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The West
Australian

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with



SAS AUSTRALIA



THE MORNING SHOW

YOUR HOME OF
HORS



BIG BROTHER

THE CHASE AUSTRALIA

dancing
with the **stars**
all stars

SUPERCARS



Home and Away



THE LATEST



Good

**Better
Homes**
and Gardens

Sunday Times



ONG VOCAL

ENG. VOCAL.
TERMINED.

100%

100%



SevenWestMedia

YOUR HOME OF
CRICKET



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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 engage with Australian audiences through our news, sport and entertainment content across television, newspapers and our rapidly growing digital platforms.

Our people are at the heart of realising our purpose – to bring Australians closer to the moments that move us – by delivering compelling content 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.

The transformation of Seven West Media is turning the company into a leaner, stronger business – positioned to win as a media company of the future.



Broadcast



Digital



Other

**The West
Australian**



Our Strategic Priorities and Performance Dashboard

In the second half of 2019 we embarked on a new strategy designed to accelerate the transformation of the company and position it as a media company for the future and grow shareholder value.

We made strong progress with our strategic objectives during the 2020–21 financial year and are the only commercial free-to-air television network that has grown its audience share in calendar 2021 in total people, people 25 to 54 and people 16 to 39. Through our clear and consistent strategy, we are creating a stronger and more balanced businesses.

The COVID-19 pandemic continues to be highly disruptive to the media sector, with productions and sporting events postponed or cancelled. Despite these challenges, we continue to focus on improving the efficiency and performance of the company, with special attention to content and digital as engines of growth.

We remain focused on three key pillars to help drive our long-term growth strategy: content-led growth, transformation, and capital structure and M&A.





Farmer Wants A Wife



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 subscription partnership play

Milestones Achieved

- > Only network to grow commercial share in both halves of the financial year
- > Increased Seven's 25–54 and 16–39 commercial ratings share by 0.7% pts and 2.2% pts respectively
- > Six new international tent poles launched in FY21
- > Landmark deal secured with Google and Facebooks for news content



Transformation

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

Milestones Achieved

- > \$170m cost saving program delivered and further \$30m saving program actioned
- > Digital and data transformation accelerated across the group with 7digital earnings expected to double in FY22
- > 7REDiQ launched with seven partnerships already delivering incremental revenue and supporting growth in 7plus market share



Capital Structure and M&A

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

Milestones Achieved

- > Balance sheet flexibility significantly improved
- > Net debt reduced by 39.6% (\$397.2m) to \$240.0m, and leverage ratio at 0.9x
- > Several M&A opportunities have been assessed
- > Actively pursuing consolidation in the sector

Letter from the Chairman

Welcome to our 2021 annual report for shareholders.

Despite the ongoing challenges we all face from the COVID-19 pandemic, Seven West Media has performed well over the last year, thanks to our dedicated management team and staff who have worked in difficult conditions.

Seven West Media continues to be one of Australia's leading integrated media companies across broadcast, digital and print operations – with its 21 publications across a diverse range of titles in city and regional areas.

Over the last year your Directors and management have continued to make the necessary decisions to both adjust to the challenging market conditions, while setting the group up for a long term, sustainable and profitable future.

Our strategy to focus on content-led growth and exploiting fully our market-leading digital assets is paying off with our broadcast video on demand (BVOD) consumption growing more than 60% and our digital earnings more than doubling during the year.

The expansion of our digital earnings has coincided with our ground-breaking partnership agreements with both Facebook and Google, underpinning our long-term strategy to adapt to the changing viewing and reading habits of people.

The agreements followed the introduction of the Media Bargaining Code by the Federal Government and the Australian Competition & Consumer Commission and I thank them for accepting our arguments over several years to level the playing field for local media companies to compete with the global giants.

We anticipate the digital revenue associated with our agreements will flow through over the next year, while we will continue our organic revenue growth through the further expansion of our 7plus and other digital operations.

Our management team is also maintaining its focus on our capital and cost structure amid the rapidly changing media landscape, with a continued reduction in our net debt during 2021.

We are proud that our TV news programs continue to attract record audiences, while our sports offerings, including the Olympic Games Tokyo 2020, AFL and cricket, will dominate the 2021 calendar year ratings.

Despite the naysayers, Seven's ongoing investment in linear and digital content will underpin our long-term prosperity.

Seven West Media is taking the opportunity to better monetise our content on all broadcast and digital platforms to ensure we compete with the foreign-owned groups and will implore the Federal Government to remain vigilant in regard to fair competition.

Australia and the rest of the world are slowly but surely emerging from the pandemic and we are already seeing green shoots appearing in the economy with a healthy rebound in advertising expenditure – our lifeblood.

"Our strategy to focus on content-led growth and exploiting fully our market-leading digital assets is paying off with our broadcast video on demand (BVOD) consumption growing more than 60% and our digital earnings more than doubling during the year."

The media sector is a significant bellwether for the economy and the return of buoyant conditions is a sign that Australia will emerge from the pandemic in better condition than many other countries around the world.

The Federal Government's excellent management of the pandemic and economy has placed Australia in an enviable position and the private sector will benefit from this effort over the next few years.

Meanwhile, our combination of investment in content across all of Seven West Media's platforms, coupled with prudent cost-cutting and operational efficiencies, will be the priorities of your Board and management over the next year.

On behalf of the Board, I thank you, our shareholders, and staff for your ongoing support of Seven as we continue to navigate our way out of the pandemic.



Kerry Stokes AC
Chairman



Letter from the Managing Director and Chief Executive Officer

Our company has seen many changes over the past 12 months, and I am pleased to say that the results have been very encouraging.

The improved performance has been driven by the relentless pursuit of the three strategic priorities we introduced in the second half of calendar 2019. Those priorities – content-led growth, transformation, and capital structure and M&A – sit at the core of our three-year plan. We are almost two years into that plan and we are making excellent progress.

Content-Led Growth

Seven West Media is unashamedly a content company. One of our most important strategic pillars is content-led growth. It underpins our plan to return to market leadership across linear and digital television, with a focus on younger demographics.

While you cannot “flip a switch” when it comes to building audience numbers, we have improved our performance considerably. In the first six months of 2021, for example, Seven was the #1 network in total people for 14 out of 26 weeks. More importantly, we were the only commercial free-to-air television network to increase its audience shares in total people and key advertiser demographics during the period.

From late April to the end of June, Seven was the #1 network in total people, people 25 to 54 and people 16 to 39. Our success on television was matched by the strong performance of 7plus, which increased its audience 18% in the three months to 30 June this year.

Our improved audience performance has translated into an improving advertising performance. The television advertising market has bounced back from the lows of 2020 and Seven has seen a strong recovery over this period.

Our constant aim is to deliver the “trifecta” each week, that is, to win the linear TV race in total people and 25 to 54s and to win in BVOD with 7plus.

It's a combination of factors that enable us to land the trifecta. Over the past year or so, we have seen excellent results from our reinvigorated line-up of tentpole shows, including *Farmer Wants A Wife*, *Big Brother*, *SAS Australia* and *Dancing With The Stars: All Stars*. The tentpole shows all increased our year-on-year timeslot audiences in younger demographics. By the time you are reading this report another tentpole, *The Voice*, will be running on Seven and 7plus for the first time, with an amazing line-up of coaches in Keith Urban, Rita Ora, Guy Sebastian and Jessica Mauboy and some extraordinary singers.

The tentpole shows are critically important to our success and we will add more this coming year, including *Big Brother VIP*, *The Voice: Generations* and others that are in development.

It is our dominant spine of content that makes us, and keeps us, so strong week in and week out. The *Sunrise* team do an amazing job every day of the week and the new combination of David Koch and Natalie Barr as hosts has lifted the show to a new level. *Sunrise* wins the breakfast TV battle every day of the year and its ongoing success flows into *The Morning Show*, which continues to dominate its timeslot.

In the evening, *7NEWS* wins nationally, while *The Latest* has built a strong core audience late at night. The *7NEWS Spotlight* specials have become an important part of our schedule. *7NEWS.com.au* continues to grow strongly. It is #1 in the news websites category among people 18 to 29, bringing a younger audience to our news brand.

At 7.00pm, *Home and Away* has had an incredible year, capturing more than one million people every night on Seven and 7plus. *Better Homes and Gardens* helps to ensure we dominate Friday nights, while the new episodes of *The Chase* with Larry Emdur that started in July have been a hit with viewers.

Seven is undoubtedly Australia's home of sport on free-to-air television. The AFL is part of Seven's DNA, and we are very proud to be the AFL's broadcast partner. It dominates the TV sport landscape, easily ranking as the #1 winter sport. Our commitment to AFL is unparalleled and this is reflected in audience engagement every week. The Olympic Games Tokyo 2020 were an extraordinary event and produced huge TV audience numbers and record results for 7plus.

We are spoilt for sport this year with not just the AFL, Supercars and Olympics, but an exciting horse racing line-up and the Ashes Test series. While we had a disagreement with Cricket Australia during 2020–21, this relationship is improving. We are working with them to improve the Big Bash and we are very much look forward to this summer's Ashes Test series.

The tentpole shows, our content spine and our best-in-market sport content add up to one thing: we are back to winning.

7plus

The BVOD market continues to grow rapidly, fuelled by changes in how, where and when Australians choose to consume video content. 7plus is performing very strongly in terms of growth in both audience and advertising revenue. Importantly, people are turning to 7plus not just for the new content screening on the main Seven channel but also for its exclusive content and its deep and growing library of classic content.

The evolution of the digital and data side of our business has been significant and is a core element of our transformation pillar. Our data proposition is now highly sophisticated and competitive, with a wide range of commercial partnerships enriching the targeted advertising proposition across the group. Olympic Games Tokyo 2020 provided a huge boost for 7plus, driving a large increase in its registered user base. We expect 7plus to reap the benefits of the Olympic Games Tokyo 2020 for many years to come.



The West

Over in The West, the team continues to push hard driving readership and digital subscriptions across our print and digital products. During the year, they delivered new digital editorial initiatives, including the Lisa Govern video campaign, live streaming of local sports and in-depth reporting on the WA outlaw bikies, all of which led to significant digital subscriber growth.

The growth in readership of *The West Australian* is a result of the team's unrelenting determination to hold the line on print and to also understand the audience and find growth in the areas of opportunity. At the same time, PerthNow is gaining new users and building a large audience, which is a great result for a site that is up against the big national players.

The team have exciting plans for 2021–22, in particular, with some bespoke online content, created in-house, that will sit within thewest.com.au.

Transformation

The continued push to reset the company's cost base by \$200 million and to keep the cost-out permanent has been extremely important in ensuring we have a sustainable business over the long term. We continue to be extremely focussed on where we are spending our money and the return we can achieve on every dollar we invest.

Our plan to build a trusted, compliant and market-leading first-party data asset is moving forward at an aggressive pace. The pace has been fuelled by the success of audiences viewing live tentpole and VOD shows on 7plus, coupled with the introduction of mandatory sign-in. 7plus now has more than 9.2 million registered users, an increase of 104 per cent over the past year.

One of the major milestones achieved in the period was our negotiations with Google and Facebook over payment for our content. The result was a great outcome for our business, generating a significant earnings contribution. This, combined with the strong growth from 7plus, gives us confidence that Seven's digital earnings will more than double during 2021–22, to over \$120 million. Four years ago, our digital earnings were just \$6 million.

I would also like to acknowledge the People & Culture team and the new "people experience" framework implemented in early 2021, including a new staff reward and recognition program that launched in April. More than 15% of our staff were nominated for the first "Moments That Move Us" awards, which is a fantastic start to this program.

In Sydney, the planned move of news and public affairs from Martin Place to Eveleigh continues, along with a major building renovation at Eveleigh. They are exciting changes and will bring the Sydney business under one roof for the first time in many years.

Capital Structure and M&A

The strong performance of the business has seen us dramatically improve on the debt position in which we found ourselves over a year ago. While net debt has reduced by more than \$320 million over the past 18 months, we retired \$250 million of debt during 2020–21 and are confident the balance sheet will sustainably support our strategies and plans going forward.

During COVID-19 we pursued the sale of various Seven West Media Ventures assets to help repair the balance sheet. Our stake in Airtasker was sold in March for net proceeds of \$45.0 million, delivering a material return for the business. The improved balance sheet in 2020–21 now enables us to rebuild the portfolio. Our aim is to find the next big disruptor opportunities.

I firmly believe future media businesses must engage their audiences across multiple channels to maximise the commercial opportunity – both for advertisers and for the company as we explore direct-to-consumer relationships. We have a great platform that includes linear TV, digital and newspaper assets, underpinned by a market-leading data offering. All of this, particularly the improvement in our balance sheet, puts us in a strong position to work with new partners and/or towards consolidating the media sector. We are pursuing a number of options in these areas.

Outlook

Advertising markets have bounced back well from the depths of the pandemic and, as I mentioned earlier, 7plus is generating strong advertising revenue growth. Cost control remains a core focus within the business. Underlying cost inflation is running at 1 per cent to 2 per cent per annum. There will be incremental costs associated with the Olympic Games Tokyo 2020 and Olympic Winter Games Beijing 2022 and the Ashes Test Series this summer, and we continue to carefully invest in content to drive audiences and revenue.

In conclusion, on behalf of the Board and the executive leadership team, let me thank all our staff for your commitment, passion and dedication to making Seven West Media a great company, a company that is back to its winning ways and is stronger than it has been in many years. Thanks also to you, our shareholders, for your support and your faith in the future of our business.



James Warburton
Managing Director and
Chief Executive Officer

Group Performance

Key Highlights

Olympic Games Tokyo
2020 broadcasts reach
20.2 million
Australians



Leverage

0.9x at
year
end

Seven is the
only network to

grow
commercial audience
share in FY21



\$250m
of debt facilities
repaid and cancelled



Net debt reduced to

\$240m

7plus registered
users reach

9.2 million,
104% growth yoy

Summary of Financial Performance

	FY21 \$'000	FY20 ⁴ \$'000	Change ³ %
Revenue	1,269,609	1,226,371	4%
Other income	37	676	-95%
Share of net profit of equity accounted investees	6,322	1,203	426%
Revenue, other income and equity accounted profits	1,275,968	1,228,250	4%
Operating expenses excluding depreciation and amortisation	(1,022,077)	(1,104,823)	-7%
EBITDA¹	253,891	123,427	106%
Depreciation and amortisation	(24,783)	(28,442)	-13%
EBIT²	229,108	94,985	141%
Net finance costs	(60,674)	(40,593)	49%
Profit (loss) before significant items and tax from continuing operations	168,434	54,392	210%
Significant items excluding tax	277,187	(349,938)	179%
Profit (loss) before tax from continuing operations	445,621	(295,546)	251%
Tax (expense) benefit	(127,499)	94,365	-235%
Profit (loss) after tax from continuing operations	318,122	(201,181)	258%
EBITDA margin	20.0%	10.1%	
EPS from continuing operations			
Basic EPS	20.7 cents	(13.2 cents)	
Basic EPS excluding significant items net of tax	8.2 cents	2.5 cents	
Diluted EPS	20.7 cents	(13.2 cents)	
Diluted EPS excluding significant items net of tax	8.2 cents	2.5 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 Changes in percentages are calculated on whole dollars and not the rounded amounts presented

4 Prior year figures have been restated for the adoption of IFRIC agenda decisions

5 "nm" means "not meaningful"

Reconciliation of EBIT to statutory profit before tax

	FY21 \$m	FY20 ⁴ \$m	Change %
EBIT	229,108	94,985	141%
Net finance costs	(60,674)	(40,593)	49%
Significant items excluding tax	277,187	(349,938)	179%
Profit (loss) before tax from continuing operations	445,621	(295,546)	251%



Better Homes and Gardens

Seven West Media Limited reported a statutory profit from continuing operations before tax of \$445.6 million for the year ended 26 June 2021.

This compares to the previous corresponding year statutory loss before tax from continuing operations of \$295.5 million. Excluding significant items, the current year profit after tax of \$125.5 million is up 240.4 per cent on the previous year equivalent profit of \$36.9 million.

Seven West Media recorded significant items before tax of \$277.2 million in the period, including the reversal of prior period impairment of intangibles, reversal of onerous contracts and restructuring provisions recognised in prior periods, and costs associated with the disposal of other assets.

