

Class of revenue		Recognition criteria	Timing of recognition
[A]	Advertising	> Television Advertising is generated from selling spot airtime and is recognised at the point of transmission. > Newspapers and Pacific Advertising is generated from selling space in the newspaper or magazine and is recognised at the point of publication.	At the point in time when the advertisement is broadcast or published.
[B]	Circulation	> Circulation revenue is generated through the distribution and sale of newspapers and magazines to third party consumers. Recognised on delivery of the newspaper or magazine to the customer and the right to be compensated has been obtained.	At the time the newspapers and magazines are distributed.
[C]	Program production and distribution includes:		
	(i) Programme production	> Revenue generated from the programmes produced for broadcasters in Australia and internationally and is recognised at the point of delivery of an episode and acceptance by the customer.	At the point in time when obligations have been accepted by the customers
	(ii) distribution rights	> A licence is granted for the transmission of a programme in a stated territory, media and period and revenue is recognised at the point when the contract is signed, the content is available for download and the licence period has started.	Recognised on delivery of rights to the customer
[D]	Affiliate fees	> Affiliate fees earned through the transmission of network channels in a stated territory. Recognised in the period of the broadcast feed to the affiliates in line with the contract terms and conditions.	Recognised over time as conditions are met over the contract life.
[E]	Rendering of services	> The revenue is recognised when the service has been performed. These services mainly relate to printing and are generally delivered over a period of time.	At the point in time the services are delivered
[F]	Other revenue includes:		
	Rental income	> Rental income is derived through the leasing of assets and the benefits are to be transferred over time.	Revenue is recognised over the life of the lease.
	Dividends	> Dividend revenue is recognised when the right to receive payment is established.	At the point in time the dividend is declared

Notes to the Financial Statements for the year ended 27 June 2020

2.2. Revenue and Other Income (continued)

	REF	2020 $'000	Restated[1] 2019 $'000
Sales revenue			
Advertising revenue	[A]	**947,434**	1,121,454
Circulation revenue	[B]	**52,950**	57,040
Programme production and distribution	[C]	**93,001**	92,219
Affiliate fees	[D]	**91,322**	107,091
Rendering of services	[E]	**14,792**	21,073
Other revenue	[F]	**26,872**	24,511
Total sales revenue		**1,226,371**	1,423,388
Other income			
Sundry income		**724**	1,492
Net gain on fair value of investments		**–**	1,905
Net gain on disposal of property, plant and equipment and investments		**(48)**	218
Total other income		**676**	3,615

Timing of Revenue Recognition

The following table includes revenue from contracts per above that have been disaggregated by the timing of recognition:

	2020 $'000	Restated 2019 $'000
Products or services transferred at a point in time	**1,135,049**	1,316,297
Products or services transferred over time	**91,322**	107,091
Total External Revenue	**1,226,371**	1,423,388

Comparative financial information has been restated for the following:

1 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Notes to the Financial Statements for the year ended 27 June 2020

2.3. Expenses

Profit (loss) before tax includes the following specific expenses:

	REF	2020 $'000	Restated[1 2] 2019 $'000
Depreciation and amortisation (excluding program rights amortisation)	[A]	**(30,925)**	(40,119)
Advertising and marketing expenses		**(24,295)**	(25,605)
Printing, selling and distribution (including newsprint and paper)		**(31,503)**	(37,574)
Media content (including program rights amortisation)	[A]	**(590,951)**	(626,971)
Employee benefits expense (excluding significant items)	[B]	**(287,142)**	(336,836)
Raw materials and consumables used (excluding newsprint and paper)		**(6,938)**	(6,462)
Repairs and maintenance		**(18,963)**	(17,775)
Licence fees		**(21,045)**	(24,793)
Rental recoveries (expense) relating to operating leases		**634**	634
Other expenses from ordinary activities		**(118,468)**	(99,831)
Total expenses		**(1,129,596)**	(1,215,332)

Included in the expenses above are the specific items [A] to [B] from continuing operations:

		2020 $'000	Restated 2019 $'000
[A]	Depreciation of property, plant and equipment	**(13,207)**	(20,557)
	Depreciation of right of use asset	**(10,527)**	(9,671)
	Amortisation of intangible assets	**(7,191)**	(9,891)
Total depreciation and amortisation		**(30,925)**	(40,119)
	Television program rights amortisation	**(108,317)**	(111,623)
Total depreciation and amortisation (including program rights and amortisation)		**(139,242)**	(151,742)
[B]	Employee benefits expense[3]	**(258,120)**	(301,128)
	Defined contribution superannuation expense	**(29,022)**	(35,708)
Total employee benefits expense		**(287,142)**	(336,836)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

2 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4.

Other:

3 Includes $21.3 million of government JobKeeper subsidies received over the period April – June 20.

Notes to the Financial Statements for the year ended 27 June 2020

2.4. Significant Items

Profit (loss) before tax expense includes the following specific expenses (benefits) for which disclosure is relevant in explaining the financial performance of the Group:

	REF	2020 $'000	Restated[1] 2019 $'000
Impairment of Television goodwill	[A]	–	(9,749)
Impairment of Television licences	[A]	**(61,565)**	(415,000)
Impairment of The West goodwill	[A]	–	(2,513)
Impairment of The West mastheads	[A]	–	(37,913)
Impairment of other intangible assets	[A]	**(5,993)**	(12,797)
Total impairment of intangible assets		**(67,558)**	(477,972)
Impairment of equity accounted investees	[C]	–	(2,252)
Impairment of fixed assets	[A]	**(9,783)**	(24,367)
Impairment of right of use assets	[B]	**(55,982)**	–
Impairment of other assets	[D]	**(71,567)**	(37,888)
Total impairment of investments and other assets		**(137,332)**	(64,507)
Net loss on assets held for sale	[H]	–	(16,750)
Costs related to investments		**(9,242)**	–
Net gain on disposal of investments	[E]	**11,012**	–
Net gain/(loss) on assets disposed	[F]	**9,439**	–
Write off of unamortised refinancing cost	[I]	–	(8,587)
Redundancy and restructure costs	[J]	**(12,000)**	(20,388)
Other		**(9,447)**	–
Onerous contracts	[G],[K]	**(136,864)**	(20,963)
Total significant items before tax		**(351,992)**	(609,167)
Tax benefit		**111,244**	36,591
Net significant items after tax		**(240,748)**	(572,576)

[A] The impairments were recognised as a result of changes to key assumptions in the Group's cash flow forecasts, these include:

Television

– Short-term market conditions for the traditional Free to Air television metro advertising market.

The West

– Further declines in circulation and advertising revenue in print publishing businesses.

Refer note 3.1 for details.

[B] An impairment review of the Group's right of use assets was performed, resulting in an impairment of $56.0 million (2019: nil).

[C] An impairment review of the Group's equity accounted investees was performed, resulting in no impairment (2019: $2.3 million).

[D] The recoverable amount of program rights, inventories and other assets were lower than the carrying value, resulting in an impairment of $71.5 million (2019: $37.9 million)

[E] The Group disposed of its investments in Redwave Radio and Slim Film TV during the period.

[F] The Group disposed of two properties during the period, the carrying value on disposal was $53.2 million, the disposal was accounted for as a sale and leaseback transaction under AASB16 Leases, the net gain on disposal was $9.7 million.

[G] The Group has recognised an increase in onerous contract provision in relation to its television legacy output deals, US content, sporting events and other service contracts of $136.9 million (2019:$20.9 million). Refer to Note 4.4 for disclosure of the assumptions included in the calculation of the provision.

[H] The sales process for the disposal of the Group's shareholding of Yahoo7! Pty Ltd was completed on 10 April 2019. The final consideration received from Verizon Inc was $20.7 million cash resulting in a net loss on disposal of $16.8 million.

[I] The amount relates to capitalised refinancing costs written off following the November 2018 debt refinance. This includes previously unamortised refinancing costs of $2.8 million and benefit capitalised as a result of transition to AASB 9 of $5.8 million.

[J] The redundancy and restructure costs relate to transformation programs across the Group.

[K] Includes $7.9 million of onerous contract costs that directly relate to COVID-19 contract costs due to changed production schedules, delays and cancellations of events.

Comparative financial information has been restated for the following:

1 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Notes to the Financial Statements for the year ended 27 June 2020

2.5. Earnings Per Share

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit (loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Retrospective adjustments

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies, accounted for retrospectively.

	2020	Restated[1 2 3] 2019
Basic earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	**(10.6 cents)**	(21.5 cents)
Diluted earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	**(10.6 cents)**	(21.5 cents)

	2020 $'000	Restated[1 2 3] 2019 $'000
Earnings used in calculating earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share.	**(161,573)**	(324,327)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail
3 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

	2020 Number	2019 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	**1,523,708,431**	1,508,034,368

Notes to the Financial Statements for the year ended 27 June 2020

Section 3:
Working Capital

3.1. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents in the statement of financial position and statement of cash flows includes cash on hand and deposits held at call or with maturities of three months or less with financial institutions.

	2020 $'000	Restated[1 2] 2019 $'000
Cash at bank and on hand	**352,021**	90,455

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The maximum exposure to credit risk at the reporting date is the carrying amount. The exposure to interest rate risk is discussed in note 5.5.

Reconciliation of operating profit (loss) after tax to net cash provided by operating activities

	2020 $'000	Restated[1 2] 2019 $'000
Profit (loss) for the year from continuing operations:	**(200,051)**	(327,596)
Profit (loss) for the year from discontinued operations:	**37,907**	3,302
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	**21,558**	31,518
Amortisation of right of use assets	**11,408**	10,552
Amortisation of television program rights	**108,317**	111,623
Impairment of intangible assets and equity accounted investees	**68,110**	480,224
Impairment of right of use assets	**55,982**	–
Impairment of tangible assets	**9,783**	24,367
Impairment of other assets	**71,567**	–
Net (gain) loss on disposal of property, plant and equipment and intangible assets	**(9,439)**	–
Net (gain) loss on disposal of investments and equity accounted investees	**(11,012)**	16,531
Net gain on sale of discontinued operations	**(38,596)**	–
Share based payment expense	**(4)**	333
Dividend received from equity accounted investees less share of profit of equity accounted investees	**3,897**	(261)
Movement in unamortised finance costs	**429**	8,987
Restucturing & redundancy costs	**12,000**	–
Onerous contract costs	**136,864**	–
Other non-cash items	**40,800**	(28,884)
Changes in operating assets and liabilities, net of effect from acquisitions:		
(Increase) decrease in:		
Trade and other receivables	**99,333**	21,204
Inventories	**1,141**	7,176
Program rights	**(153,361)**	(123,425)
Other assets	**(3,421)**	(3,475)
Increase (decrease) in:		
Trade and other payables	**(27,698)**	5,804
Program liabilities	**(27,343)**	(1,184)
Provisions	**(84,010)**	6,613
Other liabilities	**(1,275)**	4,709
Tax balances	**(75,368)**	(132,212)
Net cash inflow from operating activities	**47,518**	115,906

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

2 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Notes to the Financial Statements for the year ended 27 June 2020

3.1. Cash and Cash Equivalents (continued)

Significant non-cash transactions

The Group engaged in the following significant non-cash investing and financing activities during the year:

		2020 $'000	2019 $'000
Non-cash investing (outflow) inflow			
Acquisition of other financial assets		**(21,120)**	(8,175)
Total non cash investing (outflow) inflow		**(21,120)**	(8,175)
Non-cash financing (outflow) inflow			
Issue of ordinary shares as consideration for acquisition of other financial assets	[A]	**12,120**	–
Total non cash investing (outflow) inflow		**12,120**	–

[A] The Group issued $12.1 million of shares in exchange for the acquisition of $12.1 million shares of in Prime Media Group Limited on 19 December 2019.

3.2. Trade and Other Receivables

Accounting Policy

Trade receivables

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised costs), less provision for impairment and provision for sales credits and returns. Trade receivables are generally settled within 30-90 days and are non-interest bearing. The Group provides goods and services to substantially all of its customers on credit terms.

The collectability of trade receivables is reviewed on an ongoing basis. The Group has applied the expected credit loss model to determine the provision for doubtful debts. A provision for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Debts which are known to be uncollectable are written off by reducing the carrying amounts directly.

The amount of the impairment loss of receivables is recognised in profit or loss in other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Group provides money, goods or services directly to a third party. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are carried at estimated future cash flow and are reviewed for impairment on an annual basis.

	2020 $'000	2019 $'000
Current		
Trade receivables	**159,829**	276,380
Provision for doubtful debts	**(6,212)**	(3,442)
Provision for sales credits and returns	**(28,210)**	(43,823)
	125,407	229,115
Loans and other receivables	**31,049**	33,683
Total trade and other receivables	**156,456**	262,798
Movements in the provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	**3,442**	4,133
Net movement in provision recognised during the year	**3,080**	(437)
Amount utilised	**(310)**	(254)
Balance at the end of the financial year	**6,212**	3,442

Refer to Note 6.6 regarding information on the Group's exposure to credit and market risks, and impairment losses for trade and other receivables.
Refer to Note 7.5 regarding receivables from related parties.

Notes to the Financial Statements for the year ended 27 June 2020

3.2. Trade and Other Receivables (continued)

Key judgements, estimates and assumptions

Impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimates are used in determining the level of receivables that will not be collected. These estimates include factors such as historical experience, the current state of the Australian economy and industry factors.

Refer to Note 6.6C for assessment of impact of COVID-19 on credit risk.

3.3. Program Rights and Inventories

Accounting Policy

Program rights

Program rights includes both purchased rights and produced programs

Program rights are recognised at the earlier of when cash payments are made or from the commencement of the rights period of the contract.

Television program rights are carried at the lower of cost less amortisation or net recoverable amount. Cost comprises acquisition of program rights and, for programs produced using the Group's facilities, direct labour and materials and directly attributable fixed and variable overheads. Revenue is derived from the broadcast of advertisements on Seven's channels and digital assets, net of agency commissions, discounts and rebates.

The Group's amortisation policy requires the amortisation of purchased programs on a straight line basis over the expected useful life.

The useful life of purchased programs is assessed at least annually. Produced programs are expensed when broadcast.

Inventories

Inventories, which includes newsprint, paper, finished goods, raw material and work in progress, are measured at acquisition cost, cost of manufacturing or net realisable value. The net realisable value is the estimated achievable selling price in the ordinary course of business less the estimated costs through to completion and the estimated necessary selling costs.

	2020 $'000	2019 $'000
Current		
Television program rights – cost less accumulated amortisation and impairment	**128,934**	182,020
Newsprint and paper – at cost	**7,916**	9,021
Work in progress – at cost	**586**	2,197
Finished goods – at cost	**–**	31
	137,436	193,269
Non-current		
Prepaid television program rights	**41,042**	15,857
	41,042	15,857

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 27 June 2020 amounted to $108,316,652 (2019: $111,623,000) and $27,467,703 (2019: $34,847,000) respectively.

Key judgements, estimates and assumptions

The Group recognises program rights which are available for use. These are capitalised and amortised over the useful life of the content. The assessment of the appropriate carrying value of these rights requires estimation by management of the forecast future cash flows which will be derived from that content. This estimate is based on a combination of market conditions and the value generated from the broadcast of comparable programs.

Notes to the Financial Statements for the year ended 27 June 2020

3.4. Trade and Other Payables

Accounting Policy

Trade payables and accruals

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days from the end of the month in which they are incurred and may be interest bearing.

Derivative financial liabilities

Derivative financial instruments on recognised liabilities are used in the normal course of business in order to hedge exposure to fluctuations in interest rates and foreign currency exchange rates. These derivatives are designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. The fair values of derivative financial instruments designated as cash flow hedges are disclosed below. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item (i.e. cash flows) is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The gain or loss from re-measuring the hedging instruments to fair value is recognised in other comprehensive income and accumulated in a hedging reserve, to the extent that the hedge is effective, and is recognised in profit or loss within finance costs when the hedged interest expense is recognised. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Television program liabilities

Television program liabilities are recognised from the commencement of the rights period of the contract. Contract payments made prior to commencement of the rights period are included in television program rights and inventories as prepaid program rights.

	2020 $'000	Restated[1] 2019 $'000
Current		
Trade payables and accruals	**102,457**	129,192
Derivative financial liabilities	**4,604**	475
Television program liabilities	**112,979**	140,867
Loans due from related parties	**974**	1,045
	221,014	271,579
Non-current		
Derivative financial liabilities	**2,239**	7,607
Television program liabilities	**2,949**	2,404
	5,188	10,011

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 27 June 2020

3.5. Commitments

	< 1 year $'000	1-5 years $'000	> 5 Years $'000	Total $'000
Year ended 27 June 2020				
Capital expenditure commitments	1,092	–	–	1,092
Operating lease commitments	900	1,022	181	2,103
Contracts for purchase of television programs and sporting broadcast rights	375,366	883,875	–	1,259,241
Contracts for employee services	47,341	13,094	–	60,435
Contracts for other services	22,335	5,501	–	27,836
	447,034	903,492	181	1,305,707
Year ended 29 June 2019[1]				
Capital expenditure commitments	1,813	–	–	1,813
Operating lease commitments	1,863	125	65	2,053
Contracts for purchase of television programs and sporting broadcast rights	391,664	859,230	–	1,250,894
Contracts for employee services	62,720	29,785	–	92,505
Contracts for other services	26,857	15,036	21,559	63,452
	484,917	904,176	21,624	1,410,717

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

Types of Commitments

Capital expenditure commitments

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities.

Operating lease commitments

Operating lease commitments relate to minimum lease payments on non-cancellable leases contracted for at the reporting date but not recognised as liabilities, these leases are low value and are not required to be accounted for under AASB16 Leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight line basis over the period of the lease.

These leases relate to short-term low value equipment under non-cancellable terms and conditions.

Contracts for purchase of television programs and sporting broadcast rights

Commitments for minimum payments in relation to non-cancellable purchase contracts of television programs and sporting broadcast rights at the reporting date but not recognised as liabilities, with the exception of contracts deemed onerous. Refer to Note 2.4.

Contracts for employee services

Commitments for minimum payments in relation to non-cancellable contracts for employee services at the reporting date but not recognised as liabilities.

Contracts for other services

Commitments for minimum payments in relation to non-cancellable contracts for other services at the reporting date but not recognised as liabilities.

Notes to the Financial Statements for the year ended 27 June 2020

3.6. Contract Assets and Liabilities

Accounting Policy

Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed on programs commissioned for third party customers. The contract assets are transferred to receivables at the point of delivery of an episode and acceptance by the customer. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for sponsorships, for which revenue is recognised over time.

The following table provides information about the contract assets and contract liabilities from contracts with customers.

	2020 $'000	2019 $'000
Current		
Television program sales	**2,425**	3,566
Contract assets	**2,425**	3,566
Television program sales	**30,460**	13,838
Pacific subscription	**571**	7,114
Other	**–**	416
Contract liabilities	**31,031**	21,368
Non-current		
Revenue received in advance – affiliation fees	**9,542**	12,792
Contract liabilities	**9,542**	12,792

Forward Bookings

The following table includes revenue from contracts signed before the reporting date that is to be recognised post the reporting period (i.e. the performance obligations remain unsatisfied at the reporting date):

	2021 $'000	**2022 $'000**	**Beyond 2022 $'000**
Television program sales	31,031	3,000	6,542
Total	31,031	3,000	6,542

Notes to the Financial Statements for the year ended 27 June 2020

Section 4:
Other Key Balance Sheet Items

4.1. Intangible Assets

Accounting Policy

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the consideration and transaction cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Refer to Note 4.1.1 for further details on impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their useful life and tested for impairment whenever there is an indication that they may be impaired. Intangible assets with indefinite lives are tested for impairment at least annually. The amortisation period and method is reviewed at least annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Useful life	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Television licences	Indefinite	No amortisation	Acquired
The West mastheads	Indefinite	No amortisation	Acquired
Radio licences	Indefinite	No amortisation	Acquired
Pacific mastheads	Indefinite	No amortisation	Acquired
Trademark	Finite (10–15 years)	Amortised on a straight line basis over its useful life	Acquired
Pacific licences	Finite (8 – 25 years)	Amortised on a straight line basis over the period of the licence	Acquired
Computer software	Finite (3 – 15 years)	Amortised on a straight line basis over its useful life	Internally developed and acquired

	REF	Licences $'000	Mastheads $'000	Computer software $'000	Goodwill $'000	Trademark $'000	Total $'000
Year ended 27 June 2020							
Opening net book amount		540,660	–	23,810	926	82	565,478
Additions		–	–	14,124	–	–	14,124
Disposals		–	–	(1,426)	–	–	(1,426)
Amortisation charge		–	–	(8,241)	–	–	(8,241)
Acquisition (disposal) of controlled entity	[A]	(17,316)	–	–	(926)	(82)	(18,324)
Impairment	[B]	(61,565)	–	(6,545)	–	–	(68,110)
Transferred in disposal		–	–	–	–	–	–
Closing net book amount		**461,779**	**–**	**21,722**	–	–	**483,501**
Comprised of:							
Cost		523,344	119,555	96,527	1,236,083	–	1,975,509
Accumulated amortisation and impairment		(61,565)	(119,555)	(74,805)	(1,236,083)	–	(1,492,008)

Notes to the Financial Statements for the year ended 27 June 2020

4.1. Intangible Assets (continued)

	REF	Licences $'000	Mastheads $'000	Computer software $'000	Goodwill $'000	Trademark $'000	Total $'000
Year ended 29 June 2019							
Opening net book amount		955,660	37,913	34,317	4,494	1,578	1,033,962
Additions		–	–	13,593	–	13	13,606
Disposals		–	–	(93)	–	–	(93)
Amortisation charge		–	–	(10,891)	–	(9)	(10,900)
Acquisition (disposal) of controlled entity	[C]	–	–	(319)	8,694	(1,500)	6,875
Impairment	[B]	(415,000)	(37,913)	(12,797)	(12,262)	–	(477,972)
Closing net book amount		**540,660**	**–**	**23,810**	**926**	**82**	**565,478**
Comprised of:							
Cost		1,508,008	264,887	55,735	1,237,009	122	3,065,761
Accumulated amortisation and impairment		(967,348)	(264,887)	(31,925)	(1,236,083)	(40)	(2,500,283)

[A] Licences disposed as part of Redwave Media sale on 31 December 2019; trademark disposal relates to sale of Media Beach Pte. Limited on 13 November 2019.

[B] The Group assessed the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being television and The West (Metro and Regional). The Pacific business assets were sold on 1 May 2020 aand are removed from the current year impairment assessment. Refer to 4.1.1A for further details.

The impairments were recognised as a result of the following changes to key assumptions in the Group's cash flow forecasts:

Television

– Short-term market conditions for the traditional free to air television metro advertising market.

The West

– Further declines in circulation and advertising revenue in print publishing businesses.

[C] In the prior period the Group acquired goodwill relating to 7Beyond Media Limited and Community Newspaper Group Limited; trademark movement relates to the disposal of The Mentor Platform Pty Limited on 31 July 2018.

4.1.1 Impairment of non-financial assets

Accounting Policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units or CGUs). Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

In calculating the recoverable value, the cash flows include projections of cash inflows and outflows from continuing use of the CGU's assets. For value-in-use model, the cash flows are estimated for the assets of the CGU in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGU. For fair value less cost to sell model, the recoverable amount is calculated by using discounted cash flow projections based on financial budgets and forecasts covering a five-year period with a terminal growth rate applied thereafter.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit and loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit and loss.

Key judgements, estimates and assumptions

Goodwill and intangible assets with indefinite useful lives are tested annually to determine if they have suffered any impairment in accordance with the Group accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use approach. These calculations require the use of estimates and assumptions. Refer to 4.1.1B for details on assumptions used.

Notes to the Financial Statements for the year ended 27 June 2020

4.1. Intangible Assets (continued)

4.1.1A Allocation of goodwill and indefinite life assets

For the purpose of impairment testing, intangible assets with indefinite lives, including goodwill, are allocated to the Group's operating segments which represent the lowest level within the Group at which the assets are monitored for internal management purposes.

The table below outlines the allocation of goodwill and indefinite life assets:

Allocation of CGU Groups	Goodwill $'000	Licences, mastheads $'000	Total $'000
Year ended 27 June 2020			
Television	–	461,779	461,779
The West (Metro and Regional)	–	–	–
Pacific	–	–	–
Other Business and New Ventures	–	–	–
Total goodwill and indefinite life assets	**–**	**461,779**	**461,779**
Year ended 29 June 2019			
Television	–	523,344	523,344
The West (Metro and Regional)	–	–	–
Pacific	–	–	–
Other Business and New Ventures	926	17,316	18,242
Total goodwill and indefinite life assets	926	540,660	541,586

4.1.1B Impairment review of cash generating units ('CGUs') including goodwill and indefinite life assets

In accordance with the Group's accounting policies, the Group has evaluated whether the carrying amount of a CGU or group of CGUs exceeds its recoverable amount as at 27 June 2020. The Group has determined the CGUs to be Television, The West (Metro and Regional) and Pacific businesses.

Valuation Methods

Television

The recoverable amount was determined using a value-in-use model by discounting the future cash flows expected to be generated from the continuing use of these CGUs.

The West

In prior periods, The West mastheads, licences and goodwill have been fully written down. In allocating the impairment to individual noncurrent assets within the CGUs, their recoverable amount was not reduced below their fair value less cost of disposal; notably for property related assets.

Management's assessment has shown no indicators of impairment reversal in the current period.

Key components of the recoverable value calculations and the basis for each CGU are detailed below:

(i) Cash flows

Year 1 cash flows are based upon budgets for the next 12 months. Future cash flows are based on the following assumptions:

Television

- The advertising market growth rates are assumed to be consistent with industry market participant expectations and long-term industry growth rates, following an assumed market recovery from COVID-19 in FY21 and FY22.
- The Group's share of the metropolitan free to air advertising takes into account historical share performance and management's expectation of share in forward periods, taking into consideration the impact of programming across the schedule.
- Expenses are assumed to increase by CPI and known fixed increases for specific program rights.

The West

- Publishing revenue forecasts are management's best estimates using: current market data, industry forecasts and historical actual rates.
- Digital revenue assumptions are in line with industry forecasts and managements expectations of market development.
- Expenses are expected to decrease based on committed cost reduction initiatives and volume assumptions.

(ii) Terminal growth factor

A terminal growth factor that estimates the long-term growth for that CGU is applied to the year 5 cash flows into perpetuity. These terminal growth rates do not exceed long-term expected industry growth rates. The terminal growth factor for each CGU is detailed below.

(iii) Discount rate

The discount rate is an estimate of the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU.

The pre-tax and post-tax discount rates applied to the CGU's cash flow projections are detailed below.

Notes to the Financial Statements for the year ended 27 June 2020

4.1. Intangible Assets (continued)

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
Television	0.0%	0.5%	17.9%	15.9%	10.4%	9.5%
The West – Metro	-0.5%	-0.5%	14.0%	12.2%	10.5%	10.5%
The West – Regional	-0.5%	-0.5%	14.6%	14.1%	10.5%	10.5%

(iv) Allocation of impairment for The West

In allocating the impairment to individual non-current assets within the CGUs, their recoverable amount was not reduced below their fair value less cost of disposal. No sensitivity is presented for The West as all intangible and tangible assets have been fully written down, with the exception of property related assets.

4.1.1C Impact of possible changes in key assumptions

The values assigned to the key assumptions represent management's assessment of future performance in each CGU based on historical experience and internal and external sources. The estimated recoverable amounts are highly sensitive to key assumptions.

Following the impairment analysis performed on the Television CGU, the recoverable amounts are equal to the carrying amounts. Therefore, any adverse movements in key assumptions would lead to changes in the carrying amount.

The key assumptions in the value in use calculations (disclosed in Note 4.1.1B) include metropolitan free to air (Metro FTA) market growth rates, Metro FTA market share, discount rate and terminal growth rate. These assumptions are based on past experience and the Group's forecast operating and financial performance for the Television CGU taking into account current market and economic conditions, risks and uncertainties.

The Group has assessed impact on recoverable value of the CGU of the following changes in key assumptions as part of their sensitivity analysis (all other assumptions) held constant:

Key cashflow assumption	Change	Impact on recoverable value
Metro FTA market growth rate	+/- 1%	+/- $210.0m
Metro FTA market share	+/- 1%	+/- $130.0m
Discount rate	+/- 1%	+/- $37.0m
Terminal growth rate	+/- 1%	+/- $28.0m

4.1.1D Impact of COVID-19 on key assumptions

As the global outbreak of COVID-19 continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the Group's activities and operating performance.