The Group delivered revenue including share of equity accounted investees profits of \$1,275.9 million, up 3.9 per cent versus the previous year. Profit before significant items, net finance costs and tax (EBIT) of \$229.1 million was up 141.2 per cent on the previous year.

The dividend remains temporarily suspended with a focus on prudent capital management and balance sheet flexibility.

In the prior 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, \$91.8 million of expenses including depreciation and amortisation and \$1.7 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 total advertising market grew by 4.8 per cent in the financial year compared to the previous year. This growth was, in particular, due to the strong return of advertisers to free-to-air television (both metropolitan and regional) and digital with these segments outpacing the recovery of the overall market with growth reported to be 11 per cent, 10.1 per cent and 14 per cent respectively for the full year.

ThinkTV reported that metropolitan free to air television advertising market increased by 11.5 per cent to \$2.6 billion in the financial year. While COVID-19 continued to affect the first quarter of the financial year, the timing and magnitude of the market recovery experienced during the remainder of the year was ahead of expectations. This recovery has been sustained despite lockdowns and border closures intermittently impacting key metropolitan markets through the remainder of FY21 and into FY22.

The Broadcast Video on Demand (BVOD) category continues to grow rapidly, with advertising revenues from online catch-up and live TV streaming up 54.6 per cent year on year to \$251.7 million.

Seven outperformed the market, growing its digital gross advertising revenue by 66.8 per cent year on year.

The West Australian newspapers delivered above market revenue trends in a sector that continues to face strong headwinds. Advertising revenue at The West Australian decreased 2.1 per cent compared to the 22.6 per cent market decline reported by SMI.

Cost Management

In the financial year, management actioned \$30 million of gross cost out, which was in addition to the \$170 million actioned in FY20. There was a net \$26.0 million cost saving relating to COVID-19 impacts with one-off savings from COVID-19 measures in the first quarter of the 2021 financial year of \$31.8 million partially offset by the \$5.8 million cost of the cancellation of *Australia's Got Talent* in June 2021 following the enactment of Sydney's stay at home orders.

As a result of the cost reduction activities undertaken in these two years, total Group costs, including depreciation and amortisation, reduced \$86.4 million representing a 7.6 per cent decrease year on year.

Cashflow

The significant improvement in business performance and earnings generated net operating cash inflows of \$143.2 million, up 246.6 per cent on the prior year. Working capital movements include investment in the programming line up to be launched out of the Olympic Games Tokyo 2020.

Cash outflows associated with redundancy and employee entitlements decreased by 70.3 per cent as the Group completed the transformation plan which was commenced the 2020 financial year.

Net cash inflows from investing activities of \$28.2 million include cash proceeds from the divestment of the Company's stake in Airtasker.

The Company held \$253.3 million of cash as at 26 June 2021, a decrease of \$98.7 million from prior year reflecting the repayment of \$250 million debt facilities during the period.

Balance Sheet

As at 26 June 2021, the Group's assets exceeded its liabilities by \$84.3 million (27 June 2020: liabilities exceeded assets by \$242.0 million).

The Group has returned to a net asset position as at 26 June 2021 as a result of:

- > strong operating profits and cash generation during the year;
- > reversal of prior period impairment of the Group's Television licences following the carrying value assessment of the TV CGU at balance date. This reflects the significant improvement in conditions and outlook in the metropolitan free-to-air market and the new revenue streams secured from the usage of the Group's content on global digital platforms following the enactment of the Media Bargaining Code in February 2021; and
- > exit from a long-term onerous program contract and the reassessment of other onerous contracts provisions required in respect of certain programming rights agreements resulting in the reversal of \$66.7 million of previously recognised provisions.

The Group has positive net current assets as at 26 June 2021 of \$148.3 million.

Net Debt

At 26 June 2021, the Group had available cash of \$253.3 million with net debt of \$240.0 million.

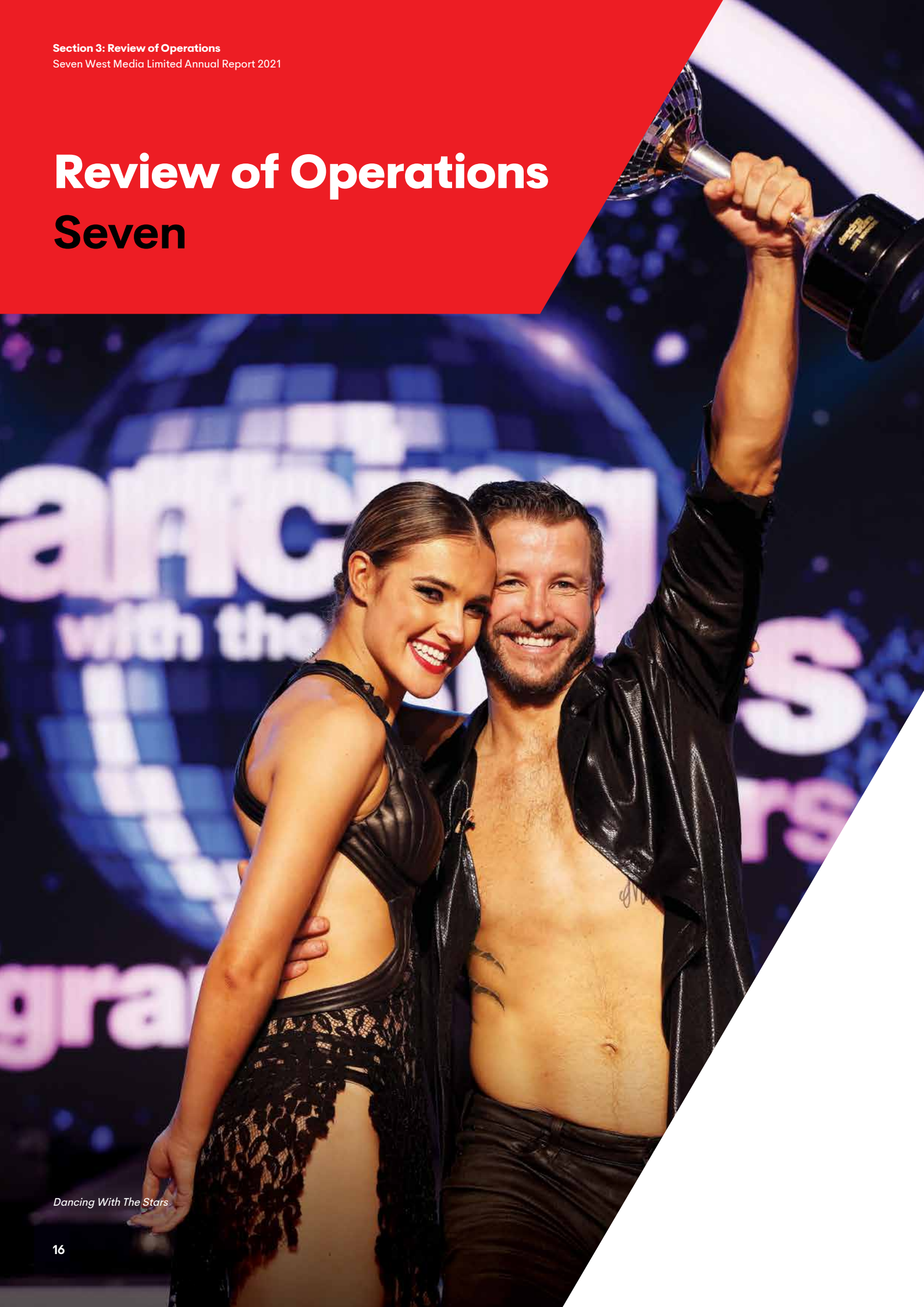
In July 2020, the Company entered into a secured syndicated facility agreement with maturities in July 2022 (\$450.0 million) and December 2022 (\$300.0 million). Under the terms of the new agreement the existing leverage and interest cover ratios were replaced by a minimum liquidity requirement and 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 provided the Group with the flexibility required to complete the transformation program that was commenced during FY20. The Company has operated with significant headroom to the applicable liquidity and EBITDA covenants during the year.

Together with the proceeds from the sale of the Group's stake in Airtasker, as a result of the successful cost management activities and the strong operating performance during the year, \$250 million of the Group's debt facility was able to be repaid and cancelled reducing the total facility limit to \$500 million by year end (maturities: \$200 million July 2022; \$300 million December 2022).



Review of Operations

Seven



Dancing With The Stars

Seven's content and transformation strategy accelerated throughout the financial year.

The new tentpole strategy launched successfully towards the end of the 2020 financial year with *Big Brother*. *Farmer Wants A Wife* and *SAS Australia* were also successfully launched before COVID-19 lockdowns began to impact the production of several of the shows which were to follow.

The production delays did result in significant gaps in the schedule but even with these interruptions to programming for the first half of the 2021 financial year, Seven grew its commercial audience share in that half as well as the second, the only network to do so in 2021.

As restrictions lifted, production resumed on the line up of new shows which then launched the 2021 ratings year for the network.

Seven's strategy continues to focus 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 revitalised entertainment schedule is enriching the demographic profile of the network and enhancing our proposition for advertisers.

The rapidly growing scale of 7plus' registered audiences together with a series of premium third-party data sharing arrangements allowed for the successful launch of 7REDiQ during the year. 7REDiQ has enhanced our digital audience targeting capabilities, unifying insights and data analytics across the Group. This data offering is already securing premium revenue, supporting the growth in the overall BVOD market as well as Seven's share of

that market. 15.0 per cent of the digital inventory in the Olympic Games Tokyo 2020 was sold with a data overlay which generated almost 20.0 per cent of the overall digital revenue sold for the Olympic Games Tokyo 2020. This also helped with driving a premium increase of 11.0 per cent for our inventory.

The REDiQ platform is well positioned to rapidly scale with the addition of 2.5 million new registered users who streamed Seven's broadcast of the Olympic Games Tokyo 2020.

Seven Network

In late 2019, the Company announced plans to change the network's content strategy and to increase investment in 7.30pm tentpole programming. Although impacted by COVID-19 restrictions, *Big Brother*, *SAS Australia* and *Farmer Wants A Wife* all launched successfully during the 2020 ratings year and all were produced for a second season.

The first season of *Big Brother* delivered Seven's largest launch audience for a regular series in two years. This also drove significant audience growth in key demos of people 25 to 54 and 16 to 39. Building on this success, the second season of *Big Brother* improved our performance in the same timeslot year on year by 3.0 per cent in total people, and 6.4 per cent in people 25 to 54. The content also delivers beyond broadcast with significant engagement through curated short form content in 7plus and social.



SAS Australia

The tentpole content line up will take time to rebuild, however Seven has already generated strong momentum in the 2021 ratings year. In the six months to June 2021, Seven was the only network to grow commercial audience share, which was up by 1.5 percentage points in total people and 1.1 percentage points in people 25 to 54.

Importantly our content is noisy and is creating strong social connections and rich environments for our clients and integrated sponsors to engage with audiences and drive revenue outcomes for the network.

The 2022 financial year has commenced with the Olympic Games Tokyo 2020 which has been a landmark media event reaching 20.2 million Australians across broadcast and 7plus. Australian's consumed more than 4.7 billion minutes of content during the Olympics period and 7plus registered users now number 9.2 million.

The content launching out of this event includes *The Voice*, and the second season of *SAS Australia*, which will be followed by *Big Brother VIP*, the *AFL Finals Series*, the *Ashes Test Series* and the *Olympic Winter Games Beijing 2022*. The network is very well placed to continue its ratings momentum well into 2022.

In addition, the depth of the Seven broadcast schedule remains unparalleled. 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.

7NEWS continued its dominance as the number 1 news service in the country. It remains the most trusted source of broadcast news in the country with our evening 6pm news bulletin continuing to average over 1 million metropolitan viewers in 2021.

Seven's programming schedule begins each day with *Sunrise* which remains Australia's most-watched breakfast show for an 18th consecutive financial year. *The Morning Show* celebrated its 15th birthday as the most-watched morning show. *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*. Seven is also the home of Australia's number one summer and winter sports in the cricket and AFL.

A revitalised Entertainment schedule with successful new formats, combined with our market-leading News and Sports franchises positions us strongly to return as the number 1 broadcast network. The ratings momentum we have seen during FY21 with our tentpole shows, content spine and sport will be reflected in an improved share of television advertising revenue.

Seven Studios produces several long-running Australian programs including *Home and Away* and *Better Homes and Gardens*. During the 2021 financial year distribution and third-party production income of \$76.4 million was derived, down 18.0 per cent on the prior year as overall content production activity reduced following the change in the Group's tentpole program strategy.



Following the unprecedented declines seen in the Australian advertising market in 2020, the metropolitan free to air market returned to growth in the second quarter of the 2021 financial year and for the full year was up 11.5 per cent on FY20. Seven's revenue grew by 6.2 per cent to \$1,106.5 million. As a result of transformation activities in the 2020 and 2021 financial years, costs declined by 6.5 per cent to \$870.9 million and EBIT increased by 147.3 per cent to \$211.6 million.

Seven	FY21 \$m	FY20 \$m	Inc/(Dec) %
Revenue	1,106.5	1,041.9	6.2%
Costs	(870.9)	(931.0)	(6.5%)
EBITDA	235.6	110.9	112.5%
EBIT	211.6	85.6	147.3%

Digital platforms

Seven's Broadcast Video on Demand (BVOD) streaming platform 7plus increased share of total minutes streamed in FY21 to 40 per cent, up 2.5 per cent year on year. In the 2021 financial year streaming minutes on 7plus grew by 37.3 per cent, comfortably outperforming commercial FTA market streaming growth of 28.8 per cent. Seven's new tentpole strategy supported the

continued growth in consumption on 7plus, building on the audiences that the platform's library content continues to deliver. During the 2021 financial year BVOD revenue market grew 54.6 per cent with Seven BVOD revenue above market growth at 77.8 per cent.

Registered users on 7plus streaming platform increased 51 per cent year on year during FY21.

Investment in the 7plus platform on web and mobile and leading into the Olympic Games Tokyo 2020 delivered a best in class user experience for the 9.2 million viewers who streamed our coverage of the Games.

7NEWS.com.au revenue grew 40.3 per cent year on year with increases in average UA (up 14.6 per cent), total page views (up 20.3 per cent) and total video views (up 40.9 per cent) year on year.

The launch of audience measurement system VOZ in July 2021 now allows us to highlight the incremental reach of BVOD. Digital revenue included within the Seven business increased by 66.8 per cent during the financial year to \$92.1 million.

The West



West Australian Newspapers is the dominant news publisher in Western Australia.

Publications include The West Australian, The Sunday Times, 19 regional publications, 13 suburban newspapers and the State's most popular news website PerthNow.com.au

The West Australian averages 339,000 print readers every day and 409,000 on the weekend. The Sunday Times has an average of 394,000 readers every weekend. Latest data from Roy Morgan to March 2021 reveals that in the past year these circulation numbers have risen 16 per cent for the daily newspaper and 39 per cent for the Sunday newspaper on the back of award-winning journalism and powerful newspaper presentations.

Most significantly, thewest.com.au and PerthNow.com.au have 1.6 million and 3.3 million unique monthly audiences respectively.

In print, The West Australian Monday to Friday edition has the equal highest market reach of any major metropolitan weekday masthead in the nation, with 15.6 per cent of West Australians on average reading an issue of the weekday edition. Average weekday readership of The West Australian was strong in the 12 months to March 2021 outperforming the broader industry.

The West has continued to transform its business with a strong focus on driving a greater share of its revenue from digital subscriptions and circulation, through high quality local editorial. The result of this focus is demonstrated in the leading readership and circulation results across the country, as well as the strong growth in digital subscription revenue.

West Australian Newspapers, alongside Seven, secured a landmark commercial agreement to provide Google and Facebook news content, supporting The West to continue to invest in high quality journalism. Seven West Media was the first major publisher in Australia to secure a deal with the tech giants.

Economic conditions continue to improve in West Australia, although advertising conditions have been mixed. Strong retail trade has continued to be a positive catalyst for advertising spend, but certain sectors have been faced with demand outstripping supply, such as auto and real estate, which has resulted in reduced advertising spend. Overall total revenue declined 2.9 per cent to \$162.2 million which comprised of: The West's advertising revenue declining 2.1 per cent in the year; circulation revenue growth was 5.0 per cent.