The Group believes that the assumptions adopted in the value in use calculations reflect an appropriate balance between the Group's experience to date and the uncertainty associated with the COVID-19 pandemic. Management have considered and applied judgement on key assumptions to reflect the appropriate risk and uncertainty in its cash flow to determine the CGU recoverable value. As a result, future forecast cash flows have taken into account the following factors:

- The Group's best estimate of the expected duration of COVID-19 impact, timing of recovery and rate of market recovery;
- Advertising market growth rates in the medium term for are assumed to be consistent with long-term historical industry growth rates;
- The Company's share of Metro FTA advertising takes into account historical share performance and management's expectation of share in forward years, taking into consideration, the impact of programming across the schedule.

Notes to the Financial Statements for the year ended 27 June 2020

4.2. Property, Plant and Equipment

Accounting Policy

Measurement of cost

All property, plant and equipment is stated at historical cost less accumulated depreciation and provision of impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Asset class	Useful life	Depreciation method used
Land	Indefinite	Not depreciated
Buildings	40 years	Straight line basis
Leasehold improvements	Finite	Shorter of the life of the lease of each property or the life of the asset
Plant and equipment		
Printing presses and publishing equipment	15 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives
Other plant and equipment	3–10 years	Straight line basis to allocate their cost, net of their residual values, over their estimated useful lives

Impairment of assets

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in profit or loss.

Notes to the Financial Statements for the year ended 27 June 2020

4.2. Property, Plant and Equipment (continued)

	Freehold land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Year ended 27 June 2020				
Opening net book value	81,760	11,900	32,894	126,554
Additions	–	129	7,228	7,357
Disposals	(58,273)	(198)	(182)	(58,653)
Depreciation charge[1]	(2,381)	(529)	(10,407)	(13,317)
Impairment	(3,000)	(2,095)	(4,688)	(9,783)
Change due to movement in FX rates	–	–	47	47
Transferred in business disposal	–	–	(749)	(749)
Closing net book amount	**18,106**	**9,207**	**24,143**	**51,456**
Comprised of:				
Cost	31,427	46,290	563,994	641,711
Accumulated depreciation and impairment	*(13,321)*	*(37,083)*	*(539,851)*	*(590,255)*
Year ended 29 June 2019				
Opening net book value	79,237	2,489	59,846	141,572
Additions	5,172	9,972	14,945	30,089
Disposals	–	–	(83)	(83)
Depreciation charge	(2,649)	(561)	(17,408)	(20,618)
Impairment	–	–	(24,367)	(24,367)
Change due to movement in FX rates	–	–	(39)	(39)
Closing net book amount	81,760	11,900	32,894	126,554
Comprised of:				
Cost	129,960	46,026	378,840	554,826
Accumulated depreciation and impairment	*(48,200)*	*(34,126)*	*(345,946)*	*(428,272)*

1 Information has been presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Key judgements, estimates and assumptions

The estimation of useful life, residual value and depreciation methods require some judgement and are reviewed at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

4.3. Leases

4.3A Right of use assets

The Group leases many assets including offices, equipment, transmission towers and satellites.

The associated right of use assets for these leases were measured on a retrospective basis as if AASB 16 had always been applied.

The recognised right of use assets relate to the following types of assets:

Notes to the Financial Statements for the year ended 27 June 2020

4.3. Leases (continued)

	Building $'000	Plant & Equipment $'000	Comm-unications $'000	Total $'000
Year ended 27 June 2020				
Opening net book amount	107,590	658	8,803	117,051
Additions	38,215	306	508	39,029
Depreciation charge[1]	(8,870)	(261)	(2,277)	(11,408)
Impairment	(55,982)	–	–	(55,982)
Effects of movement in exchange rates	(13)	–	–	(13)
Transferred in business disposal	–	–	(1,150)	(1,150)
Closing net book amount	**80,940**	**703**	**5,884**	**87,527**
Year ended 29 June 2019				
Opening net book amount	113,079	229	10,879	124,187
Additions	2,701	580	135	3,416
Depreciation charge[1]	(8,190)	(151)	(2,211)	(10,552)
Effects of movement in exchange rates	–	–	–	–
Closing net book amount	**107,590**	**658**	**8,803**	**117,051**
Year ended 30 June 2018				
Opening net book amount	116,024	–	3,933	119,957
Additions	4,738	249	8,372	13,359
Depreciation charge[1]	(7,705)	(20)	(1,426)	(9,151)
Effects of movement in exchange rates	22	–	–	22
Closing net book amount	**113,079**	**229**	**10,879**	**124,187**

1 Information has been presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

4.3B Lease liabilities

The following tables show the discounted lease liabilities included in the Group statement of financial position and a maturity analysis of the contractual undiscounted lease payments:

	2020 $'000	2019 $'000	2018 $'000
Lease liabilities			
Current	9,350	7,744	6,635
Non-current	214,262	167,414	169,593
Total lease liabilities	**223,612**	**175,158**	**176,228**
Maturity analysis – contractual undiscounted lease payments			
Less than one year	26,791	21,355	20,297
One to five years	104,486	86,347	86,566
More than five years	292,123	253,336	274,273
Total undiscounted lease payments	**423,400**	**361,038**	**381,136**

4.3C Lease liabilities – Rent Concessions

In May 2020 the International Accounting Standards Board issued amendments to IFRS16 for COVID-19 -Related Rent Concessions permitting lessees, as a practical expedient, not to assesses whether a particular rent concession occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for the rent concessions as if they are not lease modifications. The Group was provided with $2,858,000 of rent concessions in FY20 that have been recorded in the P&L.

Notes to the Financial Statements for the year ended 27 June 2020

4.4. Provisions

Accounting Policy

Provisions are:

- Recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resource will be required to settle the obligation and the amount can be estimated reliably.
- Measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision		Description and measurement of provision
[A]	Employee benefits	Provision for employee benefits includes annual leave, long service leave and short-term incentives.
	Short-term employee benefits	Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employee renders the service. It is measured at the amounts expected to be paid when the liabilities are settled.
	Long-term employee benefits	Liability for long service leave which is not expected to be settled within 12 months after the end of the period. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash flows.
	Short-term incentives and bonus plans	A liability is recognised when there is an obligation to settle the liability and at least one of the following conditions is met: > there are formal terms in the plan for determining the amount of the benefit; or > past practice gives clear evidence of the amount of the obligation.
[B]	Redundancy and restructuring	Redundancy and restructuring provision is recognised when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. It is payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.
[C]	Onerous Contracts	Provision for onerous contracts represents contracts where, due to changes in market conditions, the expected benefit is lower than the cost for which the Group is currently committed under the terms of the contract. The minimum net obligation under the contract is provided for. The provision is calculated as the net of the estimated economic benefit and the estimate of the committed cost discounted to present values.
[D]	Other	
	Make Good Provision	Make good provision to restore the leased premises of its offices, studios and other premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

	Employee Benefits [A] $'000	Redundancy & Restructuring [B] $'000	Onerous Contracts [C] $'000	Other [D] $'000	Total $'000
Carrying amount at 29 June 2019	61,364	28,469	153,611	9,662	253,106
Amounts provided	37,953	12,000	136,864	11	186,828
Amounts utilised	(39,762)	(23,342)	(16,476)	(400)	(79,980)
Amounts released	–	–	(4,030)	–	(4,030)
Transferred	(61)	–	–		(61)
Unwind of discount	–	–	2,182	96	2,278
Acquisition/(disposal) of controlled entity	(188)	–	–	–	(188)
Balance as at 27 June 2020	**59,306**	**17,127**	**272,151**	**9,369**	**357,953**
Represented by:					
Current	53,634	17,127	57,753	12	128,526
Non-current	5,672	–	214,398	9,357	229,427
	59,306	17,127	272,151	9,369	357,953

Notes to the Financial Statements for the year ended 27 June 2020

4.4. Provisions (continued)

Key judgements, estimates and assumptions

The provision for restructuring and redundancy is in respect of amounts payable in connection with restructuring and redundancies, including termination benefits, on-costs, outplacement and consultancy services.

For onerous contracts provision, key assumptions made concerning future events are:

- The economic benefits expected to be received under the contracts is based on the historical benefits received on similar television programming and sports rights, adjusted to reflect the Group's expectation of future growth/ decline rates for the advertising market;
- The costs of fulfilling the contract are estimated with reference to contractual rates and historical incremental costs of similar programming assumed to increase by CPI; and
- The expected term of the legacy output deals is estimated based on current US market ratings performance and historical series life of similar programming.

Impact of COVID-19 on key judgements, estimates and assumptions

The advertising market declined 15.2 per cent in the financial year compared to the previous year, driving further reductions in the economic benefits expected to be received under current contracts. Given the significant uncertainty on the impacts of the ongoing COVID-19 restrictions and the shortness of the market, the market growth assumptions have been revised in light of the current year conditions and expectations on the timing and scale of the recovery from COVID-19. The short-term market outlook into FY21 has impacted the recoverability of these contracts.

4.5. Other Financial Assets

Accounting Policy

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and amortised cost financial assets. The classification depends on the Group's business model formanaging the financial asset as well as its contractual cash flow characteristics.

Management has determined the financial assets relating to other investments to be classified at FVTOCI. Gains or losses arising from changes in the value of the financial asset are taken to the fair value reserve. Accordingly, any gains or losses realised on the sale of these assets remain in the fair value reserve rather than being transferred to the profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

	2020 $'000	2019 $'000
Movements in carrying amounts of other financial assets		
Carrying amount at the beginning of the year	**60,552**	28,384
Effect of adoption of new AASB 9 accounting standard (1 July 2018)	**–**	22,971
Net change in fair value of financial assets at fair value through other comprehensive income	**(4,537)**	–
Acquisitions	**23,120**	9,197
Carrying amount at the end of the year	**79,135**	60,552

Other financial assets represent equity investments in listed and unlisted entities comprising of Prime Media Group Limited, Airtasker Pty Limited, SocietyOne Australia Pty Limited and Open Money Group Pty Ltd. The Group has initially applied AASB 9 at 1 July 2018 for other financial assets. Under the transition methods chosen, comparative information is not restated.

Key judgements, estimates and assumptions

The fair value of other financial assets is measured through a Level 3 (significant unobservable inputs) approach under the accounting standard AASB 13 Fair Value Measurement. The valuation technique used was based on the equity price established in the most recent round of equity financing and consideration of any other key changes in the investment which requires a level of judgement.

Notes to the Financial Statements for the year ended 27 June 2020

Section 5: Taxation

5.1. Taxes

Accounting Policy

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax losses, to the extent it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. In making this assessment, the Group considers the tax consequences of recovering assets and liabilities through sale, use and subsequent sale or through use and then abandonment or scrapping of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

> Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

> Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  i. Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
  ii. Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are also not recognised on recognition of goodwill.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and its wholly owned Australian resident entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Seven West Media Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the Group allocation approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company or its subsidiaries are ultimately assumed by the head entity in the tax consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below).

Nature of tax funding arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to the head entity equal to the current tax liability assumed by the head entity resulting in a related party payable to the head entity equal in amount to the current tax liability assumed. This related party balance is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the Financial Statements for the year ended 27 June 2020

5.1 Taxes (continued)

	2020 $'000	Restated[1 2 3] 2019 $'000
Tax expense recognised in profit or loss		
Current year tax expense	(6,724)	(25,680)
Adjustments for current tax of prior periods	(120)	2,989
Current tax expense	(6,844)	(22,691)
Deferred tax benefit (expense)	101,471	143,565
Adjustment for deferred tax of prior periods	(987)	(2,651)
Total tax benefit	93,640	118,223
Reconciliation of tax expense to prima facie tax payable		
Profit (loss) before tax from continuing operations	(293,931)	(444,496)
Profit (loss) before tax from discontinued operations	38,147	4,625
Tax at the Australian tax rate of 30% (2019: 30%)	76,735	131,961
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of net profit of equity accounted investees, net of dividends received	180	275
Deferred tax assets not recognised in relation to impairment of equity accounted investees	–	(676)
Deferred tax assets not recognised in relation to impairment of intangible assets	–	(15,053)
Deferred tax assets not recognised in relation to impairment of assets	(418)	(905)
Deferred tax assets not recognised in relation to sale of asset held for sale	–	(5,025)
Accounting gain on sale of investments	4,058	–
Accounting gain on sale of assets	12,735	–
Non-assessable income	3,850	4,897
Other non-assessable items	(2,363)	2,284
Adjustments for tax of prior periods	(1,137)	465
Tax benefit	93,640	118,223
Tax expense (benefit) recognised in continuing operations	93,880	116,900
Tax expense (benefit)recognised in discontinued operations	(240)	1,323
Tax benefit	93,640	118,223
Tax recognised in other comprehensive income		
Cash flow hedges	(198)	1,061
Financial assets at fair value	1,278	–
Deferred tax asset not recognised		
Deductible temporary differences	1,179,744	1,179,724

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail.
3 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4.

Key judgements, estimates and assumptions

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Notes to the Financial Statements for the year ended 27 June 2020

5.2. Deferred Tax Assets and Liabilities

Deferred tax assets (liabilities)

Year ended 27 June 2020	Restated 29 June 2019 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	27 June 2020 $'000
The balance comprises temporary differences attributable to:				
Trade and other receivables	7,176	(2,694)	–	**4,482**
Program rights and inventories	(117,721)	21,651	–	**(96,070)**
Investments	(7,231)	–	(762)	**(7,993)**
Intangible assets	(161,538)	22,646	–	**(138,892)**
Property, plant and equipment	23,381	3,504	–	**26,885**
Right of use assets	11,908	29,238	–	**41,146**
Deferred expenditure and prepayments	(251)	(1)	–	**(252)**
Trade and other payables	16,769	(8,485)	–	**8,284**
Provisions	75,597	28,227	–	**103,824**
Deferred income	2,352	3,336	–	**5,688**
Borrowings	(2,847)	2,847	–	**–**
Cash flow hedges	2,390	–	(393)	**1,997**
Transaction costs	197	(52)	–	**145**
Other	1,287	(114)	–	**1,173**
Net deferred tax (liabilities) assets	(148,531)	100,103	(1,155)	**(49,583)**

Restated Year ended 29 June 2019	Restated 30 June 2018[1 2] $'000	Effect of adoption of new AASB 9 accounting standard $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Increase due to acquisition of controlled entity $'000	Restated 29 June 2019 $'000
The balance comprises temporary differences attributable to:						
Trade and other receivables	7,278	–	(165)	–	63	7,176
Program rights and inventories	(127,761)	–	10,040	–	–	(117,721)
Investments	(541)	(6,891)	201	–	–	(7,231)
Intangible assets	(283,488)	–	121,950	–	–	(161,538)
Property, plant and equipment	17,747	–	5,634	–	–	23,381
Right of use assets	10,035	–	1,873	–	–	11,908
Deferred expenditure and prepayments	(234)	–	(17)	–	–	(251)
Trade and other payables	15,839	–	839	–	91	16,769
Provisions	70,757	–	3,373	–	1,467	75,597
Deferred income	1,880	–	472	–	–	2,352
Borrowings	(325)	–	(2,522)	–	–	(2,847)
Cash flow hedges	462	–	867	1,061	–	2,390
Transaction costs	566	–	(369)	–	–	197
Other	163	–	611	–	513	1,287
Net deferred tax (liabilities) assets	**(287,622)**	**(6,891)**	**142,787**	**1,061**	**2,134**	**(148,531)**

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments AASB 112. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 27 June 2020

Section 6:
Capital Management

6.1. Borrowings

	2020 $'000	2019 $'000
Non-current		
Bank loans – unsecured, net of unamortised refinancing costs	**749,268**	653,839

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings. Any related accrued interest is included in trade payables and accruals.