Operating costs have been a priority with a particular focus. The West's costs declined 8.9 per cent or \$13.0 million to \$133.7 million in FY21. This included a temporary benefit of \$9.2 million from Job Keeper, the Government's PING grant and temporary labour savings.

	FY21 \$m	FY20 \$m	Inc/(Dec) %
WAN			
Revenue	162.2	167.1	(2.9%)
Costs	(133.7)	(146.7)	(8.9%)
EBITDA	28.5	20.4	39.7%
EBIT	28.2	17.7	59.3%

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 36 to 46 of the Corporate Governance Statement of this Annual Report.

Risk Management Framework – Key Risks and Mitigations

Strategic Objective	Risk Category	Mitigations
<i>Content-led Growth</i>	Competition for key sports and 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. The Company continues to update arrangements to acquire this premium content 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 continued investment in the 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. In addition to the investment in content, the ongoing enhancement of the Company's data product 7REDiQ continues to improve the outcomes for advertisers and viewers through the delivery of better contextualised advertising.

Risk Management Framework – Key Risks and Mitigations

Strategic Objective	Risk Category	Mitigations
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 to 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 television industry is subject to a high degree of regulation including broadcast licence conditions. Changes to these conditions can have a material impact of the costs of operation and the ability of the Company to compete with global	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 continues to engage with the Federal Government following the release of the Media Reform Green Paper to participate in the creation of a new regulatory framework for the future of the Australian free-to-air industry.
	Cyber security risk Noting the increasing frequency and severity of cyber security attacks globally, there is a risk that the Company's systems may be subject to such an attack. The Company recognises that such incidents, should they occur, may negatively impact financial and operational performance. This can include the loss of Company and customer data.	All Company staff receive ongoing training to ensure that they are aware of the risks that cyber attacks pose and their role in preventing incidents from occurring. The Company also continues to grow its investment in the technical staff and systems required to appropriately manage the potential adverse effects on the Company.
Capital Structure and M&A	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 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.	The Company has repaid and cancelled \$250m of debt facilities during the year. The Company has also successfully completed the planned transformation activities which have resulted in the strong financial performance for the year. These achievements significantly reduce the Company's exposure to this risk and better position the business moving forward.

Environment

Sustainability

Seven West Media continues to monitor and measure the effectiveness of sustainable business practices across our businesses. Seven West Media has set several 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. Along with its own initiatives Seven West Media has provided support to several landlord led projects on company occupied sites.

These included the following during the year:

- > Seven has completed its first full financial year of reduced electricity consumption at its Melbourne site due to the outsourcing of Presentation and Playout services. A 25 per cent (~100,000 kwh per month) reduction in electricity consumption was achieved through transition to a modern IP based facility, shared with other broadcasters encompassing modern equipment requiring much less energy than Seven's older technology. Seven's Melbourne technology was gradually decommissioned and sent for recycling.
- > During the financial year Seven announced it will be vacating its Martin Place tenancy in the Sydney CBD and relocating the studio and News and Public Affairs operations to its Eveleigh site south of the Sydney CBD. This will see News and Public Affairs take up residency in a 5-star NABERS building with 4 Star Greenstar Interiors rating. The final energy saving of this relocation, consolidation and equipment refresh is yet to be finalised though it is expected to be significant.
- > Seven has commenced a project to reduce its energy consumption in drama and News studios with the replacement of Tungsten Halogen fittings. The first 110 lights were replaced through the year. Each of these Tungsten Halogen fittings on average uses 2000 watts and is be replaced with LED lights with an average consumption of 375 watts.
- > The Seven owned building in Brisbane has commenced a restack and consolidation of staff and areas that will see it decommission and not replace four air conditioning units that is forecast to save 390,000 kWh per annum with full energy savings realised in early FY22.
- > Seven has agreed to provide support a project to use the roof area of its Eveleigh studios as a base for a solar panel deployment to support all tenants at its Eveleigh site. Final capacity sizing details will be confirmed over the coming months.
- > Standard Newsprint being the paper used to print the West Australian, Sunday Times, Regional and Community titles is 99.5 per cent recycled consumer product and the remaining 0.5 per cent was sourced from certified plantation forests.
- > West Australian Newspapers have internal controls in place to ensure that any paper used is not from illegally logged timber and any virgin fibre required is sustainable sourced.
- > The West Australian and The Sunday Times printed waste measure is < 5 per cent per year and all waste was recycled.
- > Waste ink produced in Perth is collected and reprocessed and plant wastewater is processed and used for reticulation on site.

- > Seven West Media has had a goal of reducing the number of motor vehicles in its fleet 5 per cent year-on-year since 2015. In 2021 it hit its current year target in March meaning the fleet size has been reduced by 26.5 per cent in seven years.
- > FY21 saw Seven West Media donate or recycle 96 per cent of electronic IT assets through certified eCycling companies which reduces landfill by encouraging reuse and recycling 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 introduce our People Experience initiatives and programs such as '*Moments That Move Us*' on reward and recognition, '*Spark*' mentoring program, '*SWM School*' learning platform, benefits and financial wellness, performance and development, onboarding and '*Seven Academy*', leadership development, and intern, graduate and secondment programs.
- > Through these policies and practices, we make it clear that discrimination on any basis is not acceptable.

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 purpose, strategies and values, and reinforce the ongoing importance of meeting behavioural expectations and effective risk management across our businesses.

With our people at the centre we have implemented a People Experience (Px) Framework that aims to build a high-performance culture and ensures that all have a great working experience at Seven West Media. The Framework is designed so our people understand what is expected of them and are clear on how they will help deliver business objectives, are rewarded to go above and beyond, feel safe and valued and are inspired to grow and develop their careers at Seven.

Our purpose and values underpin the People Experience. The Framework centres on four pillars – Attract, Perform, Grow and Engage. Each pillar focuses on a range of programs across the employee lifecycle, and includes '*Moments That Move Us*', our reward and recognition program, bi-monthly company newsletters and townhalls, '*Spark Mentoring*' program, employee benefits, '*SWM School*' one of our learning and development opportunities, a health and wellness program, just to name a few.

Career & Professional Development

Over the past year, we continued to invest in the growth, learning and development of our employees, in particular providing communication skills, managing remote teams and wellness training, support and seminars while working remotely.

Further online courses have been completed by employees, including compliance-related training for new and existing employees (focusing on cyber-security and fraud awareness, anti-bribery and anti-money laundering, mandatory training under the *Modern Slavery Act* 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 setting key performance indicators 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. Some examples include:

Perth Telethon

During the year, Channel 7 Telethon raised \$46.3 million breaking the previous year's total of \$42.6 million. Established in 1968, Telethon has raised just over \$395 million to fund child health research, much-needed medical equipment, and critical services and programs for the children of WA.

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 below the industry benchmark. The Company is also committed to extra safety support to employees during overseas deployments, wherever they might be.

The Company provides specific psychological support and 10 days' paid leave per annum for employees who are victims of domestic and/or family 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 on 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 across our five Pillars of Wellbeing – Work, Financial, Physical, Mental and Community;
- > Discounted offerings with fitness and wellbeing partners;
- > Flu vaccinations and skin checks; and
- > Psychological risk training.

As part of the Company's ongoing focus to improving mental health in the workplace, we fast-tracked events to help our employees cope with the COVID-19 pandemic and delivered a pilot program on Vicarious Trauma to our News and Broadcast Operations team. We continue to have a key focus on events through Mental Health Month (October) and on 'R U OK? Day' and will again deliver a program of initiatives supporting the '16 Days of Activism Against Gender Based Violence'.

Our annual wellness program calendar includes regular events and initiatives supporting our five Pillars of Wellbeing that are delivered to employees across the various locations in which we operate. The calendar is reviewed regularly to ensure it continues to prioritise key health topics and is aligned to the unique 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, physical abilities, sexual orientation, body type, gender identity, generation/age, disability, socio-economic status, religious belief, parental status, professional and educational background as well as global and cultural experiences.

Gender Balance

We have maintained an overall gender balance of 52 per cent across the Company as well as achieving female representation in management positions of 51 per cent. This result continues to be supported by our equal opportunity recruitment process.

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.

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 diversity and inclusion;
- > Uncovering and taking steps to mitigate potential bias in our behaviours, systems, policies and processes; and
- > Ensuring our brand is attractive and caters to a diverse range of people.

Key priorities on the Company's diversity and inclusion agenda for FY22 include:

- > Participation in the 'The Everyone Project', an initiative from the Screen Diversity and Inclusion Network (SDIN) to benchmark and track the diversity of the Australian screen industry;
- > Launch the Company's Reconciliation Action Plan;
- > Launch of our Respect @ Work training program on workplace behaviour and
- > Revise our processes and procedures on the casting of contestants with our production partners.

Overall Balance

52%

Women

48%

Men

Proportion of Women in Management Positions¹

51%

Women

49%

Men

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

Diversity and Inclusion Commitments and Initiatives

During FY21, the Board reviewed the Company's Diversity and Inclusion 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, audiences and shareholders.

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; and
- > Processes for onboarding and orientation, performance and development, competitive remuneration and recognition.

We have also ramped up our commitments during FY21 that were previously placed on hold due to COVID-19 restrictions, such as:

- > Delivered significant outplacement and transition programs to employees that were impacted due to Company restructures, asset sales, etc.;
- > Fast-tracked large cohorts of employees to remote working arrangements during the pandemic, ensuring 'home office' workspaces were safety-compliant and IT infrastructure was in place.
- > Became an active member of the NSW Domestic and Family Violence and Sexual Assault Corporate Leadership Group (CLG);
- > Launched the Company's new purpose and values;
- > Celebrated LGBTIQ Pride and held team parties (virtually and in small groups) across the Company to support our diverse and inclusive culture;
- > Relaunched our digital onboarding process for new starters;
- > Conducted an employee engagement survey and action planning groups have been implemented;
- > Launched the Company's Financial Wellbeing programs;
- > Launched 'Moments That Move Us' reward and recognition program;
- > Launched 'SWM School', a nationwide initiative to support employee learning, growth and professional development comprising bi-monthly keynote speakers and monthly practical skill-based workshops;
- > Relaunched the Company's updated Domestic and Family Violence Support Policy incorporating paid leave; and
- > Launched the 'Speak Out – 16 Days Campaign' to support diversity in the workplace under the Company's Wellness Program.

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

- > As the national broadcast sponsor, the Company partnered with UN Women Australia for the 2021 live and virtual International Women's Day (IWD) events where we had seven female hosts all with diverse cultural heritage in each state. This event also launched the multi-award winning, "When Will She Be Right?" advertising campaign;
- > Created and showcased *Home and Away's* video on IWD to honour the many women who work behind the scenes to bring *Home and Away* to our screens; and
- > In association with Chief Executive Women (CEW), supporting the Maureen Kerridge (formerly Plavsic) AM Scholarship, a program that enables and supports the ongoing development of mid to senior female leaders in advertising, media and television.

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 "Better Together."

The Company has posted its Workplace Gender Equality Act Public Report for 2020–2021 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 2021/22 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 plays an important role in Australian society as a trusted source of news, information and entertainment for millions of people. The past year has highlighted that more than ever before, Australians turn to content they can trust to keep them informed in times of uncertainty and entertained with moments that matter.



Abbey Holmes, Big Freeze 7



Throughout the past year Seven West Media actively engaged with communities to help enrich the lives of millions. Our extensive activities are designed to positively contribute towards a better Australia and improve our society.

Across the year, Seven provided television airtime support with a market rate value of over \$34.6 million to 146 organisations across Australia by way of Community Service Announcements and airtime donations.

Seven partnered with Cricket Australia and the McGrath Foundation for the Pink Test at the SCG, in a historic virtual stadium Pink Seat campaign, resulting in the McGrath Foundation beating the record for the largest-ever crowd at the SCG. The event filled the equivalent of the biggest stadium Australia has ever seen, sold more than 150,000 virtual Pink Seats and raised \$3.0 million.

Seven Network has supported Neale Daniher as he has led the fight against Motor Neurone Disease (MND). This year was the seventh Big Freeze, raising a record breaking \$14.6 million. Talent from various Channel 7 programs signed on to become "sliders", with the campaign supported in the broadcast of the Melbourne v Collingwood AFL game, *The Front Bar*, *Sunrise* and *7NEWS*.

7NEWS nationally continued to partner with Awards Australia for the *7NEWS* Young Achiever Awards and the community achievement awards. The *7NEWS* Young Achiever Awards are designed to encourage, acknowledge, reward and promote the valuable positive achievements of all young people in Australia.

Seven West Media continued its successful partnership with the National Gallery of Australia in 2020–21, providing considerable support for their exhibitions *Know My Name*, *Botticelli to Van Gogh*, and *Skywhale*. SWM provided over \$1.9 million in advertising support across the three exhibitions, as well as extensive editorial support across our platforms.



Jane Bunn, Jacqui Felgate, Malu Hunt (Face of the 2021 Good Friday Appeal), Peter Mitchell, Abbey Gelmi

New South Wales

This year *7NEWS* Sydney continued its partnership with Sydney Zoo. Sydney Zoo continues 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 is a long-term supporter of the Sydney Children's Hospital Foundation, Ronald McDonald House Charities, the NSW Schools Spectacular, the Sydney Swans Football Club, Greater Western Sydney Football Club, Surf Life Saving in Cronulla and Manly, Parramatta City Council and the Penrith Referees Association.

We also support many major and community events, including NSW Schools Spectacular, Woolworths Carols in The Domain, Ronald McDonald's House Charities Dance for Sick Kids fundraising initiative, Sydney Children's Hospital Foundation's Sydney Sick Kids Appeal, and Parramatta City Council's Winterlight Festival.

The past year was a vastly different year as the pandemic changed Australians' day-to-day lives. However, Seven continued its ongoing support of valued partnerships and community events despite continuous restrictions and barriers, allowing us to connect in new ways with our audiences through virtual or adjusted means.

Victoria

Victoria was the state hardest hit by COVID-19. Melbourne is a lively city, priding itself on its world-class sport, entertainment and cultural events, so to have a year where many of these were cancelled, alongside prolonged periods of lockdown, was tough. In this extremely challenging environment, Seven worked with all its partners to support the community, wherever and however it could.

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 90 years, in 2021 the Good Friday Appeal raised \$18.2 million to support the hospital.

Seven Melbourne supported this year's Victorian State Schools Spectacular with a special broadcast that pieced each individual performer together to create a virtual ensemble. This was the first virtual performance of the Victorian State Schools Spectacular and it supported Victoria students during the state lockdown by showcasing the hard work they had done throughout the year.

In total, Seven Melbourne has more than 40 partnerships which were all affected by the pandemic this year, however, we were able to proceed with a number of virtual events including a virtual *Herald Sun's* Run For The Kids.

Seven Melbourne also entered into a new partnership with the Melbourne Symphony Orchestra to support a number of different programs and events across the year, including the Chinese New Year and MSO in schools.



7NEWS Young Achiever Awards

Queensland

With the impact of COVID-19 felt across the city and regional communities, Seven Queensland rallied to the challenge, providing airtime, awareness and support to keep Queenslanders safe.

Our partnerships are built on a collaborative respect and shared goal – whether that be to raise awareness, boost attendance, increase fundraising outcomes or add to the overall fan experience. A key example of this is 7NEWS Gold Coast partnership with three Surf Life Saving Clubs (BMD Northcliffe Surf Club, Mermaid Beach SLSC and Currumbin Beach Vikings Surf Life Saving Club) and the 7NEWS sponsorship of Redcliffe Leagues Netball Association.

We have also supported RSPCA Queensland, 7NEWS Young Achiever Awards, Lord Mayor's Business Awards, the Sunshine Coast Australia Day Awards and partnered with the Brisbane Lions, USC Thunder, Sunshine Coast Cricket Association, Sunshine Coast Gympie Rugby League, Townsville District Rugby Union, Souths Sharks Rugby League, Northern Pride, Trinity Beach AFL, Mackay Basketball and several race clubs throughout the state.