6.1A Financial arrangements

As at 27 June 2020, the Group had access to unsecured bilateral revolving credit facilities to a maximum of $750,000,000 (2019: $750,000,000). The amount of these facilities undrawn at reporting date was $nil (2019: $95,000,000).

In addition, the Group continues to have access to a $20,000,000 (2019: $20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, $11,000,000 of this facility (2019: $10,500,000) was utilised for the provision of bank guarantees.

Subsequent to year end the Group amended these debt facilities. Refer to note 8.3 for more detail.

The unsecured bank loans are net of $733,000 refinancing costs (2019: $1,160,000).

The facilities are subject to a weighted average interest rate of 2.01 per cent at 27 June 2020 (2019: 3.32 per cent).

As part of the bilateral facilities, the Group is subject to certain financial covenants measured on a six monthly basis. The Group has been in compliance with its financial covenant requirements to date including the period ending 27 June 2020.

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was $750,000,000 (2019: $654,884,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in note 6.6.

6.2. Share Capital

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings. Any related accrued interest is included in trade payables and accruals.

	REF	2020 $'000	2019 $'000
1,538,034,368 (2019: 1,508,034,368) Ordinary shares fully paid	[A]	**3,405,666**	3,393,546

[A] The Group issued 30 million ordinary shares at an issue price of $0.404 per share on 19 December 2019.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Financial Statements for the year ended 27 June 2020

6.3. Reserves

Accounting Policy

(i) Cash flow hedge reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges

(ii) Reserve for own shares

Treasury shares are shares in Seven West Media Limited that are held by the SWM Equity Incentive Plan Trust for the purpose of issuing shares under the group employee share scheme.

(iii) Equity compensation reserve

The share based payments reserve is used to recognise the grant date fair value of incentive shares issued to eligible employees with performance related conditions. Once the vesting conditions of the respective share schemes are met and the shares are exercised, the accumulated amount of the share based payment reserve relating to the vested shares is transferred to share capital.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income in a separate reserve within equity.

The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(v) Fair value reserve

Fair value reserve is used to recognise the valuation of the Group's accounting for other investments as fair value through other comprehensive income.

	2020 $'000	2019 $'000
Cash flow hedge reserve	**(3,094)**	(3,555)
Equity compensation reserve	**2,873**	2,877
Reserve for own shares	**(597)**	(597)
Foreign currency translation reserve	**(32)**	(164)
Fair value reserve	**12,820**	16,079
Total Reserves	**11,970**	14,640

	Cash flow hedge reserve $'000	Equity compensation reserve $'000	Reserve for own shares $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2018	**(1,080)**	**2,544**	**(597)**	**(322)**	**16,079**	**16,624**
Cash flow hedge gain(losses) taken to equity	(3,536)	–	–	-	-	(3,536)
Foreign currency translation differences	–	–	–	158	-	158
Tax on other comprehensive income	1,061	–	–	–	-	1,061
Share based payment expense	–	333	–	–	-	333
Balance at 29 June 2019	**(3,555)**	**2,877**	**(597)**	**(164)**	**16,079**	**14,640**
Balance at 30 June 2019	**(3,555)**	**2,877**	**(597)**	**(164)**	**16,079**	**14,640**
Cash flow hedge (losses) gains taken to equity	659	–	–	–	–	659
Foreign currency translation differences	–	–	–	132	–	132
Tax on other comprehensive income	(198)	–	–	–	–	(198)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(4,537)	(4,537)
Tax relating to items that will not be reclassified to P&L	–	–	–	–	1,278	1,278
Share based payment expense	–	(4)	–	–	–	(4)
Balance at 27 June 2020	**(3,094)**	**2,873**	**(597)**	**(32)**	**12,820**	**11,970**

Notes to the Financial Statements for the year ended 27 June 2020

6.4. Dividends

Accounting Policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

6.3A Dividends

There were no dividends paid during the financial year (2019:nil) or subsequent to year end (2019:nil).

6.3B Dividends not recognised at year end

No final dividend has been declared in the current or prior year	–	–

6.3C Franked dividends

Future franked dividends declared will be franked out of existing franking credits or out of franking credits arising from the receipt of franked dividends and the payment of tax in the year ending 27 June 2020.

Franking credits available for subsequent financial years based on a tax rate of 30% (2019: 30%)	**21,630**	38,725

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability or receivable;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

6.5. Share-Based Payments

Accounting Policy

Employees of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments.

Share-based compensation benefits are provided to executives and employees in accordance with the Company's share purchase and loan plans and employment agreements.

Equity-settled transactions

The fair value of the rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of rights that are expected to vest based on the non-market vesting conditions.

It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

6.5A Performance and share rights granted as compensation

The total expense recognised for share-based payments for all plans during the financial year for the Group was $337,163 which was offset by reversals in relation to forfeitures of $341,425 (2019: $332,652).

The accounting value of share-based payments may be negative where an executive's share-based expense includes cumulative adjustments for changes in non-market vesting conditions.

Long-Term Incentive Plans

At 27 June 2020, performance rights that remain outstanding are from 2018, 2019 and 2020 Long-Term Incentive Plans.

The Group issued two tranches in 2020 for the long-term incentive plan that entitles key management personnel to performance rights. Holders of vested rights are entitled to fully paid ordinary shares in the Company.

A total of 14,363,918 (2019: 2,114,484) performance rights were granted on 31 January 2020 (2019: 1 February 2019) and will be awarded when the performance conditions are met. The performance period commenced on 1 July 2019 and ends on 30 June 2022 and 30 June 2023 (2018: 1 July 2018 to 30 June 2021). The performance rights are subject to a total shareholder return (TSR) hurdle as well as an individual performance condition.

Performance rights do not carry any dividend or voting rights prior to vesting and are all equity settled. Vesting of the rights are subject to the condition that the executive remains employed by the Company at the vesting date. In 2020 no performance rights vested (2019: 814,615) and 391,705 (2019: 2,443,846) were forfeited during the year.

Notes to the Financial Statements for the year ended 27 June 2020

6.5. Share-Based Payments (continued)

6.5B Valuation models and key assumptions used

	2020 Long Term Incentive Plan Tranche 1	2020 Long Term Incentive Plan Tranche 2
Grant date	31 January 2020	31 January 2020
Award type	Performance Rights	Performance Rights
Vesting Conditions	Relative TSR and KPI outcomes	Relative TSR and KPI outcomes
Performance period	1 July 2019 to 30 June 2022	1 July 2019 to 30 June 2023
Vesting Date	20 August 2022	20 August 2023
Share price at grant date	$0.250	$0.250
Number of rights granted	5,472,973	8,890,945
Fair value at grant date	$0.045	$0.065
Volatility – Seven West Media	42%	42%
Volatility – ASX 200 Consumer Discretionary Accumulation Index	19%	19%
Correlation between Seven West Media and ASX 200 Consumer Discretionary Accumulation Index	26%	26%
Risk free interest rate	0.63%	0.64%
Dividend yield	0.0%	0.0%
Valuation methodology	Monte-Carlo simulation	Monte-Carlo simulation

Short-Term Incentive Plans

In FY20, the Company's underlying EBIT result of $100.9 million did not open the financial gateway. For futher details relating to STIs refer to the Remuneration Report on pages 48 to 70.

The Group granted a 2019 short-term incentive plan that entitles key management personnel to shares based on 100 per cent of the financial year's STI awards.

The restricted shares are subject to the condition that the executive remains employed by the Company at the vesting date (as detailed below).

On 1 September 2019, 170,212 restricted shares were granted that related to the 2019 STI. The number and fair value of the restricted shares was based on 100 per cent of the STI pool awarded.

Key judgements, estimates and assumptions

The Group measures the cost of equity transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model. The most appropriate valuation model used is dependent on the terms and conditions of the grant. The estimate also requires determination of the most appropriate inputs into the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

6.6. Capital and Financial Risk Management

6.6A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilites not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020 $'000	Restated[1] 2019 $'000
Financial assets (liabilities) measured at fair value			
Other financial assets	4.5	**79,135**	60,552
Interest rate swaps		**(3,595)**	(5,455)
Interest rate collars		**(825)**	818
Forward exchange contracts		**–**	(78)
		74,715	55,837

Notes to the Financial Statements for the year ended 27 June 2020

6.6. Capital and Financial Risk Management (continued)

	Note	2020 $'000	Restated[1] 2019 $'000
Financial assets (liabilities) measured at amortised cost			
Trade and other receivables	3.2	**156,456**	262,798
Cash and cash equivalents	3.1	**352,021**	90,455
Borrowings	6.1	**(749,268)**	(653,839)
Trade payables and accruals	3.4	**(102,457)**	(129,192)
		(343,248)	(429,778)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.

6.6B Measurement of fair values

Valuation techniques and significant unobservable inputs

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts of financial instruments disclosed in the statement of financial position approximate to their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the valuation techniques and measurement level inputs used to assess the fair value of financial assets and financial liabilities at 27 June 2020.

Type	Valuation Technique	Measurement Level	Amount
Other Financial Assets – Listed Entities	The fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.	Level 1	$5,022,681
Interest Rate Swaps and Collars	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bonds prices.	Level 2	At June 2020 the interest rate cash flow hedges amount to $4,420,000 (2019: $4,637,000)
Forward Exchange Contracts	The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies	Level 2	At June 2020 there are nil foreign exchange cash flow hedges (2019: $78,000)
Other Financial Assets	The fair value is based on the equity price established in the most recent round of equity financing and consideration of any other key changes in the investment which requires a level of judgement.	Level 3	$79,135,000

Impact of COVID-19 on assessment of fair value of Other (unlisted) investments

The fair value of other financial assets is measured through a Level 3 (significant unobservable inputs) approach under AASB 9. This methodology included using:

- The issue prices in the most recent round of equity raising conducted by each company assuming this was within the last 12 months; and
- Comparison of issue price movements to listed peers over the same period.

In the second half, the COVID-19 related market conditions, government imposed lockdowns and uncertainty on the impact to company earnings lead management to expand the inputs and analysis to support the current fair value methodology. In the absence of recent pricing activity additional criteria included:

- review of performance of investments against budgets in the period before COVID-19 and following onset of COVID-19 related lockdowns and restrictions;
- cost reduction and cash flow measures put in place by management to limit COVID-19 impact; and
- trajectory of the businesses through the recovery period following COVID-19 lockdown period and impact on long-term revenue generating potential.

The revised procedures and ongoing COVID-19 impact has not led to a change in the fair value of other (unlisted) financial assets in the second half of FY20.

Notes to the Financial Statements for the year ended 27 June 2020

6.6. Capital and Financial Risk Management (continued)

6.6C Risk management framework

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk, capital risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments (interest rate swaps and collars) to hedge certain interest rate risk exposures and forward foreign exchange contracts to hedge certain foreign exchange risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and aging analysis for credit risk.

6.6C(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from credit exposures to customers, cash and cash equivalents and derivative financial instruments.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer and reviewed on a regular basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision range matrix to measure expected credit losses. The percentage used will depend on the risk profile of the debtors at the time and may vary year on year. The provision rates are based on days past due for groupings of various customer segments. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impact of COVID-19 on assessment of Credit Risk

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. COVID-19 related business closures and restrictions to trade, combined with material decreases in advertising revenues and a reduction in forward bookings of advertising during the last quarter of FY20 prompted the business to review the key factors impacting the credit risk of its customer base throughout the later half of the year and at balance date. The Group also was impacted by the Trade Credit Insurance industry restricting the level of cover provided in high risk categories.

The Group's reassessment of credit risk for existing and new customers included the following procedures in addition to those already described in Note 6.6C(i) of this financial report

- re-assessment of approved trade credit terms of customers trading in perceived high risk and high COVID-19 impacted industries, specifically those characterised by high consumer discretionary spend patters such as travel & tourism, automotive, property, construction and retail and consumer goods businesses;
- review of standard payment terms for all customers;
- negotiation of payment terms for aged amounts and a stop on overdue accounts; and
- where increased risk was identified the Group moved to tighten credit policy, ensure payments were received per current trading terms, seek additional director guarantees in some circumstances, and moved some debtors to full or partial prepayment terms or reduced credit limits

The revised procedures and ongoing COVID-19 impact has resulted in recognition of additional credit loss provision of $3.2 million in the second half of FY20.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contracts assets using a provision range matrix.

		Past due but not impaired			
	Not past due	< 30 days	31-90 days	> 90 days	Total $'000
Year ended 27 June 2020					
Expected credit loss rate	1.7%	7.5%	38.9%	65.2%	
Estimated total gross carrying amount	138,477	15,515	4,109	1,728	**159,829**
Expected credit loss	(2,322)	(1,165)	(1,599)	(1,126)	**(6,212)**
Year ended 29 June 2019					
Expected credit loss rate	0.1%	6.1%	26.5%	92.8%	
Estimated total gross carrying amount	249,192	22,641	3,655	892	**276,380**
Expected credit loss	(271)	(1,373)	(970)	(828)	**(3,442)**

Notes to the Financial Statements for the year ended 27 June 2020

6.6. Capital and Financial Risk Management (continued)

6.6C(ii) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and monitoring the Group's liquidity reserve on the basis of these cash flow forecasts. In addition, the Group had access to total debt funding under its bilateral facilities equal to $750,000,000, the facility was fully drawn at reporting date.

Maturities of financial liabilities

The table analyses the Group's financial liabilities including interest to maturity into relevant groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted principal and interest cash flows and therefore may not agree with the carrying amounts in the statement of financial position. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Impact of COVID-19 on assessment of Liquidity Risk

The Group was in a balance sheet net liability position of $236.1 million as at 27 June 2020 (refer to Note 1.3). Prior to the COVID-19 related impacts on the business, the Group has implemented a strategy to reduce its net debt and monetise the value of non-core assets during FY20. This included amending the key terms of the existing debt facilities, and implementation of a cost out program to deliver $60 million in cost savings in FY20. The impact of softening advertising market in the first half of FY20, combined with COVID-19 material impacts to advertising revenue in the second half of FY20 accelerated the cost out program and lead to a revised cost out target of $170 million over 2 years. Disclosures relating to the Group's cash flow projections for the next 12 months are included in Note 1.5 of these financial statements and details of the amendment of the Group's debt facilities is disclosed in Note 1.3.

	Less than one year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Carrying amount - liabilities $'000
At 27 June 2020				
Non-derivative financial liabilities				
Trade and other payables	215,775	2,949	218,724	219,359
Unsecured loans	15,107	763,347	778,454	749,268
Total non-derivatives	230,882	766,296	997,178	968,627
Derivative financial liabilities				
Net settled interest rate swaps and collars	829	–	829	6,843
Gross settled forward foreign exchange contracts – cash flow hedges:				
– (inflow)	–	–	–	–
– outflow	–	–	–	–
Total derivatives	829	–	829	6,843
Total financial liabilities	**231,711**	**766,296**	**998,007**	**975,470**

Notes to the Financial Statements for the year ended 27 June 2020

6.6. Capital and Financial Risk Management (continued)

	Less than one year $'000	Between 1 and 5 years $'000	Total contractual cash flows $'000	Restated Carrying amount - liabilities $'000
At 29 June 2019				
Non-derivative financial liabilities				
Trade and other payables	283,935	4,279	288,214	273,508
Unsecured loans	21,753	717,298	739,051	653,839
Total non-derivatives	305,688	721,577	1,027,265	927,347
Derivative financial liabilities				
Net settled interest rate swaps and collars	643	318	961	8,082
Gross settled forward foreign exchange contracts - cash flow hedges:				
- (inflow)	(3,422)	–	(3,422)	–
- outflow	3,477	–	3,477	78
Total derivatives	698	318	1,016	8,160
Total financial liabilities	**306,386**	**721,895**	**1,028,281**	**935,507**

6.6C(iii) Market risk

Market risk is defined as possible changes in market prices, such as foreign exchange rates and interest rates that will affect the fair value or future cash flows of the Group's financial instruments. The key components of market risks are:

(a) Price risk

Price risk refers to the risk of a decline in the value of a security or a portfolio. The Group is not exposed to significant price risk.

(b) Interest rate risk

Interest rate risk refers to the risks that the value of a financial instrument or its associated cash flows will fluctuate in response to changes in market interest rates. The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates.

The Group's main interest rate risk arises from long-term borrowings. Borrowings sourced at variable rates expose the Group to cash flow interest rate risk. The Group has mitigated this interest rate risk by entering into derivative transactions, including interest rate swaps and collars.

As at the end of the reporting period the Group had the following instruments:

Variable rate instruments	2020 $'000	2019 $'000
Cash at bank, on hand and at call	**352,021**	90,455
Weighted average interest rate	**1.50%**	1.50%
External borrowing facilities	**750,000**	655,000
Weighted average interest rate	**2.01%**	3.32%
Net debt (excluding unamortised refinancing costs)	**397,979**	564,545
Interest Rate Swaps		
Total hedged	**200,000**	200,000
% of net debt hedged	**50%**	35%
Weighted average interest rate	**2.78%**	2.78%
Expiry date	**June 2021**	June 2021
Interest Rate Collars		
Total hedged	**50,000**	100,000
% of net debt hedged	**13%**	18%
Interest rate cap	**2.64%**	2.54%
Interest rate floor	**1.85%**	1.85%
Expiry date	**June 20**	June 20 – June 21
Total percentage of net debt hedged	**63%**	53%
Net exposure to cash flow interest rate risk	**147,979**	264,545

Notes to the Financial Statements for the year ended 27 June 2020

6.6. Capital and Financial Risk Management (continued)

The changes in fair value of cash flow hedges during the year amounts to a pre-tax decrease in equity of $659,000 (2019: increase of $3,536,000).

There are no receivables on derivatives at balance date and the Group's current receivables generally do not bear interest.

Group sensitivity

Based on the Group's outstanding floating rate borrowings and interest rate swaps at 27 June 2020, a change in interest rates of +/-1% per annum with all other variables remaining constant would impact equity and after tax profit by the amounts shown below.

This analysis assumes that all other variables remain constant.

	Net Profit/(Loss)		Reserves		Net Equity	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	(3,500)	(2,485)	1,307	3,106	(2,193)	621
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	3,500	2,485	(1,336)	(3,344)	2,164	(859)

The Group amended its $750 million debt facility subsequent to year end. The details of this are included in Note 8.3. The floating rate under the amended facilities is a BBSY plus margin of 4.5 per cent. The outstanding debt balance of $750 million is unchanged. Under the amended facility the interest rate sensitivity analysis remains unchanged.

(c) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in foreign currency rates.

The Group has transactional currency risk; such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The foreign currency contracts are being used to reduce the exposure to the foreign exchange risk.

As at the end of the reporting period, the Group had the following exposure to foreign exchange risk:

	2020 $'000	2019 $'000
Receivables:		
Foreign exchange receivables and forward contracts	–	3,422
Payables:		
Foreign exchange payables and forward contracts	–	(3,477)
Net exposure	–	(55)

Based on the Group's financial instruments held at 27 June 2020, had the Australian dollar weakened/strengthened by 10 per cent against the US dollar, Euro, UK pound and New Zealand dollar, with all other variables held constant, the Group's equity and after tax profit for the year would not have changed significantly. The analysis was performed on the same basis as 2019 and ignores any impact of forecasted sales and purchases.

Notes to the Financial Statements for the year ended 27 June 2020

Section 7:
Group Structure

7.1. Equity Accounted Investees

	2020 $'000	2019 $'000
Non-current		
Investments in associates and jointly controlled entities	**9,513**	12,850

Accounting Policy

An associate is an entity, other than a subsidiary, over which the Group has significant influence but not control. Significant influence is the power to participate in the financial and operating decisions of the entity with shareholding generally up to 50 per cent of the voting rights.

A jointly controlled entity is an entity in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control.

Measurement

Interests in associates and jointly controlled entities are accounted for using the equity method. They are initially recognised at cost plus the investor's share of retained post-acquisition profits, impairment and other changes in net assets, until significant influence or joint control ceases.

Dividends received or receivable from equity accounted investees are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in an equity accounted investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Impairment

Equity accounted investees are tested for impairment annually or when indicators of impairments exist.

Information relating to associates and jointly controlled entities is set out in the tables below:

Name of entity	REF	Principal activities	Reporting date	Ownership interest 2020 %	2019 %
Crowdspark Limited (formerly Newzulu Limited)	[B]	Citizen journalism	30 June	–	21.9
Health Engine Pty Limited		Online health directory	30 June	**16.3**	16.3
New You Group Pty Limited (trading as Kochie's Money Makeover)	[C]	Provider of general financial advice	30 June	**0.2**	50.0
NPC Media Pty Limited		Playout and content managements services	30 June	**50.0**	50.0
Oscar Winter Pty Limited	[A]	Online retail jewellery business	30 June	–	33.3
Oztam Pty Limited		Ratings service provider	31 December	**33.3**	33.3
Starts at 60 Pty Limited		Online social network for seniors	30 June	**35.3**	35.3
TX Australia Pty Limited		Transmitter facilities provider	30 June	**50.0**	50.0

[A] Oscar Winter Pty Limited was derigstered on 18 December 2019.
[B] Crowdspark Limited was placed into voluntary administration on 17 July 2018.
[C] Following share issue by New You Group Pty Limited, the shareholding in the investment was diluted from 50.0 per cent to 0.2 per cent.

Notes to the Financial Statements for the year ended 27 June 2020

7.1. Equity Accounted Investees (continued)

Below is the summarised financial information for the Group's remaining associates and jointly controlled investments.

	REF	2020 $'000	2019 $'000
Net profit (loss) for the year (continuing operations)		**(7,279)**	(16,453)
Group's share of profit for the year	[A]	**1,203**	1,141

[A] Share of profit (loss) is based on ownership percentage up to 50 per cent for each equity accounted investee.

	REF	2020 $'000	2019 $'000
Movements in carrying amount of equity accounted investees			
Carrying amount at the beginning of the financial year		**12,850**	3,445
Impairment of equity accounted investees (refer note 2.4)		**–**	(2,252)
Share of profit of investees after tax		**1,203**	1,141
Dividends received		**(5,100)**	(880)
Acquisitions and other movements		**560**	11,396
Carrying amount at the end of the financial year		**9,513**	12,850

The carrying amount of each investment is based on the fair value of investments at acquisition date adjusted for equity accounted profits, dividends, impairments and any other movement since acquisition.

The Group has not recognised losses in relation to its interests in equity accounted investees as the Group has no obligation in respect of these losses.

7.2. Investments in Controlled Entities

Accounting Policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Seven West Media Limited as at 27 June 2020 and the results of all subsidiaries for the year then ended. Seven West Media Limited and its subsidiaries together are referred to in this financial report as the Group.

The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described above.

	Notes	Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
7Beyond Media Rights Limited		Ireland	**51**	51
Albany Advertiser Pty Ltd	[A]	Australia	**100**	–
Australian National Television Pty Limited	[C]	Australia	**100**	100
Australian Regional Broadcasters Pty Ltd	[A]	Australia	**–**	100
Australian Television International Pty Limited	[C]	Australia	**100**	100
Australian Television Network Limited	[C]	Australia	**100**	100
BTTR Production Pty Limited	[N]	Australia	**100**	–
BTW Productions Pty Limited	[K]	Australia	**100**	100
Channel Seven Adelaide Pty Limited	[C]	Australia	**100**	100
Channel Seven Brisbane Pty Limited	[C]	Australia	**100**	100
Channel Seven Melbourne Pty Limited	[C]	Australia	**100**	100
Channel Seven Perth Pty Limited	[C]	Australia	**100**	100
Channel Seven Queensland Pty Limited	[C]	Australia	**100**	100
Channel Seven Sydney Pty Limited	[C]	Australia	**100**	100
Coast Australia Production Pty Limited		Australia	**70**	70
Cobbittee Publications Pty Limited	[C]	Australia	**100**	100
Colorpress Australia Pty Ltd	[A]	Australia	**100**	100
ColourPress Pty Ltd	[A]	Australia	**100**	100
Community Newspaper Group Limited	[L]	Australia	**100**	100
ComsNet Pty Ltd	[A]	Australia	**100**	100
Dansted and McCabe Holdings Pty Ltd	[A]	Australia	**100**	100
Dodds Street Properties Pty Limited	[C]	Australia	**100**	100
Edinburgh Military Tattoo Sydney Production Pty Ltd		Australia	**100**	100
Endurance Media Limited		New Zealand	**70**	70
Fam Time Productions Pty Limited	[M]	Australia	**100**	100
Faxcast Australia Pty Limited	[C]	Australia	**100**	100
Geraldton FM Pty Ltd	[A]	Australia	**–**	100
Geraldton Newspapers Pty Ltd	[A]	Australia	**100**	100
Great Northern Broadcasters Pty Ltd	[A]	Australia	**–**	100
Great Southern Film and Television Pty Limited		Australia	**70**	70
Great Southern Television Limited		New Zealand	**70**	70
Harlesden Investments Pty Ltd	[A]	Australia	**100**	100
Herdsman Print Centre Pty Ltd	[A]	Australia	**100**	100
Herdspress Leasing Pty Ltd	[A]	Australia	**100**	100
Hocking & Co. Pty Ltd	[A]	Australia	**100**	100
Hybrid Television Services (ANZ) Pty Limited	[I]	Australia	**100**	100
Impact Merchandising Pty Limited	[E]	Australia	**100**	100
Jupelly Pty Limited	[C]	Australia	**100**	100
Kenjins Pty Limited	[C]	Australia	**100**	100

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest 2020 %	2019 %
Media Beach Pte. Limited		Singapore	–	50
North West Radio Pty Ltd	[A]	Australia	–	100
Seven Publishing MM Pty Limited (Formerly Pacific MM Pty Limited)	[C]	Australia	**100**	100
Seven Publishing Pty Limited (Formerly Pacific Magazines Pty Limited)	[C]	Australia	**100**	100
Pacific Magazines Trust		Australia	**100**	100
Seven Publishing (No 2) Pty Limited (Formerly Pacific Magazines (No. 2) Pty Limited)	[C]	Australia	**100**	100
Seven Publishing NZ Limited (Formerly Pacific Magazines NZ Limited)		New Zealand	**100**	100
Seven Publishing NZ Merchant Company Limited (Formerly Pacific Magazines NZ Merchant Company Limited)		New Zealand	**100**	100
Seven Publishing (PP) Pty Limited (Formerly Pacific Magazines (PP) Pty Ltd)	[C]	Australia	**100**	100
Seven Publishing (PP) Holdings Pty Limited (Formerly Pacific Magazines (PP) Holdings Pty Ltd)	[C]	Australia	**100**	100
Seven Publishing (No 1) Pty Limited (Formerly Pacific Magazines (WHO) Pty Ltd)		Australia	**100**	100
Quokka Press Pty Ltd	[A]	Australia	**100**	100
Quokka West Pty Ltd	[A]	Australia	**100**	100
Red Music Publishing Pty Limited	[D]	Australia	**100**	100
Red Publishing Pty Limited	[C]	Australia	**100**	100
Redwave Media Pty Ltd	[A]	Australia	–	100
Riverlaw Holdings Pty Limited	[A]	Australia	**100**	100
SBB Productions Pty Limited	[K]	Australia	**100**	100
Seven DS Holdings Pty Ltd	[I]	Australia	**100**	100
Seven Facilities Pty Ltd	[H]	Australia	**100**	100
Seven Investment Holding Pty Limited		Australia	**100**	–
Seven Investment Holding USA LLC		United States of America	**100**	100
Seven Magazines Pty Limited	[C]	Australia	**100**	100
Seven Network (Operations) Limited	[C]	Australia	**100**	100
Seven Network Programming Pty Limited	[C]	Australia	**100**	100
Seven Productions NZ Limited		New Zealand	**100**	100
Seven Regional Operations Pty Limited	[C]	Australia	**100**	100
Seven Rights Pty Ltd	[J]	Australia	**100**	100
Seven Satellite Operations Pty Limited	[G]	Australia	**100**	100
Seven Satellite Pty Limited	[C]	Australia	**100**	100
Seven Studios Distribution Pty Ltd	[J]	Australia	**100**	100
Seven Studios Holdings Pty Ltd	[I]	Australia	**100**	100
Seven Studios Pty Limited	[F]	Australia	**100**	100
Seven Television Australia Limited	[C]	Australia	**100**	100
Seven Ventures Pty Limited		Australia	**100**	–
Seven West Studios Limited		United Kingdom	**100**	100
Seven West Media Investments Pty Limited	[C]	Australia	**100**	100
Slim Film & TV Limited		United Kingdom	–	25
Slim 80 Days Limited		United Kingdom	–	25