Events that have gone ahead over the past 12 months, albeit often in a reduced or virtual capacity, include 7NEWS Gold Coast Running Festival, 7Sunshine Coast Marathon, Brisbane Racing Club Summer and Winter Racing Carnivals, Channel 7 Ipswich Winter Racing Carnival and Brisbane City Council's Green Heart Fairs. We doubled down on our charitable support of Ronald McDonald House Charities and RACQ CQ Rescue, and assisted in extending the reach of Rotary's Walk for Mental Health across regional Queensland.

South Australia

The Channel 7 Children's Research Foundation is a not-for-profit organisation dedicated to enriching the lives of children through research. Since 1976, our grants have played a pivotal role in supporting quality research into children's health, education and welfare within South Australia's world-class research and service organisations. Emphasis in our grant assessment process is given to research with a focus on improving child protection, mental health, reducing obesity and understanding the impacts that social determinants have on a child's health and development. Our robust and respected grant assessment program has delivered nearly \$42 million (today's measured worth) to over 950 children's research projects in South Australia to date.

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

7NEWS Adelaide supports the South Australian Community Achievement Awards as well as the 7NEWS Young Achiever Awards. The former began in 2010 and are designed to encourage, acknowledge and reward the valuable contributions individuals, communities, and businesses are making throughout the community in South Australia. These awards aim to recognise their success and achievements, which contribute to making South Australia a better place.

In addition, we proudly support the Royal Flying Doctor Service, The Flinders Foundation, Breakthrough Mental Health Research Foundation, The Advertiser Foundation, Little Heroes Foundation, Jodi Lee Foundation and Carols by Candlelight which benefits Novita Children's Services. Many of our on-screen personalities are patrons of these charities.

Western Australia

WA's remarkable generosity was on full show in 2020 when, despite a year of uncertainty and disruption because of COVID-19, the state raised \$46.3 million for fundraising charity institution Channel 7 Telethon.

Underpinned by multi-million donations from the Federal and State Governments and many WA businesses, philanthropists and the wider community, the record total pushed Telethon's combined annual medical funding to just over \$395 million since its 1968 inception. With this fantastic total, Telethon will now be able to support 65 different children's charities from across WA. The amazing fundraising effort will contribute to cutting-edge, world-class research and work being conducted by Telethon charity beneficiaries (some gaining international attention), transforming the well-being of children in WA and improving health care for kids across Australia and the world.

WA's Telethon remains the world's highest TV charity fundraiser per capita and is gaining an international reputation with world-class research being conducted at the Telethon Kid's institute leading the way in discovering new preventions, treatments and cures for diseases affecting our young people, creating better lives and healthier futures. A list of the 65 charity beneficiaries who shared in the \$46.3 million in funding from Telethon in 2020 can be found on the Telethon website.

Seven Perth and *The West Australian* are actively involved in the West Australian community, partnering with Mentally Healthy Act Belong Commit, Pride WA, Celebrate WA, Channel Seven Mandurah Crabfest, Telethon Community Cinemas, The Seniors Recreational Council's HAVE a GO DAY, Joondalup Festival, Telethon Speech and Hearing, Perth Garden and Outdoor Living Festival and Perth Tradie Festival.

Seven and *The West Australian* are engaged with the sporting community, with one or both companies partnering with the West Coast Eagles, Fremantle Football Club, West Australian Football Commission, South West Football League, Perth Football league, Perth Wildcats, Channel Seven Port to Pub Swim, Rottneest Channel Swim, West Coast Fever, RAC Sports Awards, Hockey WA, Equestrian in the Park, Channel Seven Rockingham Beach Cup and the Channel Seven Get Reel Two Rocks fishing competition.

Arts and culture is a key pillar of Seven and *The West Australian's* partnership portfolio in WA, with support provided to the West Australian Ballet, West Australian Symphony Orchestra, West Australian Opera, West Australian Museum, The Foundation for the West Australian Museum, Awesome Arts Festival, Perth Festival, Fringe Festival and Revelation Film Festival.

Channel Seven Telethon



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 & Chief Executive Officer of Seven West Media Limited.

Prior to his appointment as Managing Director and CEO of Seven West Media, Mr Warburton was Managing Director and Chief Executive Officer of APN Outdoor, from 22 January 2018, 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 was a director of Crown Resorts Limited from 6 July 2007 to 22 October 2020 and was formerly a director of Foxtel Management Pty Limited, Fox Sports Australia Pty Limited, SEEK Limited, Carsales.com Limited, Ninemsn Pty Limited and 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 a director of Power & Water Corporation (NT), Energy Queensland, Shine Justice Limited (formerly Shine Corporate Limited) since February 2020, Genex Power Limited since May 2018, Gold Coast Hospital and Health Board, Energy Super until its merger with LGIA Super on 1 July 2021 and from that date Ms Dyson became a director of LGIA 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 (from January 2019 to January 2020) 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 Executive Chairman of E & P Financial Group Limited (formerly Evans Dixon Ltd) and was appointed a director of that company in February 2017. Mr Evans established Evans and Partners Pty Ltd, the investment advisory company in June 2007.

Since 1990, Mr Evans 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 holds a Bachelor of Economics from Monash University.

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 has been a Non-Executive Director of Flight Centre Travel Group since February 2018, Magellan Financial Group since November 2020 and is a Non-Executive Director and former Chair of Australian Wool Innovation Limited and a Non-Executive Director of Laser Clinics Australia.

Ms Garnsey 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 in 1993 and continued as CEO for more than 20 years. iiNet listed on the ASX in 1999 and grew to service over a million households and businesses, with revenues and market cap of over \$1 billion and 3,000 staff. After leaving iiNet, Mr Malone went on to co-found Diamond Cyber Security.

Mr Malone is a Non-Executive Director of NBN Co and of SpeedCast International Ltd since May 2014, a former Director of Axicom Pty Ltd, a former Director of DUG Technology Limited from June 2020 to August 2021, and a former Director/Chairman of Superloop Ltd from April 2015 to March 2020. He is also a member of the Advisory Committee of the Regional and Small Publishers Innovation Fund.

Mr Malone was recognised as the Australian Entrepreneur of the Year, CEO of the Year in the Australian Telecom Awards and National Customer Service CEO of the Year and is a recipient of the Charles Todd Medal.

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 & Chief Executive Officer of Seven Group Holdings (SGH) and has been a Director of SGH since April 2010. SGH owns approximately 40.2 per cent of SWM.

Mr Stokes is Chairman of WesTrac, Chairman of Coates, Director of Beach Energy since July 2016, Chairman of Boral and Director since September 2020.

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 in July 2018. He is also a member of the IOC Olympic Education Commission.

Mr Stokes was Chairman of the National Library of Australia from 2012 to 2018. Mr Stokes 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 was a member of the Prime Ministerial Advisory Council on Veterans Mental Health from 2014 to 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 the Australian Equity Capital Markets Group. 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 Medical Research Institute.

Mr Ziegelaar 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 26 June 2021

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 47 sets out the number of Board and Committee meetings held during the 2021 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.

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 33 to 35.

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.

Assessment of management performance

The performance of the Managing Director & 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 & 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 26 June 2021 is assessed on pages 52 to 72.

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 & 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 & 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 26 to 27 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 33 to 35.

Board independence

The Board comprises a majority of Independent Directors, with three Non-Independent Directors and six Non-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.

Due to his position as Managing Director & 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

The Board has 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 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 and M&A

- > 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 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.

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.

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

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 33 to 35 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 to meet 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 & 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 & 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 & 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 Senior Executives and business unit Senior 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 & Chief Executive Officer and Chief Financial Officer have been given for the half year ended 26 December 2020 and the financial year ended 26 June 2021.

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 2021 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. External resourcing is provided by a specialist Internal Audit firm which completes an annual plan Internal Audit reviews, under in-house oversight. The Board considers that this appointment provides an enhanced level of capability and technical depth which serves to embed a stronger risk and compliance culture across the organisation, whilst drawing on best practice and knowledge across operational and emerging issues. Additionally, efficiencies are 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.

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 policies 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 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 24 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 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 22, 23 and 48 of this Annual Report. Commentary on the Company's environmental and human capital related initiatives as well as its community engagement is provided on pages 24 to 32 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 5 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 & 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 and 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 & 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 52 to 72.

The Committee reviews remuneration packages and policies applicable to the Managing Director & 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.

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 52 to 72. 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 5 and 6.

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 16 August 2021.

Directors' Report

For the year ended 26 June 2021

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 26 June 2021 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 & Non-Executive Director
- > James Warburton, Managing Director & Chief Executive Officer
- > John Alexander, Non-Executive Director
- > Teresa Dyson, Non-Executive Director
- > David Evans, Non-Executive Director
- > Colette Garnsey OAM, Non-Executive Director
- > Michael Malone, Non-Executive Director
- > Ryan Stokes AO, Non-Executive Director
- > Michael Ziegelaar, Non-Executive Director

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 33 and 36 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 and was 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, digital streaming and newspaper publishing.

Business strategies, prospects and likely developments

Information on the Company'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 starting on page 4.

The Performance of the Business section also refers to likely developments in the Company'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

In July 2020, the Company entered into a secured syndicated facility agreement 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 were 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 provided the Group with the flexibility required to complete the transformation program that was commenced during FY20. The Company has operated with significant headroom to the applicable liquidity and EBITDA covenants during the year. The Company is forecasting compliance at December 2021 and June 2022.

Together with the proceeds from the sale of the Company's stake in Airtasker, as a result of the successful cost management activities and the strong operating performance during the year, \$250 million of the Company's debt facility was able to be repaid and cancelled reducing the total facility limit to \$500 million by year end (maturities: \$200 million July 2022; \$300 million December 2022).

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

Current year performance

For the year ended 26 June 2021 the Group recorded Earnings Before Interest and Tax (EBIT) (and before significant items) of \$229.1 million. The statutory profit after tax was \$318.1 million (including significant items). The FY21 net operating cash inflows were \$143.2 million. The Group repaid and cancelled \$250 million of debt facilities during the year.

Further information is provided in the Review of Operations on pages 11 to 21.

As at 26 June 2021, the Group's assets exceeded its liabilities by \$84.3 million (27 June 2020: liabilities exceeded assets by \$242.0 million).

The Group has returned to a net asset position as at 26 June 2021 as a result of:

- > strong operating profits and cash generation during the year;
- > reversal of prior period impairment of the Group's Television licences following the carrying value assessment of the TV CGU at balance date. This reflects the significant improvement in conditions and outlook in the metro free-to-air market and the new revenue streams secured from the usage of the Group's content on global digital platforms following the enactment of the Media Bargaining Code in February 2021; and
- > exit from a long term onerous program contact and the reassessment of other onerous contracts provisions required in respect of certain programming rights agreements resulting in the reversal of \$66.7 million of previously recognised provisions.

The Group has positive net current assets as at 26 June 2021 of \$148.3 million.

COVID-19

ThinkTV reported that metropolitan free to air television advertising market increased by 11.5 per cent to \$2.6 billion in the financial year. While COVID-19 continued to affect the first quarter of the financial year, the timing and magnitude of the market recovery experienced during the remainder of the year was ahead of expectations. This recovery has been sustained despite lockdowns and border closures intermittently impacting key metropolitan markets through the remainder of FY21 and into FY22.

The Broadcast Video on Demand (BVOD) market has also continued to grow rapidly, with advertising revenues from online catch-up and live TV streaming up 54.6 per cent YoY to \$251.7 million.

As a result of COVID-19 the Group received Government benefits which included a waiver of spectrum fees with the benefits recognised across FY20 and FY21 (\$3.7 m and \$6.1m respectively). The Group also received \$25.7 million of JobKeeper allowance in the first quarter of the year.

The stay at home orders enacted in June 2021 for residents in metropolitan Sydney resulted in the cancellation of the production of *Australia's Got Talent*. This resulted a loss of \$5.8 million.

Matters subsequent to the end of the financial year

There are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may affect:

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

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 26 June 2021, and the numbers of meetings attended by each Director were:

Directors	Meetings of Directors		Audit and Risk		Remuneration and Nomination	
	(a)	(b)	(a)	(b)	(a)	(b)
Kerry Stokes AC	8	8		1		1
John Alexander	8	8		1	7	7
Teresa Dyson	8	8	9	9		1
David Evans	8	8	9	9	7	7
Colette Garnsey OAM	8	8		4	7	7
Michael Malone	8	7	9	8		1
Ryan Stokes AO	8	8		9	7	7
James Warburton	8	8		9		4
Michael Ziegelaar	8	8	9	9		1

- a. Number of meetings held during the year while the person was a Board or Committee member.
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 (2019 LTI)	730,139	31 August 2021
Seven West Media Equity Incentive Plan (2020 LTI)	2,911,217	31 August 2023
Seven West Media Equity Incentive Plan (2021 LTI)	22,968,748	31 August 2024
Seven West Media Equity Incentive Plan (2021 STI)	48,757,753	31 August 2022
Seven West Media Equity Incentive Plan (2022 STI)	8,011,118	31 August 2023

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 11,535,898 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:

	2021 \$	2020 \$
Final ordinary dividend for the year ended 27 June 2020 nil cents (2019 – nil cents)	–	–
Interim ordinary dividend for the year ended 26 June 2021 was nil cents (2020 – nil cents)	–	–

In addition to the above dividends, since the end of the 2021 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	22,500,000*	–
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

*Performance Rights for Mr Warburton includes 7,500,000 rights granted to Mr Warburton under the FY21 STI Plan on 'at target' basis. Those rights and a further 3,750,000 rights which have been granted to Mr Warburton under the FY21 STI Plan based on his out-performance during FY21, as assessed by the Board, are subject to shareholder approval at the 2021 Annual General Meeting.

Remuneration report

A remuneration report is set out on the pages that follow (pages 52 to 72) 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 \$319,533. 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 73 and forms part of the Directors' Report for the financial year ended 26 June 2021.

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.

A handwritten signature in black ink, appearing to read 'Kerry Stokes', with a stylized flourish at the end.

Kerry Stokes AC

Chairman

Sydney

16 August 2021

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 2021 financial year (FY21) for the year ended 26 June 2021.

The beginning of FY21 continued to present challenging market conditions associated with the ongoing impact of the global pandemic. Despite this, our strong performance over the financial year could not have been possible without the exceptional effort made by our people. We appreciate their excellence, resilience and commitment that embodies our Company values – *Be Brave, Better Together* and *Make It Happen*.

Overview of Performance Outcomes

The FY21 targets were set in the final quarter of FY20, a period that was heavily impacted by COVID-19. There was significant uncertainty about the timing and extent of the advertising market recovery in FY21. We factored in some market recovery later in the year although our hard work paid off earlier than expected.

The earnings forecast and related cashflow outcomes were challenging, as reflected in analyst expectations at the beginning of FY21, with earnings before interest and tax (EBIT) around \$118.0 million. We significantly outperformed all key financial metrics supported by our transformation efforts and costs discipline, whilst aggressively pursuing revenue in a recovering market.

FY21 was an exceptional year for Seven with extraordinary financial results:

- > EBIT was \$229.1 million and earnings before interest, tax, depreciation and amortisation (EBITDA) was \$253.9 million;
- > Operating cash inflow of \$143.2 million, compared to target outflow of \$71.7 million;
- > Net profit after tax (NPAT) was up by 258% compared to FY20;
- > Revenue of \$1.3 billion was 3.5% higher compared to FY20;
- > Earnings per share (EPS) of 20.7 cents per share was up by 257% compared to the prior year; and
- > Return on capital employed was 22.75% up 13.2 percentage points from FY20.

Our three strategic pillars established in FY20 to deliver our long-term strategy continued to be relevant and critical to the ever-changing external environment.

1. Content-Led Growth – During the year:

- > With our content investment, we were the only network to grow commercial audience share. This has been achieved with proven and successful formats.
- > BVOD consumption continued to grow strongly with 104% growth in registered users on 7plus at the conclusion of the Olympic Games Tokyo 2020 broadcast.
- > Digital earnings grew strongly with Seven digital contributing EBITDA of \$60 million in FY21, up 130% year-on-year. Digital earnings are expected to more than double in FY22.
- > The establishment of the new partnerships with Google and Facebook earlier this year was an important part of the strategy to transform Seven and build Australia's leading news and entertainment content business. The partnerships are a significant step forward for Australian news media and are a clear acknowledgement by all parties of the value and importance of original content and news.
- > The West Australian has gone from strength to strength driving readership and digital subscriptions across print and digital products. It delivered new digital editorial initiatives resulting in significant digital subscriber growth. It was the only newspaper to increase readership nationally.