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest 2020 %	2019 %
Slim Mystic Limited		United Kingdom	–	25
SMG H1 Pty Limited	[B]	Australia	**100**	100
SMG H2 Pty Limited	[B]	Australia	**100**	100
SWM Finance Pty Limited	[B]	Australia	**100**	100
SWM Media Holdings Pty Ltd	[I]	Australia	**100**	100
SMG H4 Pty Limited	[C]	Australia	**100**	100
SMG H5 Pty Limited	[C]	Australia	**100**	100
South West Printing and Publishing Company Ltd	[A]	Australia	**100**	100
Southdown Publications Pty Limited	[C]	Australia	**100**	100
Spirit Radio Network Pty Ltd	[A]	Australia	–	100
Sunshine Broadcasting Network Limited	[C]	Australia	**100**	100
The Seven Publishing Plus Company Pty Limited (Formerly The Pacific Plus Company Pty Limited)	[C]	Australia	**100**	100
W.A. Broadcasters Pty Ltd	[A]	Australia	**100**	100
WAN Cinemas Pty Limited	[A]	Australia	**100**	100
West Australian Entertainment Pty Ltd	[A]	Australia	**100**	100
West Australian Newspapers Limited	[A]	Australia	**100**	100
West Central Seven Limited	[C]	Australia	**100**	100
Western Mail Pty Ltd	[A]	Australia	**100**	100
Western Mail Operations Pty Ltd	[A]	Australia	**100**	100
Westroyal Pty Ltd	[A]	Australia	**100**	100
Wide Bay – Burnett Television Limited	[C]	Australia	**100**	100
Zangerside Pty Limited	[C]	Australia	**100**	100
Zed Holdings Pty Limited	[C]	Australia	**100**	100

The class of all shares is ordinary and the entities entered into the Deed of Cross Guarantee with Seven West Media Limited under ASIC Corporations (wholly-owned companies) instrument 2016/785 by Assumption Deed on 8 April 2004. The dates below show when the deed was amended:

[A] Prior to 30 June 2009.
[B] 20 June 2011.
[C] 26 June 2012.
[D] 18 April 2013.
[E] 30 September 2013.
[F] 1 May 2015.
[G] 16 June 2015.
[H] 31 March 2016.
[I] 1 December 2016.
[J] 12 May 2017.
[K] 5 February 2019.
[L] 24 June 2019.
[M] 24 April 2019.
[N] 25 November 2019.

Pursuant to ASIC Corporations (wholly-owned companies) instrument 2016/785, certain wholly-owned subsidiaries, as noted above, are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the 'Holding Entity' and each of the wholly-owned subsidiaries enter into a Deed of Cross Guarantee under which each company guarantees the debts of the others.

Seven West Media Limited and its subsidiaries represent a 'Closed Group' for the purposes of the Seven West Media Limited Class Order, and as there are no other parties to its Deed of Cross Guarantee that are controlled by Seven West Media Limited, they also represent the 'Extended Closed Group.'

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

The consolidated statement of profit or loss and other comprehensive income for the year ended 27 June 2020 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2020 $'000	Restated[1 2 3] 2019 $'000
Statement of profit or loss and other comprehensive income		
Continuing operations		
Revenue	**1,196,747**	1,403,370
Other income	**676**	3,615
Revenue and other income	**1,197,423**	1,406,985
Expenses	**(1,101,270)**	(1,194,993)
Impairment of intangible assets	**(67,558)**	(477,972)
Impairment of investments and other assets	**(137,332)**	(64,507)
Costs related to investments	**(9,242)**	–
Net gain on disposal of investments	**11,012**	–
Net gain (loss) on assets disposed	**9,439**	–
Net loss on sale of asset held for sale	**–**	(16,750)
Redundancy and restructure costs	**(12,000)**	(20,388)
Other	**(9,447)**	–
Onerous contracts	**(136,864)**	(20,963)
Net gain (loss) on disposal of investments and controlled entities	**–**	(1,000)
Share of net profit of equity accounted investees	**1,203**	1,141
Profit (loss) before net finance costs and tax	**(254,636)**	(388,447)
Finance costs	**(42,106)**	(49,545)
Write off of unamortised refinancing cost	**–**	(8,587)
Finance income	**1,513**	1,419
Profit (loss) before tax from continuing operations	**(295,229)**	(445,160)
Tax benefit	**91,284**	116,935
Profit (loss) for the year from continuing operations	**(203,945)**	(328,225)
Discontinued operations		
Profit (loss) after tax for the year from discontinued operations	**38,914**	4,380
Profit (loss) for the year	**(165,031)**	(323,845)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**659**	(3,536)
Exchange differences on translation of foreign operations	**132**	158
Tax relating to items that may be reclassified subsequently to profit or loss	**(198)**	1,061
Items that will not be reclassified to profit or loss:		
Net change in fair value of financial assets at fair value through other comprehensive income	**(4,537)**	–
Tax relating to items that will not be reclassified subsequently to profit or loss	**1,278**	–
Other comprehensive income for the year, net of tax	**(2,666)**	(2,317)
Total comprehensive income (expense) for the year	**(167,697)**	(326,162)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail
3 Information has been restated and presented on a continuing operations basis. For details on the Group's discontinued operations refer to Note 8.4

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 27 June 2020 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2020 $'000	Restated[1 2] 2019 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**347,282**	88,446
Trade and other receivables	**154,411**	260,988
Program rights and inventories	**135,560**	193,238
Other assets	**13,295**	12,316
Total current assets	**650,548**	554,988
Non-current assets		
Program rights	**41,042**	15,858
Equity accounted investees	**9,513**	12,850
Other financial assets	**78,188**	59,604
Property, plant and equipment	**51,345**	126,487
Intangible assets	**483,501**	565,395
Right of use assets	**87,413**	116,880
Other assets	**13,197**	8,047
Total non-current assets	**764,199**	905,121
Total assets	**1,414,747**	1,460,109
LIABILITIES		
Current liabilities		
Trade and other payables	**223,753**	275,083
Lease liabilities	**9,283**	7,679
Provisions	**128,526**	105,425
Deferred Income	**36,662**	23,340
Current tax liabilities	**1,006**	2,160
Total current liabilities	**399,230**	413,687
Non-current liabilities		
Trade and other payables	**5,188**	10,011
Lease liabilities	**214,198**	167,285
Provisions	**229,427**	147,681
Contract liabilities	**12,192**	12,792
Deferred tax liabilities	**49,565**	143,774
Borrowings	**749,268**	653,839
Total non-current liabilities	**1,259,838**	1,135,382
Total liabilities	**1,659,068**	1,549,069
Net assets	**(244,321)**	(88,960)

Notes to the Financial Statements for the year ended 27 June 2020

7.2. Investments in Controlled Entities (continued)

	2020 $'000	Restated[1 2] 2019 $'000
EQUITY		
Share capital	**3,350,419**	3,337,069
Reserves	**(36,948)**	(35,108)
Non-controlling interest	**3,522**	365
Accumulated deficit	**(3,561,314)**	(3,391,286)
Total equity	**(244,321)**	(88,960)

Comparative financial information has been restated for the following:

1 The Group has adopted AASB 16. Refer to Note 8.6 for more detail.
2 The Group has adopted amendments to AASB 112. Refer to Note 8.6 for more detail.

7.3. Parent Entity Financial Information

Accounting Policy

The financial information for the Parent Entity, Seven West Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements.

(ii) Dividends received
Dividends received from subsidiaries are recognised in profit and loss.

(iii) Financial guarantees
Where the Parent Entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

7.3A. Summary of financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	Parent entity	
	2020 $'000	2019 $'000
Financial position of parent entity at year end		
Current assets	**523**	–
Total assets	**1,695**	105,840
Current liabilities	**346**	2,702
Total liabilities	**346**	2,702
Total equity of the parent entity comprising of;		
Share capital	**3,405,666**	3,393,546
Reserves		
Asset revaluation reserve	**8,352**	8,352
Equity compensation reserve	**3,795**	3,797
Accumulated deficit	**(3,954,775)**	(3,840,868)
Profits reserve	**538,311**	538,311
	1,349	103,138
Result of parent entity		
Profit (loss) for the year	**(113,907)**	(386,441)
Total comprehensive income (expense) for the year	**(113,907)**	(386,441)

Notes to the Financial Statements for the year ended 27 June 2020

7.3B. Guarantees entered into by the parent entity

The Parent Entity has provided financial guarantees in respect of borrowings of a subsidiary amounting to $nil (2019: $nil).

There are cross guarantees given by Seven West Media Limited and its subsidiaries described in note 7.2.

7.3C. Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 27 June 2020 or 29 June 2019.

7.3D. Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity had no contractual commitments for the acquisition of property, plant or equipment as at 27 June 2020 or 29 June 2019.

7.4. Business Combinations

Accounting Policy

Accounting for acquisitions and business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

No business acquisitions were made during the year ended 27 June 2020.

Acquisitions in 2019

7Beyond Media Rights Limited and Community Newspaper Group Limited.

The Group acquired an additional 1 per cent of the voting shares in 7Beyond Media Rights Limited (7Beyond) on 26 March 2019. The company is non-listed company domiciled in Ireland. In addition the Group acquired the remaining 50.1 per cent of the voting shares in Community Newspaper Group Ltd (CNG) on 24 May 2019, a non-listed company in Australia. This resulted in control of these investments and have been consolidated since those dates.

The Group has elected to measure non-controlling interest 7Beyond at the non-controlling interest's proportionate share of the acquiree's identified assets.

The Group has elected to measure non-controlling interest in 7Beyond at the proportionate share of the acquiree's fair value.

The goodwill of $8,694,000 comprises the value of expected synergies arising from the acquisitions and intellectual property, which is not separately recognised in 7Beyond. The goodwill was fully impaired in the year ended 29 June 2019. None of the goodwill recognised is expected to be deductible for income tax purposes.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

	Fair value recognised on acquisition $'000
Assets	
Cash and cash equivalents	1,446
Trade and other receivables	6,529
Program rights and inventories	828
Other assets	228
Property, plant and equipment	9
Deferred tax assets	2,133
Total assets	**11,173**
Liabilities	
Trade and other payables	(3,254)
Provisions	(4,891)
Deferred Income	(3,258)
Borrowings	(1,785)
Total liabilities	**(13,188)**
Total identifiable net liabilities at fair value	(2,015)
Non-controlling interest	(2,521)
Fair value of previously held interest	(2,572)
Goodwill arising on acquisition	8,694
Fair value of consideration transferred	**1,586**

There have been no changes in 2020 to the preliminary calculations.

Notes to the Financial Statements for the year ended 27 June 2020

7.5. Related Party Transactions

7.5A Transactions with related parties

The following transactions occurred with related parties during the financial year:

	2020 $'000	2019 $'000
Sale of goods, advertising and other services		
Equity accounted investees	**516**	4,349
Other related entities	**7,121**	7,998
Dividend revenue		
Equity accounted investees	**5,100**	880
Purchase of goods, advertising and other services		
Equity accounted investees	**22,920**	7,333
Other related entities	**25,110**	2,274
Shareholder contribution		
Equity accounted investees	**2,393**	2,000
Other related entities	**–**	–

7.5B Outstanding balances arising from sales/purchases of goods, advertising and other services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2020 $'000	2019 $'000
Current receivables (sale of goods, advertising and other services)		
Equity accounted investees	**–**	33
Other related entities	**44**	460
Current payables (purchase of goods, advertising and other services)		
Equity accounted investees	**1,502**	–
Other related entities	**84**	–

(i) There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

7.5C Parent entity

Seven West Media Limited is the ultimate Australian parent entity within the Group. There are no financial guarantees in respect of borrowings of a subsidiary, no contingent liabilities and no contractual commitments.

7.5D Subsidiaries

Interests in subsidiaries are set out in note 7.2.

7.5E Key management personnel

Transactions were entered into during the financial year with the Directors of Seven West Media Limited and its controlled entities or with Director-related entities, which:

i. occurred within a normal customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
ii. do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
iii. are minor or domestic in nature.

The following transactions occurred with Key Management Personnel (KMP) related parties:

Notes to the Financial Statements for the year ended 27 June 2020

7.5. Related Party Transactions (continued)

	2020 $'000	2019 $'000
Revenues	–	–
Expenses	657	394

There were no receivable or payable balances at 27 June 2020 relating to transactions with KMP related parties that have not already been disclosed in the prior tables.

Terms and conditions

Transactions were made on normal commercial terms and conditions.

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment superannuation fund on their behalf (refer to the Remuneration Report on pages 48 to 70).

Executive officers also participate in the Group's Equity Incentive Plan for 2018, 2019 and 2020 (refer Note 6.5).

	2020 $'000	2019 $'000
Key management personnel compensation		
Short-term employee benefits	6,103	7,462
Post-employment benefits		
Superannuation	230	250
Termination benefits	2,926	–
Share-based payments	(6)	1,052
Other long-term benefits	96	105
	9,349	8,869

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the Remuneration Report on pages 48 to 70.

Other transactions with key management personnel

A number of Directors of Seven West Media Limited also hold directorships with other corporations which provide and receive goods or services to and from the Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct personal benefit from the transactions between the Group and these corporations.

Apart from the details disclosed in this note, no Director or KMP has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' or KMP interests existing at year end.

Notes to the Financial Statements for the year ended 27 June 2020

Section 8: Other

8.1. Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

	2020 $	2019 $
Auditors of the Company – KPMG		
Audit or review of the financial statements	**555,666**	510,035
(i) Assurance services		
Regulatory assurance services	**15,948**	15,531
Other assurance services	**8,396**	46,079
Total remuneration for audit and other assurance services	**580,010**	571,645
(i) Other services		
Taxation advice and compliance services	**217,287**	–
Transaction services	**225,455**	–
Total other services	**442,742**	–
Total remuneration of KPMG Australia	**1,022,752**	571,645

8.2. Contingent Liabilities

The Group's tax liabilities have been calculated based on currently enacted legislation. Any changes to the tax law or interpretations (including proposed changes already announced) may require changes to the calculation of the tax balances shown in the financial statements.

Participation in media involves particular risks associated with defamation litigation and litigation to protect media rights. The nature of the Group's activities is such that, from time to time, claims are received or made by the Group. The directors are of the opinion that there are no material claims that require disclosure of such a contingent liability.

8.3. Events Occurring After The Reporting Date

On 30 July 2020 the Group announced it had amended its $750 million banking facilities with the existing lender group.

A syndicated secured facility agreement has been entered into with maturities in July 2022 ($450 million) and December 2022 ($300 million). Under the terms of the new agreement the existing leverage and interest cover ratios are replaced by a minimum liquidity requirement and a minimum EBITDA test (from March 2021) until 31 December 2021 at which time leverage and interest cover covenants are reinstated. The amended interim covenants provide the Group with the flexibility required to complete the transformation program that was commenced during FY20.

The amended facilities are secured via a General Security Deed and come at an increased cost (margin of 4.5 per cent), plus up front fees.

Subsequent to year end the Group reclassified their equity accounted investment in TX Australia Pty Limited to assets held for sale. The Group holds 50 per cent of the shares in TX Australia Pty Limited.

Further government actions in response to COVID-19 pandemic

Subsequent to year end, the impact of COVID-19 pandemic continues to evolve. The Victorian government implemented a Stage 4 lockdown across parts of Victoria, including Melbourne. The Queensland government also announced temporary reclosing of the Queensland border to NSW and ACT residents.

The Group continues to monitor market conditions in light of government decisions, and is focused on continuing to deliver on their cost out strategy into FY21. Transformation remains a core pillar of the Group's strategy.

The Group uses best estimate assumptions in the development of projections which include benchmarking against independently sourced information for key assumptions such as the metropolitan free-to-air advertising market. The key assumption, which remains uncertain and which may be material, is the timing and extent of the advertising market recovery from COVID-19.

Notes to the Financial Statements for the year ended 27 June 2020

8.4. Discontinued Operations

8.4.1 Discontinued Operations – Pacific Segment

On the 1 May 2020, the Group announced the completion of the sale of the Pacific Magazines assets to Bauer for a sale price of $40 million adjusted for working capital, leave provisions as well as $6.6 million in advertising in Bauer publications. Total cash proceeds received after adjustments to the sale price was $35.9 million.

With Pacific Magazines being classified as a discontinued operation, the Pacific segment is no longer presented in the segment note.

The results of Pacific segment for the year are presented below:

8.4.1A Results of the discontinued operation:

	2020 $'000	2019 $'000
Revenue from contracts with customers	**93,462**	129,432
Expenses	**(91,771)**	(122,696)
Gain on sale of discontinued operation	**38,596**	–
Operating income	**40,287**	6,736
Finance Costs	**(2,140)**	(2,111)
Profit (loss) before tax	**38,147**	4,625
Tax Expense	**(240)**	(1,323)
Profit (loss) for the year from discontinued operations	**37,907**	3,302

8.4.1B Net gain on sale of discontinued operation:

The Group recognised a gain on sale of $38.6 million, being proceeds from sale of $40 million adjusted for transaction costs associated with the sale of $2.5 million, net assets disposed $1.0 million offset by net advertising gain of $3 million and post completion working capital adjustments of $0.9 million.

8.4.1C Cash flows of the discontinued operation:

The net cash flows incurred by Pacific Magazines are, as follows:

	2020 $'000	2019 $'000
Operating cash flows	**51**	2,640
Investing cash flows	**160**	(2,194)
Financing cash flows	**(82)**	(66)
Net cash (outflow) inflow	**129**	380
Net cash inflow on disposal		
Cash consideration (net of associated costs)	**35,865**	–
Net cash inflow associated with the discontinued operation	**35,994**	380

Notes to the Financial Statements for the year ended 27 June 2020

8.5. Summary of Other Significant Accounting Policies

Accounting Policy

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (AUD), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

Finance income and costs

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. It comprises income on funds invested and fair value gains on financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, the ineffective portion of cash flow hedges and fair value losses on financial assets at fair value through profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

8.6. Changes in Accounting Policies and Disclosures

8.6.1 New and amended standards and interpretations issued but not yet effective

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

8.6.2 Tentative agenda decisions that if issued will impact the Group in the current and prior period

There are no tentative agenda decisions issued at year end that are expected to have a material impact on the Group in the current and prior period.

8.6.3 New and amended standards and interpretations

The following accounting standards and interpretations have been issued and are effective for the Group for the period beginning 30 June 2019.

AASB 16 Leases

The impact of the adoption of AASB 16 on the Group's consolidated financial statements are detailed in Note 8.6.4.

AASB 112 Income Taxes

In April 2020, the IFRS interpretation committee published agenda decision Multiple Tax Consequences of Recovering an Asset (AASB 112 Income Taxes) which considers how an entity determines the tax base of an asset with two distinct tax consequences over its life (taxable economic benefits from use and capital gains on disposal or expiry). The Group identified that assets which would fall into the category above include Television Licences which at 27 June 2020 had a carrying value after impairment of $461.8 million (29 June 2019: $540.7 million).

The decision proposes that in these circumstances an entity identifies independent temporary differences (and deferred taxes) that reflect these distinct tax consequences.

The Group has considered the impact of the accounting policy change on the results reported in the current and comparative reporting periods and applied to the Group. The Group has retrospectively adjusted the deferred tax accounting for acquired indefinite life assets, specifically Television and Radio Licences. As at 27 June 2020, the impact of this change in accounting policy was an increase deferred tax liabilities by $138.5 million (29 June 2019: $162.2 million).

Several other amendments and interpretations apply for the Group for the first time for the period beginning 30 June 2019, but do not have an impact on the consolidated financial statements of the Group.

8.6.4 Accounting policies adopted during the period

AASB 16 Leases

On adoption of AASB 16, the Group recognised right of use assets and lease liabilities on the statement of financial position in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. In the statement of profit or loss and other comprehensive income, the rental charge is now replaced by depreciation of the right of use asset and interest on the lease liability

The impact of the adoption of AASB 16 is disclosed in Note 8.6.4A to 8.6.4F, and Note 8.6.5. Specifically, the tables in Note 8.6.4A and 8.6.4F set out the line-by-line impact of AASB 16 on the comparative period statement of profit or loss and other comprehensive income for the year ended 27 June 2020, and the comparative period statement of financial position as at 29 June 2019 and 30 June 2018.

Notes to the Financial Statements for the year ended 27 June 2020

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.4.A Impact on Consolidated Statement of Profit of Loss and Other Comprehensive Income

		For the year ended 29 June 2019				
	REF	Reported $'000	AASB 16 Impact $'000	Amend-ments to AASB 112 Impact $'000	Discontinued Operations Impact $'000	Restated $'000
Continuing Operations						
Revenue		1,552,810	–	–	(129,422)	**1,423,388**
Other income		3,624	–	–	(9)	**3,615**
Revenue and other income from continuing operations		1,556,434	–	–	(129,431)	**1,427,003**
Expenses	[A]	(1,345,496)	9,318	–	120,846	**(1,215,332)**
Impairment of intangible assets		(477,972)	–	–	–	**(477,972)**
Impairment of investments and other assets		(64,507)	–	–	–	**(64,507)**
Net loss on sale of asset held for sale		(16,750)	–	–	–	**(16,750)**
Redundancy and restructure costs		(22,237)	–	–	1,849	**(20,388)**
Onerous contracts		(20,963)	–	–	–	**(20,963)**
Share of net profit of equity accounted investees		1,141	–	–	–	**1,141**
Profit (loss) before net finance costs and tax from continuing operations		(390,350)	9,318	–	(6,736)	**(387,768)**
Finance costs		(36,111)	(15,560)	–	2,111	**(49,560)**
Write off of unamortised refinancing cost		(8,587)	–	–	–	**(8,587)**
Finance income		1,419	–	–	–	**1,419**
Profit (loss) before tax from continuing operations		(433,629)	(6,242)	–	(4,625)	**(444,496)**
Tax benefit (expense)		(10,819)	1,896	124,500	1,323	**116,900**
Profit (loss) for the year from continuing operations		(444,448)	(4,346)	124,500	(3,302)	**(327,596)**
Discontinued operations						
Profit (loss) after tax for the year from discontinued operations		–	–	–	3,302	**3,302**
Profit (loss) for the year		(444,448)	(4,346)	124,500	–	**(324,294)**
Other comprehensive income (expense)						
Items that may be reclassified subsequently to profit or loss:						
Effective portion of changes in fair value of cash flow hedges		(3,536)	–	–	–	**(3,536)**
Exchange differences on translation of foreign operations		158	–	–	–	**158**
Tax relating to items that may be reclassified subsequently to profit or loss		1,061	–	–	–	**1,061**
Other comprehensive income (expense) for the year, net of tax		(2,317)	–	–	–	**(2,317)**
Total comprehensive income (expense) for the year		(446,765)	(4,346)	124,500	–	**(326,611)**
Total comprehensive income (expense) attributable to:						
Owners of the Company		(446,798)	(4,346)	124,500	–	**(326,644)**
Non-controlling interests		33	–	–	–	**33**
Total comprehensive income (expense) for the year		(446,765)	(4,346)	124,500	–	**(326,611)**
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company						
Basic earnings per share		(29.5 cents)				**(21.5 cents)**
Diluted earnings per share		(29.5 cents)				**(21.5 cents)**

[A] AASB 16 impact on expenses includes decrease in rental expense relating to operating leases of $19,878,000 and increase in depreciation and amortisation of $10,560,000.

Notes to the Financial Statements for the year ended 27 June 2020

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.4B Impact on Consolidated Statement of Financial Position

	As at 29 June 2019				As at 30 June 2018			
	Reported $'000	AASB 16 Impact $'000	Amend–ments to AASB 112 Impact $'000	Restated $'000	Reported $'000	AASB 16 Impact $'000	Amend–ments to AASB 112 Impact $'000	Restated $'000
ASSETS								
Current assets								
Cash and cash equivalents	90,455	–	–	**90,455**	142,163	–	–	**142,163**
Trade and other receivables	262,798	–	–	**262,798**	276,986	–	–	**276,986**
Current tax receivable	–	–	–	**–**	9,119	–	–	**9,119**
Program rights and inventories	196,835	–	–	**196,835**	205,068	–	–	**205,068**
Asset held for sale	–	–	–	**–**	35,500	–	–	**35,500**
Other assets	12,454	–	–	**12,454**	7,070	–	–	**7,070**
Total current assets	562,542	–	–	**562,542**	675,906	–	–	**675,906**
Non–current assets								
Program rights	15,857	–	–	**15,857**	2,169	–	–	**2,169**
Equity accounted investees	12,850	–	–	**12,850**	3,445	–	–	**3,445**
Other financial assets	60,552	–	–	**60,552**	28,384	–	–	**28,384**
Property, plant and equipment	126,554	–	–	**126,554**	141,572	–	–	**141,572**
Intangible assets	565,478	–	–	**565,478**	1,033,962	–	–	**1,033,962**
Right of use assets	–	117,051	–	**117,051**	–	124,187	–	**124,187**
Deferred tax assets	1,759	11,908	(13,667)	**–**	–	10,035	(10,035)	**–**
Other assets	7,178	–	–	**7,178**	6,968	–	–	**6,968**
Total non–current assets	790,228	128,959	(13,667)	**905,520**	1,216,500	134,222	(10,035)	**1,340,687**
Total assets	1,352,770	128,959	(13,667)	**1,468,062**	1,892,406	134,222	(10,035)	**2,016,593**
LIABILITIES								
Current liabilities								
Trade and other payables	289,749	(18,170)	–	**271,579**	280,247	(18,323)	–	**261,924**
Lease liabilities	–	7,744	–	**7,744**	–	6,635	–	**6,635**
Provisions	105,425	–	–	**105,425**	104,477	–	–	**104,477**
Deferred income	28,560	–	–	**28,560**	26,858	–	–	**26,858**
Current tax liabilities	1,575	–	–	**1,575**	–	–	–	**–**
Total current liabilities	425,309	(10,426)	–	**414,883**	411,582	(11,688)	–	**399,894**
Non–current liabilities								
Trade and other payables	10,011	–	–	**10,011**	29,785	–	–	**29,785**
Lease liabilities	–	167,414	–	**167,414**	–	169,593	–	**169,593**
Provisions	147,681	–	–	**147,681**	137,186	–	–	**137,186**
Contract liabilities	12,792	–	–	**12,792**	–	–	–	**–**
Deferred tax liabilities	–	–	148,531	**148,531**	10,959	–	276,663	**287,622**
Borrowings	653,839	–	–	**653,839**	769,851	–	–	**769,851**
Total non–current liabilities	824,323	167,414	148,531	**1,140,268**	947,781	169,593	276,663	**1,394,037**
Total liabilities	1,249,632	156,988	148,531	**1,555,151**	1,359,363	157,905	276,663	**1,793,931**
Net assets	103,138	(28,029)	(162,198)	**(87,089)**	533,043	(23,683)	(286,698)	**222,662**

Notes to the Financial Statements for the year ended 27 June 2020

8.6. Changes in Accounting Policies and Disclosures (continued)

	As at 29 June 2019				As at 30 June 2018			
	Reported $'000	AASB 16 Impact $'000	Amend–ments to AASB 112 Impact $'000	Restated $'000	Reported $'000	AASB 16 Impact $'000	Amend–ments to AASB 112 Impact $'000	Restated $'000
EQUITY								
Share capital	3,393,546	–	–	**3,393,546**	3,393,546	–	–	**3,393,546**
Reserves	14,640	–	–	**14,640**	545	–	–	**545**
Non–controlling interests	398	–	–	**398**	(1,071)	–	–	**(1,071)**
Accumulated deficit	(3,305,446)	(28,029)	(162,198)	**(3,495,673)**	(2,859,977)	(23,683)	(286,698)	**(3,170,358)**
Total equity	103,138	(28,029)	(162,198)	**(87,089)**	533,043	(23,683)	(286,698)	**222,662**

8.6.4C Impact on Consolidated Statement of Cash Flows

AASB 16 has no impact on the total cash flow for the period ended 29 June 2019 or cash and cash equivalents at the end of the same period. Cash flows related to operating activities increased as operating lease rental expenses are no longer recognised as operating cash outflows. Cash outflows are instead split between interest paid on lease liabilities in operating cash flows and principal repayments on lease liabilities in financing cash flows as shown in the below extract. Line items that were not affected by the change in accounting policy have not been included below.