2. Transformation – The continued push to reset the cost base by \$200 million and to keep the cost out permanently has been critical in delivering a sustainable business over the long term.

- > Costs have come in line with market guidance at the lower end of the range.
- > EBITDA was \$253.9 million including the temporary benefits of \$22.0 million.
- > Our continued focus to build a trusted, compliant and market leading first-party data asset has moved forward at aggressive pace. The pace has been fuelled by the success of audiences viewing live tentpole and Video-On-Demand (VOD) programs on 7plus, coupled with mandatory sign-in. This strategy increased our footprint to over 6.2 million registered users, an increase of more than 40% since May 2020.
- > Temporary Remuneration Reductions – During FY21, the Company accessed \$25.7 million of the Government's JobKeeper Subsidy as part of the first phase of the program. We did not extend access as the Company's revenue had recovered from the negative 50% mark that it had seen in the last quarter of FY20.

- 3. Capital Structure and M&A** – Significant work was undertaken in FY21 to improve the Company's balance sheet. Seven's strong performance resulted in the dramatic improvement in its debt position.
- > We retired \$250 million of the Company's debt facilities in FY21, reducing gross debt by 33% to \$500 million. Net debt was reduced by 39.6% during the year to \$240.0 million.
 - > Improved earnings and cashflow results were also attributed to the reversal of the impairment of the television license of \$208.5 million.
 - > All of this, particularly the improvement in our balance sheet, has put us in a strong position to work with new partners and/or towards consolidating the media sector. We are pursuing a number of options in these areas and we look forward to updating you as plans develop.

Overview of FY21 Executive Remuneration and Performance Outcomes

- > Fixed Remuneration – There were no remuneration increases to Executive Key Management Personnel (KMP) and Non-Executive Directors during the year.
- > Following the temporary remuneration reductions taken by all Executive KMP and Non-Executive Directors in the final quarter of FY20 (20% and 50% respectively), fixed remuneration was reinstated to contracted levels effective 1 July 2020.
- > Short-Term Incentive (STI) Plan – The Company's underlying EBIT result exceeded the 100% range of target, and the STI gateway opened fully. Commencing FY21, participants received 50% of their award granted as Performance Rights made on a prospective basis. Following assessment at the end of the performance year, any vested award will be subject to a 12-month deferral, as in previous years.

Further details of the FY21 STI Plan are provided in Section 6 of the Report.

- > Long-Term Incentive (LTI) Plan – The 2019 LTI Award reached the end of its three-year performance period on 30 June 2021. 100% of the Award was tested against relative TSR which did not meet the performance hurdle and therefore, did not vest. All Performance Rights lapsed.
- > FY21 LTI Grant – The Company's FY21 LTI Plan includes:
 - An absolute Total Shareholder Return compound annual growth rate (ATSR CAGR) performance hurdle over a three-year vesting period with a 12-month holding lock; and
 - A vesting performance schedule of:
 - Minimum vesting of 50% where the Company's ATSR CAGR performance is 15%;
 - Pro-rata vesting between 50% and 100% where the Company's ATSR CAGR is greater than 15% but less than 25%; and
 - 100% vesting where the Company's ATSR CAGR is equal to or greater than 25%.

The FY21 LTI Grant of Performance Rights was offered to MD & CEO, other KMP and invited Executives under the LTI Plan.

Further details of the FY21 LTI Plan is provided in Section 6 of the Report.

Managing Director & Chief Executive Officer (MD & CEO) Remuneration

- > Fixed Remuneration – Mr Warburton's remuneration has remained unchanged since his appointment in August 2019.
- > Cancellation of the FY20 LTI Grant – Shareholders approved the cancellation of the FY20 LTI Grant (approved at the 2019 AGM), which had a grant value of \$4.05 million (equivalent to three years' annual LTI grant). It was replaced with annual grants, commencing with the FY21 LTI Grant. This meant that none of the FY20 LTI Grant remained on foot and Mr Warburton forfeited in full his LTI of \$1.35 million for the FY20 performance year. The decision to cancel the FY20 LTI Grant and commence annual grants reflected:
 - the Company's decision to focus on the growth of Seven and value to shareholders, regardless of the broader market and other companies' performance;
 - better alignment with the Company's strategy and financial circumstances in its critical turnaround phase; and
 - the Board's determination that the Communications Services Index was no longer an appropriate peer group given the broad range of constituent companies (including several large telecommunications companies operating under different market conditions).
- > FY21 STI Outcome – After careful consideration based on the over-achievement of performance objectives, the Board determined in its absolute discretion to grant Mr Warburton an STI award at 150% of Fixed Remuneration which can be awarded pursuant to his contract for exceptional performance. Under the STI Plan Rules, 50% of the award will be delivered in deferred restricted equity.

Mr. Warburton's 2020 and 2021 remuneration is tabled at Sections 5 and 7 of the Report.

Outlook and Changes for 2022

The operational changes made over the past two financial years have positioned the Seven as competitive and fit for the modern media landscape. Looking ahead to FY22, the Company will continue to focus on ratings leadership, revenue share, market consolidation, and strengthening of the Company's balance sheet.

The changes to our STI and LTI plans took full effect during FY21 and will further enhance shareholder alignment whilst enabling the Company to attract and retain the highest calibre executives.

To further promote alignment between directors, executives and shareholders, the Board approved the Company's Minimum Shareholding Policy as part of its remuneration framework. These guidelines were implemented for Non-Executive Directors, the MD & CEO and other Executive KMP effective 1 July 2021 as follows:

- > 100% of pre-tax annual base fees as the minimum guideline for the Chairperson and Non-Executive Directors;
- > 50% of fixed remuneration for the MD & CEO; and
- > 50% of fixed remuneration for other Executive KMP.

The timeline to achieve share acquisition compliance is five years from that date.

The Board will continue to test the remuneration arrangements for executives to ensure that these remain aligned to the remuneration principles that underpin our Executive Remuneration Framework with the aim of remaining fit for purpose, being clear and appropriately connected to the strategic intent and expectations of our stakeholders.

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 interest in Seven West Media. I look forward to receiving your feedback and support at the 2021 Annual General Meeting.

Yours faithfully



John Alexander
Remuneration & Nomination Committee Chairman

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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. FY21 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
Managing Director and Chief Executive Officer (MD and CEO) and Executive KMP		
J Warburton ¹	MD and CEO	Full Year
KJ Burnette	Chief Revenue Officer	Full Year
J Howard ²	Chief Financial Officer	Full Year
KA McGrath	Chief People and Culture Officer	Full Year
BI McWilliam	Commercial Director	Full Year

¹ J Warburton was appointed 16 August 2019.

² J Howard was appointed 20 January 2020.

3. Executive Remuneration at a Glance

Key Features	Details of Seven West Media's Approach	Further Information
Executive Remuneration in FY21		
1. 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 exceeded the 100 per cent range of budget, and the STI gateway opened. > Long-Term Incentive (LTI): The 2019 LTI Award reached the end of its three-year performance period on 26 June 2021. 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	Section 5 Pages 58–61 Section 6 Page 61–67
2. What changes have been made to the remuneration framework in FY21?	Fixed remuneration levels for Executive KMP remain unchanged. Minor changes to our Remuneration Framework were made during the year to ensure that 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) was granted at the commencement of the performance year in the form of Performance Rights, and subject to the assessment of FY21 performance. > LTI: Changes to the LTI arrangements for the MD and CEO were approved by shareholders at the 2020 Annual General Meeting.	Section 6 Pages 61–67

Key Features	Details of Seven West Media's Approach	Further Information
3. Are any changes planned for FY22?	Yes, minimum shareholding guidelines have been implemented for Non-Executive Directors and Executive KMP commencing on 1 July 2021. No significant changes planned for FY22. However, in line with previous years, the Board will review and adjust (if necessary) the threshold and stretch performance levels for the performance objectives applicable to the STI and LTI awards.	Section 6 Page 60–61
Executive Remuneration Framework		
4. 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 to the upper quartile of the market.	Section 6 Page 62
5. 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 62
6. 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 63
Short-Term Incentives (STI)		
7. Are any STI payments deferred?	Yes. Typically, 50 per cent of the STI award for Executive KMP is deferred and 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 63
8. 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 per cent), achievable only in circumstances of both exceptional individual and Company performance.	Section 6 Page 63
Long-Term Incentives (LTI)		
9. What are the performance measures for the LTI?	For the FY19 and FY20 grants, 100 per cent subject to a relative Total Shareholder Return (TSR) and an individual performance condition. For the FY21 grant, 100 per cent subject to an absolute TSR compound annual growth rate (ATSR CAGR) performance hurdle over a three-year period (1 July 2020 to 30 June 2023), with the Board having discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Page 65–66
10. 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 66
11. Does the LTI have re-testing?	No. There is no re-testing.	Section 6 Page 66
12. 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 66
13. 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 65–66 Section 7 Page 68–70
14. 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 58 Section 6 Page 66

Key Features	Details of Seven West Media's Approach	Further Information
15. Does Seven West Media buy shares or issue new shares for share-based awards?	For both the deferred component of STI awards and LTI awards, the Board has discretion to issue new shares or buy shares on-market.	Section 6 Page 63–64
16. Does Seven West Media issue share options?	No. Seven typically uses Performance Rights for the deferred component of STI and LTI awards.	Section 6 Page 63–64
Executive Service Agreements		
17. 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 65

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 36 to 46 provides further information on the role of the Committee.

4.2 Members of the Remuneration and Nomination Committee During FY21

During FY21, the members of the Remuneration and Nomination Committee were:

- > Mr JH Alexander, Chairman
- > Mr D Evans
- > Ms C Garnsey OAM
- > 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 FY21, the Committee retained Ernst & Young ("EY") to provide an independent valuation for the 2021 LTI Award, and to assess TSR performance for the Company's FY19 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 FY21 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 2021, and to show remuneration received during 2020 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 2021 and 2020; and
- > 'At risk' equity-based remuneration granted to Executive KMP in prior years that vested during 2021 and 2020. The final column shows the value of prior equity awards which lapsed in 2021 (these awards reflect the FY19 LTI grant of Performance Rights which did not meet the performance hurdles when tested in July 2021).
- > 'At-risk' STI award related to and vested in the FY21 performance year.

Both the cash and deferred components of the FY21 award appears in this table, which have vested subject to a services condition. Unlike the Statutory Disclosure table in Section 7 which has been prepared in accordance with Australian Accounting Standards and discloses the value of STI and LTI grants which may or may not vest in future years (i.e. reported on an accounting basis), this table discloses the value of equity awards from previous years which vested in FY21.

Name	Financial Year	Fixed Remuneration ¹	Other Remuneration ²	FY21 STI Cash Payment ³	Total Cash Payments ⁴	FY21 Deferred STI Performance Rights ⁵	FY21 Deferred STI Share Price Growth ⁶	Total Remuneration including share price growth	Prior Year Equity Awards Vested during 2020 ⁷	Prior Year Equity Awards Lapsed/ Forfeited during 2020 ⁷
MD and CEO										
J Warburton ⁸	2021	1,274,798	48,359	1,012,500	2,335,657	1,012,500	4,275,000	7,623,157	–	(602,027)
	2020	1,134,875	43,899	–	1,178,774	–	–	1,178,774	–	–
Executive KMP										
KJ Burnette	2021	1,207,627	47,366	312,500	1,567,493	312,500	1,319,444	3,199,438	–	(70,093)
	2020	1,189,095	42,534	–	1,231,629	–	–	1,231,629	–	(25,388)
J Howard ⁸	2021	625,187	31,984	162,500	819,671	162,500	686,111	1,668,282	–	–
	2020	275,400	15,193	–	290,593	–	–	290,593	–	–
KA McGrath	2021	506,898	30,005	131,250	668,153	131,250	554,167	1,353,570	–	(25,234)
	2020	492,340	29,442	–	521,782	–	–	521,782	–	(9,140)
BI McWilliam ⁹	2021	1,106,681	39,107	275,000	1,420,787	275,000	1,161,111	2,856,898	–	(46,262)
	2020	988,779	38,092	–	1,026,871	–	–	1,026,871	–	(22,341)
Total	2021	4,721,191	196,821	1,893,750	6,811,762	1,893,750	7,995,833	16,701,345	–	(743,616)
	2020	4,080,489	169,160	–	4,249,649	–	–	4,249,649	–	(56,869)

- 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 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 Represents cash STI awarded for the FY21 performance year. No STI payments were awarded in the FY20 performance year.
- 4 Refers to the total value of remuneration earned during FY21, being the sum of the prior columns.
- 5 Represents the value of Deferred STI performance rights issued for the FY21 performance year, these performance rights vested at 26 June 2021. No deferred STI performance rights were issued in the FY20 performance year.
- 6 The FY21 Deferred STI Share Price Growth is equal to the number of performance rights vested multiplied by the increase in the Seven West Media share price over the FY21 performance period, ending on 26 June 2021.
- 7 Refers to equity-based plans from prior years that have vested or been lapsed/forfeited in the current year.
- 8 The information for 2020 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 Represents cash salaries for services to Seven West Media Limited during FY21. Provision of services to Seven Group Holdings Limited by BI McWilliam in a Company to Company agreement ceased on 20 November 2019.

5.2 Summary of STI Outcomes

How the Group's Performance was Assessed for the 2021 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 FY21 STI financial gateway reflects the overall assessment of Group performance. For FY21, the Company's underlying EBIT result of \$229.1 million opened 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
Strategic > Transformation to position Seven for post-COVID-19 recovery > Lead industry consolidation with continued M&A to better position Seven	20%	> Completed transformation plan for Television during the year positioning business to the next phase of growth. > Transformation plan for Newspapers developed providing a more sustainable outlook for the business. Implementation commenced in FY21. > Despite the impacts of COVID-19 on the rebuild of the Company's tentpole strategy, Seven is the only network to have grown commercial share in both halves of the financial year.	Over-Achievement
Financial > Deliver Company EBITDA / EBIT targets > Generate net-free cash outflow at or better than forecast > Target asset sales completed or well advanced > Improve net debt	50%	> FY21 Underlying EBIT was \$229.1 million. > FY21 EBITDA was \$253.9 million. > Operating cash inflow of \$143.2 million, compared to target outflow of \$71.7 million. > Net debt was reduced by 39.6% during the year to \$240.0. > Retired \$250 million of facilities during FY21 (6 months ahead of schedule) and without the need to complete distressed sales of all identified non-core assets. > Company cost control maintained with full year costs below target.	Significant Over-Achievement
Audience & Content > Implement 'Audience First Content' approach > Deliver competitive ratings in tentpole strategy > Maintain audience share for 7plus > WAN digital audience metrics at or above target	20%	> 7REDiQ launched with Seven partnerships already delivering incremental revenue and supporting growth in 7plus market share. > Seven is the only network to have grown commercial share in Sunday to Tuesday year-on-year. > 7plus revenue and audience outcomes ahead of target. > Seven has grown commercial share in both halves of the financial year in both Total People and people 25 to 54. We were the only network to do so in this period. > 7News is the highest rating national news service. > AFL is the highest rating sport in FY21.	Achievement
People, Operations & Compliance > Achieve value-enhancing outcomes from relevant regulatory reviews > Refresh risk management framework and approach > Effective management and reporting of all risk and compliance matters > Improve safety of our workforce > Drive high performing culture and engagement	10%	> Engagement on key regulatory reforms has secured recurring incremental earnings. > People Experience framework launched in FY21 with multiple programs underway driving engagement. > Continued improvement in key people safety metrics including LTIFR achieving the lowest result on record since 2013, and a reduction in workers' compensation costs.	Over-Achievement
Total	100%		Over Achievement

5.3 Equity Granted to the MD and CEO and Executive KMP

The table below presents the equity granted under the STI and LTI Plans to the Executive KMP during FY21.