	For the year ended 29 June 2019		
	Reported $'000	AASB 16 Impact $'000	Restated $'000
Cash flows related to operating activities			
Payments to suppliers and employees	(1,585,206)	20,296	(1,564,910)
Interest paid on lease liability	–	(14,496)	(14,496)
Net operating cash flows	**110,106**	**5,800**	**115,906**
Cash flows related to financing activities			
Payment of lease liabilities	–	(5,800)	(5,800)
Net financing cash flows	**(126,427)**	**(5,800)**	**(132,227)**
Net increase (decrease) in cash and cash equivalents	**(51,708)**	**–**	**(51,708)**

8.6.4D Impact on segment disclosures

The following operating segments were affected by the change in accounting policy:

	For the year ended 29 June 2019 AASB 16 Impact*					
	Reported Total $'000	Television $'000	The West $'000	Other Business and New Ventures $'000	Pacific Discontinued Operation[1] $'000	Restated Total[1] $'000
Expenses	(1,299,578)	17,372	88	120	2,290	(1,279,708)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation	**257,997**	**17,372**	**88**	**120**	**2,290**	**277,867**
Depreciation and amortisation	(31,467)	(9,514)	(80)	(77)	(882)	(42,020)
Profit (loss) before significant items, net finance costs and tax	**226,530**	**7,858**	**8**	**43**	**1,408**	**235,847**

* Corporate is not an operating segment and was not affected by the change in accounting policy.
1 The above table has not been restated for Discontinued Operations relating the the Pacific Segment. Refer to Note 8.4.

Notes to the Financial Statements for the year ended 27 June 2020

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.4E Reconciliation of operating lease commitments to lease liabilities on 29 June 2019

	$'000
Operating lease commitments disclosed as at 29 June 2019	**155,912**
Discounted using the lessee's incremental borrowing rate at the date of initial application	93,139
(Less): short-term and low value leases recognised on a straight line basis as expense	(2,053)
Add/(less): adjustments as a result of a different treatment of extension options	84,072
Lease liability recognised as at 29 June 2019	**175,158**
Of which are:	
Current lease liabilities	7,744
Non-current lease liabilities	167,414
	175,158

8.6.4F Amounts recognised in profit or loss

	2020 $'000	2019 $'000
Included in continuing operations:		
Interest on lease liabilities	**9,521**	9,338
Expenses relating to short-term leases	**134**	538
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**272**	1,086
Included in discontinued operations:		
Interest on lease liabilities	**5,210**	5,158
Expenses relating to short-term leases	**181**	222
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**364**	447

8.6.5 The Group's leasing activities and how these are accounted for

As a lessee

The Group leases various offices, equipment, transmission towers and satellites. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described in (iii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The Group recognises a right of use asset and a lease liability at the lease commencement date.

(i) Right of use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using a straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is tested for impairment if there are any indicators of impairment.

(ii) Lease liability

The lease liability is measured at the present value of the lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Notes to the Financial Statements for the year ended 27 June 2020

8.6. Changes in Accounting Policies and Disclosures (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option if the Group is reasonably certain to exercise;
- penalties for early termination if the lease term reflects the Group exercising a break option; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

(iii) Extension options

Extension options are included in a number of office and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(iv) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for leases where the total lease term is less than or equal to 12 months, or for leases considered to be low value. The payments for these leases are recognised in the statement of profit or loss on a straight-line basis over the lease term.

(v) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 30 June 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Directors' Declaration

For the year ended 27 June 2020

1. In the opinion of the Directors of Seven West Media Limited (the Company):
   a. the consolidated financial statements and notes that are set out on pages 72 to 132 and the Remuneration Report on pages 48 to 70 in the Directors' Report are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position as at 27 June 2020 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. As at the date of this declaration, there are reasonable grounds to believe that the Company and the members of the Extended Closed Group identified in Note 7.2 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee, described in Note 7.2, between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 27 June 2020.
5. The Directors draw attention to page 78 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

KM Stokes AC
Chairman
Sydney

25 August 2020

Independent Auditor's Report

To the shareholders of Seven West Media Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Seven West Media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

> giving a true and fair view of the Group's financial position as at 27 June 2020 and of its financial performance for the year ended on that date; and
> complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

> Consolidated statement of financial position as at 27 June 2020
> Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
> Notes including a summary of significant accounting policies
> Directors' Declaration.

The ***Group*** consists of Seven West Media Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

> Valuation of Television Licences
> Provision for onerous contracts
> Net liability position and basis of preparation

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

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Valuation of Television Licences

Refer to Note 4.1 Intangible Assets to the Financial Report

The key audit matter	How the matter was addressed in our audit
Valuation of the Television Licences is a Key Audit Matter due to: > The size of the asset, being the largest asset of the Group; > The level of judgement required by us in evaluating the estimates determined by the Group for forecast television advertising revenues and associated costs; and > The $61.6m current year period impairment charge. During the financial year the COVID-19 pandemic has had a significant impact on the Australian advertising market resulting in significant declines in Free To Air (FTA) television advertising revenue. Furthermore, the longer term level of growth in advertising revenue for commercial television networks continues to be challenged by changes in consumer viewing habits and use of alternative viewing platforms. The above factors create uncertainty in the key estimates used in the Television Licence value in use model, specifically: > FTA television advertising market growth rates – short, medium and long-term (terminal growth factor); > The Group's share of the Metro FTA advertising market; and > The discount rate.	Our procedures included: > Evaluating the short-, medium- and long-term forecasts for FTA television advertising market growth rates and the Group's share of the metro FTA advertising market, particularly considering the expected market conditions and factors present due to COVID-19. We assessed forecast FTA COVID-19 recovery assumptions, including the timing and extent of expected recovery, against actual results in recent months and subsequent to year end and broader views on expected Australian GDP recovery. We compared the longer term assumptions against historical actuals and industry reports. This procedure was performed with assistance from our valuation specialist. > Evaluating the key inputs to the discount rate, including the risk free rate, cost of debt, market participant gearing levels and industry beta, against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist. > Recalculating the impairment charge and comparing it against the recorded amount disclosed. > Assessing quantitative and qualitative disclosures in relation to the valuation by comparing these disclosures to our understanding of the valuation, the business and accounting standards requirements.

Independent Auditor's Report

KPMG

Provision for Onerous Contracts

Refer to Note 4.4 Provisions to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group routinely enters non-cancellable purchase contracts for television programs and sporting broadcast rights. Where there are changes in market conditions, the accounting standards require the Group to estimate the unavoidable minimum net obligation under these contracts to determine those contracts (if any) that are onerous and recognise an associated provision. Provision for onerous contracts is a Key Audit Matter due to: > The level of judgement required by us in evaluating the estimates determined by the Group for forecast economic benefits from each contract including future television advertising revenues; and > The $136.9m increase in the provision in the current year. The judgements required by us in evaluating the Group's estimation of the unavoidable minimum net obligations for onerous contracts include assessing: > The economic benefits expected to be received under the contract including future FTA revenues (impacted by the factors set out in the Valuation of Television Licences key audit matter); > The incremental costs of fulfilling the contract; and > The term and timing of the obligation where the contract period is contingent on factors outside of the Group's control. These estimation uncertainties increase the risk of inaccurate forecasting which gives rise to greater audit complexity.	Our procedures included the following for significant purchase contracts for television programs and sporting broadcast rights: > Assessing the Group's determination of economic benefits expected to be received under each contract, particularly considering the expected market conditions and factors present due to COVID-19. We compared the forecast benefits to the historical results on similar television programs and ensured the impact of COVID-19 on the FTA advertising revenue outlook were consistent with the factors set out in the Valuation of Television Licences key audit matter. > Comparing the costs of fulfilling the contract against the contract, historical costs on similar television programs and sporting broadcast rights and published expectations for cost growth. > Challenging the estimated term and timing of the obligation based on the current and expected performance of the metrics that influence contractual tenure.

Independent Auditor's Report

KPMG

Net liability position and basis of preparation

Refer to Note 1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's use of the going concern basis of accounting is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These events and conditions are outlined in Note 1. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was focused on projected compliance with the terms of the debt facility agreement amended subsequent to year end. Specifically, compliance with the minimum liquidity requirement and minimum EBTIDA tests (the 'covenants'). The preparation of covenant projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. The assessment focuses on the following judgements: > The Group's ability to meet the covenants for at least the period until August 2021, being 12 months from the approval of the 2020 financial statements. This includes the nature of planned method to meets these covenants, particularly in light of uncertain market conditions due to COVID-19 and progress of those plans; > The Group's assumptions around the forecast recovery of the FTA market and the Group's transformation plans; and > The Group's plans to divest its 50 per cent investment in the TX Australia transmission services business and other assets to provide additional liquidity. This included the feasibility, projected timing, quantum of potential proceeds, and progress of the proposed sales, particularly in considering the current expected market conditions due to COVID-19. In assessing this key audit matter, we involved our senior audit team members who understand the Group's business, industry and the economic environment it operates in.	Our procedures included: > Reading the amended debt agreement to understand the principal, maturity, interest rate and covenant compliance terms. > Assessing the Group's covenant projections until August 2021 compared to the covenant requirements, particularly considering the expected market conditions and factors present due to COVID-19, by: > Evaluating the underlying data used to generate the projections. We looked for their consistency with those as set out in the Valuation of Television Licences key audit matter, their consistency with the Group's intentions, and their comparability to past practices. This included an assessment of actual results in recent months and subsequent to year end; > Assessing the forecast changes to operational expenditure in light of forecast trading conditions, transformation initiatives and the historical transformation projects completed by the Group; and > Assessing the impact of reasonably possible changes in assumptions underpinning the projections. The specific areas we focused on were the sensitivity of the projections to changes in the FTA market growth and recovery period and the timing and amount of proceeds from the sale of TX Australia. > We assessed the Group's plan to divest TX Australia and other assets and the associated impact on covenant compliance. We used our knowledge of the client, its industry, the current status of the transactions, and the Group's track record of non-core asset sales to assess the level of associated uncertainty. > We evaluated the Group's disclosures in Note 1 in the financial report by comparing them to our understanding of the COVID-19 implications for the Group, the events or conditions incorporated into the covenant projections, the Group's plans to address those events or conditions, and accounting standard requirements.

Independent Auditor's Report

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Other Information

Other Information is financial and non-financial information in Seven West Media Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Seven West Media Limited for the year ended 27 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 50 to 70 of the Directors' report for the year ended 27 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KPMG

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D McLennan

Duncan McLennan
Partner

Sydney
25 August 2020

Investor Information

Shareholder Inquiries

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664 or

Visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service visit the Boardroom Pty Limited website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7446 or visit the website at www.sevenwestmedia.com.au.

Tax File Number Information

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven West Media Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Registry's website.

The Chess System

Seven West Media Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

Shareholder Information

The shareholder information set out below was applicable at 9 August 2020.

a. Distribution of equity securities

a. Analysis of numbers of equity security holders by size of holding:

Size of Holding	Number of Shareholders
1 – 1,000	3,972
1,001 – 5,000	6,595
5,001 – 10,000	2,778
10,001 – 100,000	4,744
100,001 and over	1,032
	19,121

b. There were 10,191 holders of less than a marketable parcel of ordinary shares

b. Equity security holders.

The names of the twenty largest holders of equity securities are listed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
Network Investment Holdings Pty Limited	611,600,387	39.76
HSBC Custody Nominees (Australia) Limited	124,566,549	8.09
Citicorp Nominees Pty Limited	47,098,707	3.06
JP Morgan Nominees Australia Limited	44,812,992	2.91
3RD Wave Investors Pty Limited	32,000,000	2.08
CS Third Nominees Pty Limited	12,721,564	0.82
Hishenk Pty Limited	11,000,000	0.71
BNP Paribas Noms Pty Limited	8,680,254	0.56
National Nominees Limited	8,312,693	0.54
FCCF Holdings Pty Limited	8,042,498	0.52
Network Investment Holdings Pty Limited	7,111,267	0.46
Mr Leslie Walter Ramsay & Mrs Maureen Elizabeth Ramsay	6,340,000	0.41
BNP Paribas Nominees Pty Limited	5,368,671	0.34
Sojourn Services Pty Limited	5,002,079	0.32
Ruz Pty Limited	5,000,000	0.32
Mr Hassib Younan	4,800,000	0.31
Jamplat Pty Limited	4,700,000	0.30
Netyard Pty Limited	4,500,000	0.29
Mr John Rumble & Mrs Sonja Rumble	4,393,000	0.28
Mr Gavin Martin Hancock & Mrs Judith Ann Hancock	4,275,000	0.27
	960,325,661	62.43

c. Substantial shareholders

Substantial shareholders in the Company are set out below:

Name	Substantial Holding *	Number of Ordinary Shares in Substantial Holding
Mr Kerry Matthew Stokes AC	40.94%	619,753,734
Australian Capital Equity Pty Limited	40.88%	618,711,654
Seven Group Holdings Limited	40.88%	618,711,654
Spheria Asset Management Pty Limited	7.62%	117,166,970

* Based on issued capital at date of notification.

The above percentages include the relevant interests held pursuant to the *Corporations Act 2001* and accordingly may differ from that disclosed in note b.

d. Voting Rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Company Information

Directors

K Stokes AC – Chairman

J Warburton – Managing Director and Chief Executive Officer

J Alexander

T Dyson

D Evans

C Garnsey OAM

M Malone

R Stokes AO

M Ziegelaar

Company Secretary

W Coatsworth

Registered Office

Newspaper House
50 Hasler Road
Osborne Park WA 6017

Share Registry

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Auditor

KPMG
Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Stock Exchange Listing

Australian Stock Exchange
ASX code: SWM

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

Addisons
60 Carrington Street
Sydney NSW 2000

Ashurst Australia
5 Martin Place
Sydney NSW 2000

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