Name	FY21 Deferred STI ¹ \$	FY21 LTI ² \$	Total \$	Financial Year in which Grant Vests
J Warburton	1,012,500	1,350,000	2,362,500	2022, 2023
KJ Burnette	312,500	312,500	625,000	2022, 2023
J Howard	162,500	325,000	487,500	2022, 2023
KA McGrath	131,250	131,250	262,500	2022, 2023
BI McWilliam	275,000	275,000	550,000	2022, 2023

- 1 100 per cent of the deferred award is recognised in the current performance year. Deferred equity under the STI Plan is not subject to any further performance conditions except continued employment.
- 2 Subject to performance conditions and due to vest 1 July 2023.

5.4 Summary of LTI Outcomes

The table below shows the vesting outcomes for the FY19 LTI grant to Executive KMP that reached the completion of the performance period during FY21.

Performance Measure	Performance Start Date	Test Date	Performance Range		Outcome	% Vested	% Lapsed
			Threshold	Maximum			
TSR (100% of Award)	1 July 2018	30 June 2021	51st Percentile	75th Percentile	TSR of -36.6% (ranked at 91.7% 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 M&A	
Remuneration Strategy					
Attract and retain high-performing 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. For the FY20 LTI Grant, targets are linked to: > Relative Total Shareholder Return (TSR) performance measure; and > An individual performance condition over a three-year vesting period with an additional 12-month holding lock. For the FY21 LTI Grant, targets are linked to an absolute TSR (ATSR) performance measure over a three-year vesting period with an additional 12-month holding lock.
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 Performance Rights, subject to service conditions.		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 was delivered as Performance Rights early in the performance period. For FY22, Performance Rights were issued 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 top down and rigorous bottom-up budget process.

Further details on the key design features of the 2021 STI Plan are set out below.

Seven West Media STI Plan											
<i>STI Opportunity</i>	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 and determined subject to the Board's discretion. 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.										
<i>Eligibility</i>	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.										
<i>Delivery of Awards</i>	50 per cent is paid in cash at the end of the annual Performance and Remuneration Review (usually in the August pay cycle after results have been released). To support an ownership culture and drive retention outcomes, 50 per cent of the STI award was delivered in Performance Rights allocated early in the performance period. The number of Performance Rights allocated to each participant will be determined by dividing the dollar amount of the STI award deferred component by the 5-trading day volume weighted average price (VWAP) of the Company's Share price leading into and including 1 July 2020 (the "Market Price"), rounded down to the nearest whole number. Following assessment at the end of the performance year, the vested award will be converted to Restricted Shares and will be subject to a 12-month deferral.										
<i>Target Opportunity</i>	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.										
<i>Determination of the STI Gateway</i>	At Company level, the 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: 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. <table> <tr> <th>Percentage of Group Underlying EBIT Achieved (%)</th><th>STI Award Pool Available (% of On-Target)</th></tr> <tr> <td><90%</td><td>0%</td></tr> <tr> <td>90–94%</td><td>25%</td></tr> <tr> <td>95–99%</td><td>50%</td></tr> <tr> <td>100%</td><td>100%</td></tr> </table>	Percentage of Group Underlying EBIT Achieved (%)	STI Award Pool Available (% of On-Target)	<90%	0%	90–94%	25%	95–99%	50%	100%	100%
Percentage of Group Underlying EBIT Achieved (%)	STI Award Pool Available (% of On-Target)										
<90%	0%										
90–94%	25%										
95–99%	50%										
100%	100%										
<i>Performance Conditions</i>	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.										

Section 7: Remuneration Report

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Seven West Media STI Plan

<i>Assessment of Performance Outcomes</i>	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.
<i>STI Treatment on Cessation of Employment</i>	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.

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) Strategic; (ii) Financial; (iii) Audience and Content; and (iv) People, Operations and Compliance. > 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 MD and CEO. 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 for the MD and CEO 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 FY21 LTI Awards

The key features of the FY21 LTI Plan are provided in the following table.

Seven West Media Long-Term Incentive Plan											
<i>LTI Plan Vehicle</i>	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.										
<i>Number of Performance Rights Granted</i>	The value of LTI granted is allocated annually at 100 per cent of the MD and CEO's fixed remuneration. 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.										
<i>Performance Hurdle</i>	Performance Rights are subject to continued employment with Seven West Media and an absolute Total Shareholder Return compound annual growth rate (ATSR CAGR) performance hurdle, measured over a three-year period (1 July 2020 to 30 June 2023).										
<i>ATSR CAGR and Vesting Schedule</i>	ATSR CAGR is a metric where the Company's performance is measured against a predefined target. That is, it focuses on the growth of SWM and value to shareholders, regardless of the broader market and other companies' movements. It provides executives with a more direct line of sight to the level of shareholder return to be achieved. It also provides a tighter correlation between the executives' rewards and the shareholders' financial outcomes. The proportion of Performance Rights available to vest following testing of ATSR CAGR performance period is summarized in the following table: <table> <tr> <th>Company's ATSR CAGR over the Performance Period</th><th>Proportion of Performance Rights available to vest %</th></tr> <tr> <td>Less than 15%</td><td>Nil</td></tr> <tr> <td>15%</td><td>50%</td></tr> <tr> <td>Greater than 15% but less than 25%</td><td>On a straight-line pro-rata basis between 50% to 100%</td></tr> <tr> <td>Equal to or greater than 25%</td><td>100%</td></tr> </table>	Company's ATSR CAGR over the Performance Period	Proportion of Performance Rights available to vest %	Less than 15%	Nil	15%	50%	Greater than 15% but less than 25%	On a straight-line pro-rata basis between 50% to 100%	Equal to or greater than 25%	100%
Company's ATSR CAGR over the Performance Period	Proportion of Performance Rights available to vest %										
Less than 15%	Nil										
15%	50%										
Greater than 15% but less than 25%	On a straight-line pro-rata basis between 50% to 100%										
Equal to or greater than 25%	100%										
<i>Testing of Performance Hurdle</i>	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. In assessing performance against the performance hurdles, the Remuneration & Nomination Committee, in its absolute discretion, may make any adjustments having regard to any matters that it considers relevant, including adjusting for abnormal or unusual factors that are outside of management's control. 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.										
<i>Disposal Restrictions on Vested Shares</i>	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.										
<i>Dividends and Voting Rights</i>	Performance Rights do not carry any dividend or voting rights prior to vesting.										

Seven West Media Long-Term Incentive Plan

<i>Change of Control</i>	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.
<i>Cessation of Employment</i>	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.
<i>Hedging</i>	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 2021 financial year, with commentary on key highlights, are provided in Section 5 of the Report.

Company Financial Performance – Five Year Perspective

In FY21, 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:

	2021 ⁵	2020 ^{4, 5}	2019 ^{4, 5}	2018	2017
Profit before significant items ¹ , net finance costs and tax (EBIT) (\$'000's)	229,108	94,985	212,812	235,636	261,384
Statutory NPAT (\$'000's)	318,122	(201,181)	(324,294)	132,789	(744,997)
NPAT (excluding significant items) ^{1, 2} (\$'000's)	125,545	36,896	249,451	140,357	166,809
Revenue (\$'000's)	1,269,646	1,227,047	1,427,003	1,621,092	1,678,984
Profit before depreciation, amortisation, significant items ¹ , net finance costs and tax (EBITDA) (\$'000's)	253,891	123,427	263,468	270,886	306,659
Diluted earnings per share (as reported) (cents)	20.7	(13.2)	(21.5)	8.8	(49.0)
Diluted earnings per share (excluding significant items) ¹ (cents)	8.2	2.5	16.5	9.3	11.1
Dividend per share (cents)	–	–	–	–	6.0
Share price as at reporting date ³ (\$)	0.5	0.1	0.5	0.8	0.7
Return on capital employed (%)	22.75	9.55	21.03	15.91	18.58

1 Significant Items is a non-IFRS measure. For details of significant items, refer to Note 2.4 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 FY17 was \$0.685.

4 2020 figures have been restated for amendments for the Groups adoption of IFRIC agenda decisions.

5 Excludes 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 ATSR CAGR 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 FY21 did not exceed the approved amount. For the year ended 26 June 2021, \$1.34 million (71 per cent) of this fee pool was used.

6.4.2 Non-Executive Director Remuneration in FY21

The fees for the year to 26 June 2021 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

6.4.3 Changes to Board and Committee Composition

There were no changes were made to Board and Committee composition during the 2021 financial year.

Section 7: Remuneration Report

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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 26 June 2021 are set out in the following table, calculated in accordance with statutory accounting requirements.

Name	Financial Year	Short-Term Benefits			Post-Employment Benefits			Share-Based Payments			Performance-Related Remuneration %
		Fixed Remuneration ¹	Cash STI & Incentives ²	Non-Monetary Benefits ³	Superannuation Benefits ⁴	Long Service Leave ⁵	Termination Benefits	Restricted Shares ⁶	Performance Rights ⁷	Total	
Managing Director and Chief Executive Officer											
J Warburton ^{8,9}	2021	1,274,798	1,012,500	5,294	21,694	21,371	-	-	2,235,917	4,571,574	71%
	2020	1,134,875	-	3,440	21,003	19,456	-	-	163,474	1,342,248	12%
Executive KMP											
KJ Burnette, Chief Revenue Officer	2021	1,207,627	312,500	5,885	21,694	19,787	-	-	532,096	2,099,589	40%
	2020	1,189,095	-	954	21,003	20,577	-	-	59,422	1,291,051	5%
J Howard, Chief Financial Officer ⁸	2021	625,187	162,500	-	21,694	10,290	-	-	356,989	1,176,660	44%
	2020	275,400	-	-	10,501	4,692	-	-	5,576	296,169	2%
KA McGrath, Chief People and Culture Officer	2021	506,898	131,250	-	21,694	8,311	-	-	221,927	890,080	40%
	2020	492,340	-	-	21,003	8,440	-	40,000	22,114	583,897	4%
BI McWilliam, Commercial Director	2021	1,106,681	275,000	-	21,694	17,413	-	-	460,690	1,881,478	39%
	2020	988,779	-	2,064	18,959	17,069	-	-	44,745	1,071,616	4%
Total Executive Remuneration		2021	4,721,191	1,893,750	11,179	108,470	77,172	-	3,807,619	10,619,381	
	2020	4,080,489	-	6,458	92,469	70,234	-	40,000	295,331	4,584,981	

- 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 2020.
- Represents cash STI awarded for the FY21 performance year. No STI awards were made for FY20 performance year.
- Non-monetary benefits are determined on the basis of the cost to the Company (including FBT, where applicable).
- Superannuation benefits have been calculated consistent with AASB 119 Employee Benefits.
- 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.
- Represents the fair value of Performance Rights expensed by the Company in relation to STI and LTI Grants. Following shareholder approval at the Company's 2020 AGM regarding the cancellation of Mr Warburton's FY20 LTI Grant, the expensing related to that award has been accelerated and fully expensed in FY21.
- The information for 2020 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.
- Effective FY21, J Warburton commenced annual LTI grants aligned to the Company's current Remuneration Framework.

7.2 Non-Executive Remuneration in Detail

Details of the remuneration of the Company's Non-Executive Directors for the year ended 26 June 2021 are set out the following table.

Name	Financial Year	Short-Term Benefits		Post-Employment Benefits	
		Seven West Media Board Fees ¹	Non-Monetary Benefits	Superannuation	Total
		\$	\$	\$	\$
Non-Executive Directors					
KM Stokes AC, Chairman	2021	309,289	–	21,694	330,983
	2020	274,750	970	19,481	295,201
JH Alexander	2021	139,738	–	13,275	153,013
	2020	123,860	–	11,767	135,627
T Dyson	2021	157,768	–	14,988	172,756
	2020	139,841	–	13,285	153,126
D Evans	2021	143,344	–	13,618	156,962
	2020	127,056	–	12,070	139,126
C Garnsey OAM	2021	130,722	–	12,419	143,141
	2020	113,519	–	10,784	124,303
M Malone	2021	134,329	–	12,761	147,090
	2020	119,065	–	11,311	130,376
RK Stokes AO	2021	143,141	–	–	143,141
	2020	120,586	–	6,290	126,876
M Ziegelaar	2021	134,329	–	12,761	147,090
	2020	119,065	–	11,311	130,376
Total Non-Executive Director Fees ²	2021	1,292,660	–	101,516	1,394,176
	2020	1,137,742	970	96,299	1,235,011

1 Includes fees paid to the Chairman and members of Board Committees.

2 The total fees for 2020 reflect the prior 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.

FY21 LTI Grant and Prior Years' LTI Grants

Details of vesting profiles of the Performance Rights granted as remuneration in FY21 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 Date	Fair Value Per Right at Grant Date	Number of Rights Vested During FY21	Percentage of Rights Forfeited, Lapsed or Cancelled in FY21 ¹	Financial Year in which Grant may Vest
J Warburton	11,250,000	01-Dec-20	\$0.220	–	–	2024
KJ Burnette	2,604,166	01-Dec-20	\$0.220	–	–	2024
J Howard	2,708,333	01-Dec-20	\$0.220	–	–	2024
K McGrath	1,093,750	01-Dec-20	\$0.220	–	–	2024
BI McWilliam	2,291,666	01-Dec-20	\$0.220	–	–	2024
J Warburton	5,472,972	31-Jan-20	\$0.045	–	100%	2023
J Warburton	5,472,973	31-Jan-20	\$0.065	–	100%	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
KJ Burnette	292,056	01-Feb-19	\$0.24	–	100%	2022
K McGrath	105,140	01-Feb-19	\$0.24	–	100%	2022
BI McWilliam	192,757	01-Feb-19	\$0.24	–	100%	2022

¹ 10,945,945 Performance Rights were cancelled in relation to J Warburton's FY21 LTI Grant as approved by shareholders at the Company's 2020 AGM.

With respect to the FY21 LTI grant, the maximum possible total value of the 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 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.

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.

Name	Financial Year	Opening Balance	Performance Rights Granted as Remuneration		Performance Rights Vested		Number of Rights Forfeited, Lapsed or Cancelled	Closing Balance
			Number Granted ¹	Value Granted ¹ \$	Number Vested	Value Vested \$		
Managing Director and Chief Executive Officer								
J Warburton	2021	10,945,945	22,500,000	3,918,750	–	–	(10,945,945)	22,500,000
	2020	–	10,945,945	602,027	–	–	–	10,945,945
Executive KMP								
KJ Burnette	2021	1,136,650	6,076,388	625,000	–	–	(292,056)	6,920,982
	2020	781,867	844,594	38,007	–	–	(489,811)	1,136,650
J Howard	2021	391,190	4,513,889	487,500	–	–	–	4,905,079
	2020	–	391,190	17,604	–	–	–	391,190
KA McGrath	2021	459,869	2,552,083	262,500	–	–	(105,140)	2,906,812
	2020	281,472	354,729	15,963	–	–	(176,332)	459,869
BI McWilliam	2021	750,189	5,347,222	550,000	–	–	(192,757)	5,904,654
	2020	623,791	557,432	25,084	–	–	(431,034)	750,189
Total	2021	13,683,843	40,989,582	5,843,750	–	–	(11,535,898)	43,137,527
	2020	1,687,130	13,093,890	698,685	–	–	(1,097,177)	13,683,843

1 Includes both FY21 STI and FY21 LTI awards granted as Performance Rights. The FY21 STI performance rights are based on the 5 Day VWAP at grant date of \$0.09, and the FY21 performance rights are based on fair value at grant date of \$0.22. In the prior year, FY20 performance rights are based on fair value at grant date of \$0.045 for Tranche 1 and \$0.065 for Tranche 2.

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	Other Changes During the Year ³	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	22,500,000	–	–	(10,945,945)	22,500,000	–
Executive KMP								
KJ Burnette	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	230,364	–	–	–	–	230,364	–
	Performance Rights	1,136,650	6,076,388	–	(292,056)	–	6,920,982	–
J Howard	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	195,630	–	–	–	–	195,630	–
	Performance Rights	391,190	4,513,889	–	–	–	4,905,079	–
KA McGrath	Deferred Shares	197,530	–	–	–	–	197,530	197,530
	Ordinary Shares	44,940	–	–	–	–	44,940	–
	Performance Rights	459,869	2,552,083	–	(150,140)	–	2,906,812	–
BI McWilliam	Deferred Shares	–	–	–	–	–	–	–
	Ordinary Shares	391,387	–	–	–	–	391,387	–
	Performance Rights	750,189	5,347,222	–	(192,757)	–	5,904,654	–

- 1 Includes both FY21 STI and FY21 LTI awards granted as Performance Rights. The balance of Performance Rights at the end of the year are unvested rights.
2 FY19 deferred STI Restricted Shares were allocated to K. McGrath in September 2019 and vested during the performance year.
3 Represents Performance Rights cancelled in relation to J Warburton's FY20 LTI Grant as approved by shareholders at the Company's 2020 AGM.

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
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	233,000	–	233,000
RK Stokes AO	Ordinary Shares	240,466	–	240,466
M Ziegelaar	Ordinary Shares	10,000	–	10,000

8. Loans and Other Transactions with Key Management Personnel

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 FY21.

Auditor's Independence Declaration



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 26 June 2021 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.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Duncan McLennan, written in black ink.

Duncan McLennan
Partner

Sydney
16 August 2021

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company.

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Financial Statements

For the year ended 26 June 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 26 June 2021

	Notes	2021 \$'000	Restated ¹ 2020 \$'000
Continuing Operations			
Revenue	2.2	1,269,609	1,226,371
Other income	2.2	37	676
Revenue and other income		1,269,646	1,227,047
Expenses	2.3	(1,046,860)	(1,133,265)
Reversal (impairment) of intangible assets	2.4	207,480	(65,504)
Reversal (impairment) of investments and other assets	2.4	1,249	(137,332)
Income (costs) related to investments	2.4	470	(9,242)
Net gain on disposal of investments	2.4	3,445	11,012
Net gain on assets disposed	2.4	–	9,439
Redundancy and restructure reversal (expense)	2.4	4,863	(12,000)
Onerous contracts	2.4	(7,588)	(136,864)
Reversal of onerous contract	2.4	66,728	–
Other	2.4	1,230	(9,447)
Share of net profit of equity accounted investees	7.1	6,322	1,203
Profit (loss) before net finance costs and tax from continuing operations		506,985	(254,953)
Finance income		1,501	1,513
Finance costs		(62,175)	(42,106)
Write off of unamortised original financing costs	2.4	(690)	–
Profit (loss) before tax from continuing operations		445,621	(295,546)
Tax (expense) benefit	5.1	(127,499)	94,365
Profit (loss) for the year from continuing operations		318,122	(201,181)
Discontinued operations			
(Loss)/profit after tax for the year from discontinued operations	8.4	(34)	37,907
Profit (loss) for the year		318,088	(163,274)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		4,420	659
Exchange differences on translation of foreign operations		(25)	132
Tax relating to items that may be reclassified subsequently to profit or loss		(1,326)	(198)
<i>Items that will not be reclassified to profit or loss:</i>			
Net change in fair value of financial assets (net of tax)		(49)	(3,259)
Other comprehensive income (expense) for the year, net of tax		3,020	(2,666)
Total comprehensive income (expense) for the year		321,108	(165,940)
Total comprehensive income (expense) attributable to:			
Owners of the Company		321,035	(165,369)
Non-controlling interests		73	(571)
Total comprehensive income (expense) for the year		321,108	(165,940)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company			
Basic earnings per share	2.5	20.7 cents	(10.7 cents)
Diluted earnings per share	2.5	20.7 cents	(10.7 cents)

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

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Consolidated Statement of Financial Position

As at 26 June 2021

	Notes	2021 \$'000	Restated ¹ 2020 \$'000	Restated ¹ 2019 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	3.1	253,332	352,021	90,455
Trade and other receivables	3.2	211,965	156,456	262,798
Program rights and inventories	3.3	184,325	137,436	193,269
Contract assets	3.6	2,468	2,425	3,566
Other assets		12,803	13,295	12,454
Total current assets		664,893	661,633	562,542
Non-current assets				
Program rights	3.3	34	41,042	15,857
Equity accounted investees	7.1	15,835	9,513	12,850
Other financial assets	4.5	37,355	79,135	60,552
Property, plant and equipment	4.2	49,453	51,456	126,554
Intangible assets	4.1	680,280	475,013	558,605
Right of use assets	4.3	72,089	87,527	117,051
Other assets		3,698	12,223	7,178
Total non-current assets		858,744	755,909	898,647
Total assets		1,523,637	1,417,542	1,461,189
LIABILITIES				
Current liabilities				
Trade and other payables	3.4	256,967	221,014	271,579
Lease liabilities	4.3	10,524	9,350	7,744
Provisions	4.4	151,990	128,526	105,425
Deferred income		25,217	11,931	7,192
Contract liabilities	3.6	27,105	31,031	21,368
Current tax liabilities		44,809	346	1,575
Total current liabilities		516,612	402,198	414,883
Non-current liabilities				
Trade and other payables	3.4	7,014	5,188	10,011
Lease liabilities	4.3	193,801	214,262	167,414
Provisions	4.4	97,459	229,427	147,681
Deferred income		1,200	2,650	–
Contract liabilities	3.6	5,042	9,542	12,792
Deferred tax liabilities	5.2	124,864	47,036	146,469
Borrowings	6.1	493,310	749,268	653,839
Total non-current liabilities		922,690	1,257,373	1,138,206
Total liabilities		1,439,302	1,659,571	1,553,089
Net assets		84,335	(242,029)	(91,900)
EQUITY				
Share capital	6.2	3,405,666	3,405,666	3,393,546
Reserves	6.3	22,766	11,970	14,640
Non-controlling interests		1,075	3,522	398
Accumulated deficit		(3,345,172)	(3,663,187)	(3,500,484)
Total equity		84,335	(242,029)	(91,900)

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

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Consolidated Statement of Changes in Equity

For the year ended 26 June 2021

	Share capital \$'000	Reserves \$'000	Accumulated deficit \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
Balance at 30 June 2019	3,393,546	14,640	(3,495,673)	(87,487)	398	(87,089)
Effect of adoption of IFRIC agenda decision ¹	–	–	(4,811)	(4,811)	–	(4,811)
Balance at 30 June 2019 (Restated)	3,393,546	14,640	(3,500,484)	(92,298)	398	(91,900)
Profit (loss) for the year¹	–	–	(162,703)	(162,703)	(571)	(163,274)
Cash flow hedge gains (losses) 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 (net of tax)	–	(3,259)	–	(3,259)	–	(3,259)
Other comprehensive income (expense) for the year, net of tax (restated)¹	–	(2,666)	–	(2,666)	–	(2,666)
Total comprehensive income (expense) for the year (restated)¹	–	(2,666)	(162,703)	(165,369)	(571)	(165,940)
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)
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	(3,663,187)	(245,551)	3,522	(242,029)
Profit (loss) for the year	–	–	318,015	318,015	73	318,088
Cash flow hedge (losses) gains taken to equity	–	4,420	–	4,420	–	4,420
Foreign currency translation differences	–	(25)	–	(25)	–	(25)
Tax on other comprehensive income	–	(1,326)	–	(1,326)	–	(1,326)
Net change in fair value of financial assets (net of tax)	–	(49)	–	(49)	–	(49)
Other comprehensive income (expense) for the year, net of tax	–	3,020	–	3,020	–	3,020
Total comprehensive income (expense) for the year	–	3,020	318,015	321,035	73	321,108
Transactions with owners in their capacity as owners						
Share based payment expense	–	7,776	–	7,776	–	7,776
Disposal of NCI	–	–	–	–	(2,520)	(2,520)
Total transactions with owners	–	7,776	–	7,776	(2,520)	5,256
Balance at 26 June 2021	3,405,666	22,766	(3,345,172)	83,260	1,075	84,335

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Consolidated Statement of Cash Flows

For the year ended 26 June 2021

	Notes	2021 \$'000	Restated ¹ 2020 \$'000
Cash flows related to operating activities			
Receipts from customers		1,348,330	1,458,125
Payments to suppliers and employees		(1,188,808)	(1,395,661)
Dividends received from equity accounted investees	7.1	–	5,100
Interest and other items of similar nature received		1,501	1,513
Interest and other costs of finance paid		(30,142)	(26,424)
Interest paid on lease liability		(17,714)	(14,731)
Receipt of Government Grants		35,888	13,643
Income tax paid		(5,844)	(199)
Net operating cash flows	3.1	143,211	41,366
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(13,815)	(7,357)
Proceeds from sale of property, plant and equipment		–	86,787
Payments for intangibles		(1,876)	(7,972)
Proceeds from sale of other assets		32	38,379
Payments for other investments		–	(2,000)
Proceeds from sale of investments		44,610	–
Payments for equity accounted investees		–	(558)
Proceeds on sale of subsidiaries (net of cash disposed)		(3,430)	28,619
Receipt of previously impaired loans from investees		3,645	–
Loans issued to investees		(1,000)	(3,362)
Net investing cash flows		28,166	132,536
Cash flows related to financing activities			
Proceeds from borrowings		–	157,000
Repayment of borrowings		(250,000)	(62,000)
Payment of borrowing costs		(11,600)	–
Payment of lease liabilities		(8,466)	(7,336)
Net financing cash inflows (outflows)		(270,066)	87,664
Net increase (decrease) in cash and cash equivalents		(98,689)	261,566
Cash and cash equivalents at the beginning of the year		352,021	90,455
Cash and cash equivalents at the end of the year	3.1	253,332	352,021

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

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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 16 August 2021. 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 26 June 2021 the Group recorded Earnings Before Interest and Tax (EBIT) (and before significant items) of \$229.1 million. The statutory profit after tax was \$318.1 million (including significant items). The FY21 net operating cash inflows were \$143.2 million. The Group repaid and cancelled \$250 million of debt facilities during the year.

Further information is provided in the Review of Operations on pages 16 to 21.

As at 26 June 2021, the Group's assets exceeded its liabilities by \$84.3 million (27 June 2020: liabilities exceeded assets by \$242.0 million).

The Group has returned to a net asset position as at 26 June 2021 as a result of:

- > strong operating profits and cash generation during the year;
- > reversal of prior period impairment of the Group's Television licences following the carrying value assessment of the TV CGU at balance date. This reflects the significant improvement in conditions and outlook in the metro free-to-air market and the new revenue streams secured from the usage of the Group's content on global digital platforms following the enactment of the Media Bargaining Code in February 2021; and
- > exit from a long term onerous program contract and the reassessment of other onerous contracts provisions required in respect of certain programming rights agreements resulting in the reversal of \$66.7 million of previously recognised provisions.

The Group has positive net current assets as at 26 June 2021 of \$148.3 million.

1.3 COVID-19

ThinkTV reported that metropolitan free to air television advertising market increased by 11.5 per cent to \$2.6 billion in the financial year. While COVID-19 continued to affect the first quarter of the financial year, the timing and magnitude of the market recovery experienced during the remainder of the year was ahead of expectations. This recovery has been sustained despite lockdowns and border closures intermittently impacting key metropolitan markets through the remainder of FY21 and into FY22.

The Broadcast Video on Demand (BVOD) market has also continued to grow rapidly, with advertising revenues from online catch-up and live TV streaming up 54.6 per cent year on year to \$251.7 million.

As a result of COVID-19 the Group received Government benefits which included a waiver of spectrum fees with the benefits recognised across FY20 and FY21 (\$3.7 million and \$6.1 million respectively). The Group also received \$25.7 million of JobKeeper allowance in the first quarter of the year.

The stay at home orders enacted in June 2021 for residents in metropolitan Sydney resulted in the cancellation of the production of *Australia's Got Talent*. This resulted a loss of \$5.8 million.

Notes to the Financial Statements for the year ended 26 June 2021

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 three 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 26 June 2021	REF	Television \$'000	The West \$'000	Other Business and New Ventures \$'000	Corporate [B] \$'000	Total \$'000
Advertising revenue		922,071	91,092	–	–	1,013,163
Circulation revenue		–	55,605	–	–	55,605
Program sales		76,360	–	–	–	76,360
Affiliate fees		96,769	–	–	–	96,769
Rendering of services		–	11,573	–	–	11,573
Other revenue		11,268	3,887	984	–	16,139
Revenue from continuing operations		1,106,468	162,157	984	–	1,269,609
Other income		23	14	–	–	37
Share of net profit of equity accounted investees		–	–	6,322	–	6,322
Revenue, other income and share of net profit of equity accounted investees		1,106,491	162,171	7,306	–	1,275,968
Expenses		(870,915)	(133,652)	(497)	(17,013)	(1,022,077)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		235,576	28,519	6,809	(17,013)	253,891
Depreciation and amortisation	[A]	(23,994)	(304)	(434)	(51)	(24,783)
Profit (loss) before significant items, net finance costs and tax		211,582	28,215	6,375	(17,064)	229,108

Notes to the Financial Statements for the year ended 26 June 2021

2.1. Segment Information (continued)

Year ended 27 June 2020 (Restated) ¹	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 sales		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		(931,088)	(146,705)	(11,274)	(15,756)	(1,104,823)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		110,803	20,388	7,992	(15,756)	123,427
Depreciation and amortisation	[A]	(25,194)	(2,716)	(480)	(52)	(28,442)
Profit (loss) before significant items, net finance costs and tax		85,609	17,672	7,512	(15,808)	94,985

[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 IFRIC agenda decisions. Refer to Note 8.6 for more detail.

2.1C. Other segment information

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

	2021 \$'000	Restated ¹ 2020 \$'000
Reconciliation of profit (loss) before significant items, net finance costs and tax		
Profit before significant items, net finance costs and tax	229,108	94,985
Finance income	1,501	1,513
Finance costs	(62,175)	(42,106)
Profit (loss) before tax excluding significant items	168,434	54,392
Significant items before tax (refer Note 2.4)	277,187	(349,938)
Profit (loss) before tax	445,621	(295,546)

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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 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 sales 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 26 June 2021

2.2. Revenue and Other Income (continued)

	REF	2021 \$'000	2020 \$'000
Sales revenue			
Advertising revenue	[A]	1,013,163	947,434
Circulation revenue	[B]	55,605	52,950
Programme sales	[C]	76,360	93,001
Affiliate fees	[D]	96,769	91,322
Rendering of services	[E]	11,573	14,792
Other revenue	[F]	16,139	26,872
Total sales revenue		1,269,609	1,226,371
Other income			
Sundry income		32	724
Net gain/(loss) on disposal of property, plant and equipment and investments		5	(48)
Total other income		37	676

Timing of Revenue Recognition

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

	2021 \$'000	2020 \$'000
Products or services transferred at a point in time	1,172,840	1,135,049
Products or services transferred over time	96,769	91,322
Total External Revenue	1,269,609	1,226,371

Notes to the Financial Statements for the year ended 26 June 2021

2.3. Expenses

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

	REF	2021 \$'000	Restated ¹ 2020 \$'000
Depreciation and amortisation (excluding program rights amortisation)	[A]	(24,783)	(28,442)
Advertising and marketing expenses		(21,844)	(24,295)
Printing, selling and distribution (including newsprint and paper)		(27,647)	(31,503)
Media content (including program rights amortisation)	[A]	(544,026)	(590,951)
Employee benefits expense (excluding significant items)	[B]	(277,115)	(287,142)
Raw materials and consumables used (excluding newsprint and paper)		(6,551)	(6,938)
Repairs and maintenance		(22,668)	(18,963)
Licence fees		(15,694)	(21,045)
Rental (expense)/recoveries relating to operating leases ³		(1,236)	634
Other expenses from ordinary activities		(105,296)	(124,620)
Total expenses		(1,046,860)	(1,133,265)

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

[A] Property, plant and equipment		(10,796)	(13,207)
Right of use assets		(9,930)	(10,527)
Amortisation of intangible assets		(4,057)	(4,708)
Total depreciation and amortisation		(24,783)	(28,442)
Television program rights amortisation		(91,819)	(108,317)
Total depreciation and amortisation (including program rights amortisation)		(116,602)	(136,759)
[B] Employee benefits expense ²		(256,300)	(258,120)
Defined contribution superannuation expense		(20,815)	(29,022)
Total employee benefits expense		(277,115)	(287,142)

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Other:

2 Includes \$25.7 million of government JobKeeper subsidies received during the year (2020: \$21.3 million).

3 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 \$736,000 (2020: \$2,858,000) of rent concessions in FY21 that have been recorded in the P&L.

Notes to the Financial Statements for the year ended 26 June 2021

2.4. Significant Items

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

	REF	2021 \$'000	Restated ¹ 2020 \$'000
Impairment of Television licences	[A]	–	(61,565)
Impairment of other intangible assets	[A]	(1,018)	(3,939)
Reversal of previously impaired Television licenses	[A]	208,498	–
Total impairment of intangible assets		207,480	(65,504)
Impairment of fixed assets	[A]	(4,719)	(9,783)
Impairment of right of use assets	[B]	(6,896)	(55,982)
Reversal of previously impaired right of use assets	[B]	11,333	–
Gain on lease modifications	[B]	1,531	–
Impairment of other assets	[C]	–	(71,567)
Total impairment of other assets		1,249	(137,332)
Income (costs) related to investments	[D]	470	(9,242)
Net gain on disposal of investments	[E]	3,445	11,012
Net gain/(loss) on assets disposed	[F]	–	9,439
Redundancy and restructure reversal (expense)	[G]	4,863	(12,000)
Onerous contracts	[H]	(7,588)	(136,864)
Reversal of Onerous contracts	[H]	66,728	–
Write off of unamortised original refinancing cost	[I]	(690)	–
Other		1,230	(9,447)
Total significant items before tax		277,187	(349,938)
Tax (expense) benefit		(84,610)	111,861
Net significant items after tax		192,577	(238,077)

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

Television

- Improved market conditions for the traditional Free to Air television metro advertising market.
- Regulatory changes in the media industry.

The West

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

Refer Note 4.1 for details.

[B] An impairment review of the Group's right of use assets was performed, resulting in an impairment of \$6.9 million (2020: \$55.9 million), as well as an impairment reversal of \$11.3 million. As a result of modification of leases during the year, the Group recorded a gain of \$1.5 million.

[C] The recoverable amount of program rights, inventories and other assets have been assessed at higher than their carrying value, resulting in no impairment for the year ended 26 June 2021 (2020: Impairment of \$71.5 million).

[D] The amount relates to recovery of previously impaired loans receivable.

[E] During the year the Group disposed of its investments in 7Beyond Media Rights Limited and Seven West Studios Limited (a UK investment). In the prior year ended 27 June 2020, the Group disposed of its investment in its West Australian regional radio operations and Slim Film TV.

[F] There were no asset disposals for the year ended 26 June 2021. In the prior year ended 27 June 2020 the group disposed of two properties, the carrying value on disposal was \$53.2m, 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 redundancy and restructure reversal during the year relate to transformation programs across the Group. A portion of the prior periods expense was reversed in the current period.

[H] During the year, the Group recorded reversals to onerous provisions of \$66.7 million as a result of changes to the onerous contract review procedures. Additional onerous contract costs of \$7.6 million relating to other television programming was recognised during the year (2020: \$136.9 million). Refer to Note 4.4 for disclosure of the assumptions included in the calculation of the provision.

[I] The amount relates to previously unamortised borrowing costs written off following the July 2020 debt refinancing.

Comparative financial information has been restated for the following:

- 1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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.

	2021	Restated ¹ 2020
Basic earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	20.7 cents	(10.7 cents)
Diluted earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	20.7 cents	(10.7 cents)
	2021 \$'000	2020 \$'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	318,015	(162,703)
	2021 Number	2020 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 earnings per share	1,537,982,583	1,523,708,431
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	1,538,045,684	1,523,708,431

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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.

	2021 \$'000	Restated ¹ 2020 \$'000
Cash at bank and on hand	253,332	352,021
Cash at banks 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 6.6.		
Reconciliation of operating profit (loss) after tax to net cash provided by operating activities		
Profit (loss) for the year from continuing operations:	318,122	(201,181)
Profit (loss) for the year from discontinued operations:	(34)	37,907
Non-cash items:		
Depreciation and amortisation of property, plant and equipment and intangible assets	14,853	19,075
Amortisation of Right of use assets	9,930	11,408
Amortisation of television program rights	91,819	108,317
Impairment of intangible assets	1,018	66,056
Reversal of previously impaired right of use assets less impairment of right of use assets (impairment)	(4,437)	55,982
Impairment of fixed assets	4,719	9,783
Impairment of other assets	–	71,567
Impairment/(reversal) of Intangible assets	(208,498)	–
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)
Net gain on sale of discontinued operations	–	(38,596)
Share based payment expense (reversal)	7,776	(4)
Dividend received from equity accounted investees less share of profit of equity accounted investees	(6,322)	3,897
Movement in unamortised finance costs	5,642	429
(Reversal)/Restructuring & redundancy costs	(4,863)	12,000
Onerous contract provision/(release)	(55,842)	136,864
Other non-cash items	53,633	40,800
Changes in operating assets and liabilities, net of effect from acquisitions:		
(Increase) decrease in:		
Trade and other receivables	(55,592)	99,333
Inventories	–	1,141
Program rights	(103,218)	(153,361)
Other assets	5,462	(3,421)
Increase (decrease) in:		
Trade and other payables	44,292	(27,698)
Program liabilities	(1,673)	(27,343)
Provisions	(75,283)	(84,010)
Other liabilities	(18,766)	(1,275)
Tax balances	120,473	(75,853)
Net cash inflow from operating activities	143,211	41,366

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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:

		2021 \$'000	2020 \$'000
Non-cash investing (outflow) inflow			
Acquisition of other financial assets		–	(21,120)
Total non cash investing (outflow) inflow		–	(21,120)
Non-cash financing (outflow) inflow			
Repayment of unsecured bilateral revolving credit facilities	[B]	(750,000)	–
Drawdown of secured syndicated facility	[B]	750,000	–
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 in Prime Media Group Limited on 19 December 2019.

[B] The Group entered into a new syndicated debt facility during the period. The unsecured bilateral revolving credit facility was repaid. Further details are disclosed in Note 6.1.

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. 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.

	2021 \$'000	2020 \$'000
Current		
Trade receivables	222,163	159,829
Provision for doubtful debts	(4,976)	(6,212)
Provision for sales credits and returns	(20,832)	(28,210)
	196,355	125,407
Loans and other receivables	15,610	31,049
Total trade and other receivables	211,965	156,456
Movements in the provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	6,212	3,442
Net movement in provision (reversal) recognised during the year	(804)	3,080
Amount utilised	(432)	(310)
Balance at the end of the financial year	4,976	6,212

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 7.4 regarding receivables from related parties.

Notes to the Financial Statements for the year ended 26 June 2021

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 advertisement on Seven 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.

	2021 \$'000	2020 \$'000
Current		
Television program rights – cost less accumulated amortisation and impairment	176,557	128,934
Newsprint and paper – at cost	7,768	7,916
Work in progress – at cost	–	586
	184,325	137,436
Non-current		
Prepaid Television program rights	34	41,042
	34	41,042

Program rights and inventory expense

Program rights and inventories recognised as an expense during the year ended 26 June 2021 amounted to \$91,819,161 (2020: \$108,316,652) and \$6,551,348 (2020: \$27,467,703) 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 26 June 2021

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.

	2021 \$'000	2020 \$'000
Current		
Trade payables and accruals	147,846	102,457
Derivative financial liabilities	–	4,604
Television program liabilities	109,121	112,979
Loans due from related parties	–	974
	256,967	221,014
Non-current		
Derivative financial liabilities	1,881	2,239
Television program liabilities	5,133	2,949
	7,014	5,188

Notes to the Financial Statements for the year ended 26 June 2021

3.5. Commitments

	< 1 year \$'000	1–5 years \$'000	> 5 Years \$'000	Total \$'000
Year ended 26 June 2021				
Capital expenditure commitments	112	–	–	112
Operating lease commitments	2,210	8,002	–	10,212
Contracts for purchase of television programs and sporting broadcast rights	405,381	716,907	12,635	1,134,923
Contracts for employee services	36,884	12,320	–	49,204
Contracts for other services	25,380	32,228	–	57,608
	469,967	769,457	12,635	1,252,059
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	1,350,707

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.

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 26 June 2021

3.6. Contract Assets and Liabilities

Accounting policy

Contract assets and liabilities

Contract assets primarily relate to the Groups 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.

	2021 \$'000	2020 \$'000
Current		
Television Program Sales	2,468	2,425
Contract assets	2,468	2,425
Television Program Sales	27,105	30,460
Pacific Subscription	–	571
Contract liabilities	27,105	31,031
Non-current		
Revenue received in advance – affiliation fees	5,042	9,542
Contract liabilities	5,042	9,542

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):

	2022 \$'000	2023 \$'000	Beyond 2023 \$'000
Television Program Sales	27,105	5,042	–
Total	27,105	5,042	–

The Group recognised \$31.0 million in revenue during year ended 26 June 2021 that was previously accounted for as a Contract liability.

Notes to the Financial Statements for the year ended 26 June 2021

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 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
Trademark	Finite (10–15 years)	Amortised on a straight line basis over its useful life	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 26 June 2021							
Opening net book amount		461,779	–	13,234	–	–	475,013
Additions		–	–	1,876	–	–	1,876
Disposals		–	–	(32)	–	–	(32)
Amortisation charge		–	–	(4,057)	–	–	(4,057)
Reversal/(Impairment)	[A]	208,498	–	(1,018)	–	–	207,480
Closing net book amount		670,277	–	10,003	–	–	680,280
Comprised of:							
Cost		2,300,000	119,555	95,991	1,236,083	–	3,751,629
Accumulated amortisation and impairment		(1,629,723)	(119,555)	(85,988)	(1,236,083)	–	(3,071,349)

Notes to the Financial Statements for the year ended 26 June 2021

4.1. Intangible Assets (continued)

	REF	Licences \$'000	Mastheads \$'000	Computer software \$'000	Goodwill \$'000	Trademark \$'000	Total \$'000
Year ended 27 June 2020 (Restated)¹							
Opening net book amount		540,660	–	16,937	926	82	558,605
Additions		–	–	14,124	–	–	14,124
Disposals		–	–	(1,426)	–	–	(1,426)
Amortisation charge		–	–	(8,241)	–	–	(8,241)
Acquisition (disposal) of controlled entity	[B]	(17,316)	–	–	(926)	(82)	(18,324)
Changes to accounting policy		–	–	(1,615)	–	–	(1,615)
Impairment	[A]	(61,565)	–	(6,545)	–	–	(68,110)
Closing net book amount		461,779	–	13,234	–	–	475,013
Comprised of:							
Cost		2,300,000	119,555	85,555	1,236,083	–	3,741,193
Accumulated amortisation and impairment		(1,838,221)	(119,555)	(72,321)	(1,236,083)	–	(3,266,180)

[A] The Group has performed an assessment of the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being Television and The West (Metro and Regional). Refer to 4.1.1A for further details.

The reversals and impairments recognised during the year are a result of the following changes to key assumptions in the Group's cash flow forecasts:

Television

- Improved market conditions for the traditional Free to Air television metro advertising market.
- Regulatory changes in the media industry.

Refer to Note 4.1.1E for further details of the impairment reversals.

The West

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

[B] In the prior year ended 27 June 2020, Licences disposed as part of West Australian Regional Radio Assets Sale on 31 December 2019; Trademark disposal relates to sale of Media Beach Pte. Limited on 13 November 2019.

Comparative financial information has been restated for the following:

- 1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

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 Note 4.1.1B for details on assumptions used.

Notes to the Financial Statements for the year ended 26 June 2021

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 26 June 2021			
Television	–	670,277	670,277
The West (Metro and Regional)	–	–	–
Pacific	–	–	–
Other Business and New Ventures	–	–	–
Total goodwill and indefinite life assets	–	670,277	670,277
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

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 26 June 2021. The Group has determined the CGUs to be Television and The West (Metro and Regional).

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 FY22 and FY23.
- > The Group's share of Metro 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 26 June 2021

4.1. Intangible Assets (continued)

	Terminal growth factor		Discount rate (pre-tax)		Discount rate (post-tax)	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
Television	0.0%	0.0%	16.5%	17.9%	9.6%	10.4%
The West – Metro	-0.5%	-0.5%	13.5%	14.0%	10.5%	10.5%
The West – Regional	-0.5%	-0.5%	13.7%	14.6%	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.

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.

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, Broadcast Video on Demand (BVOD) market growth, 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 the 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	Impact on recoverable value
Metro market sensitivity with -1.5% movement	+/- \$176m
Metro share sensitivity -1% movement	+/- \$138m
BVOD market growth capped at 15%	+/- \$49m
BVOD market share capped at 37%	+/- \$43m
Discount rate	+/- \$71m
Terminal growth rate	+/- \$48m

No sensitivity is presented for The West as all intangible and tangible assets have been fully written down.

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 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.

4.1.1E Reversal of prior period impairment charges

In the second half of FY20 the COVID-19 pandemic created significant uncertainty with ongoing restrictions and shortness of the market. At the time, the forecasts used to undertake the impairment testing at year end reflected the Group's best estimates of the outlook of the business in what were unprecedented market conditions. This uncertainty continued, albeit to a lesser extent, in the first quarter of FY21 which was included in managements assumptions and forecasts. Strong indicators of market recovery in quarter 2 were treated cautiously when testing the CGUs for impairment in the half year ended 26 December 2020. Despite the ongoing risk of further COVID-19 related disruptions in Australia, and the impact these may have on the Group's businesses and the Metro FTA advertising, recovery in the second half of FY21 has exceeded the Group's forecast assumptions.

In FY21, the operating results of the Television CGU, combined with realised cost savings from the Group's cost out initiatives and a revision of assumptions for the broader advertising market has resulted in increased headroom when compared to most recent impairment testing models from December 2020 and June 2020. In addition to improved market conditions, regulatory changes in the Media industry arising from the Treasury Laws Amendment (News Media and Digital Platforms Bargaining Code) Bill 2021 has meant that future segment revenue assumptions now include the revenue streams arising from negotiations with other third parties impacted by the Code. These regulatory changes represent a structural shift in the Industry and as a result contributed to the increased headroom and reversal of prior period impairment of \$208.5 million in the Television CGU in the current reporting period.

Notes to the Financial Statements for the year ended 26 June 2021

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 26 June 2021

4.2. Property, Plant and Equipment (continued)

	Freehold land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Year ended 26 June 2021				
Opening net book value	18,106	9,207	24,143	51,456
Additions	–	343	13,472	13,815
Disposals	–	–	(31)	(31)
Depreciation charge	(644)	(925)	(9,227)	(10,796)
Impairment	–	(314)	(4,405)	(4,719)
Change due to movement in FX rates	–	–	(238)	(238)
Transferred in business disposal	–	–	(34)	(34)
Closing net book amount	17,462	8,311	23,680	49,453
Comprised of:				
<i>Cost</i>	<i>31,450</i>	<i>47,405</i>	<i>564,547</i>	<i>643,402</i>
<i>Accumulated depreciation and impairment</i>	<i>(13,988)</i>	<i>(39,094)</i>	<i>(540,867)</i>	<i>(593,949)</i>
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:				
<i>Cost</i>	<i>31,427</i>	<i>46,290</i>	<i>563,994</i>	<i>641,711</i>
<i>Accumulated depreciation and impairment</i>	<i>(13,321)</i>	<i>(37,083)</i>	<i>(539,851)</i>	<i>(590,255)</i>

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.

Notes to the Financial Statements for the year ended 26 June 2021

4.3. Leases

4.3A Right of use assets

The Group leases many assets including offices, equipment, transmission towers and satellites.

The recognised right of use assets relate to the following types of assets:

	Building \$'000	Plant & Equipment \$'000	Comm- unications \$'000	Total \$'000
Year ended 26 June 2021				
Opening net book amount	80,940	703	5,884	87,527
Additions	355	–	68	423
Disposals	–	(77)	–	(77)
Depreciation charge ¹	(7,460)	(246)	(2,224)	(9,930)
Net reversal of prior period Impairment/(Impairment) ²	4,597	(160)	–	4,437
Adjustment to cost for lease modifications	(10,597)	–	–	(10,597)
Effects of movement in exchange rates	306	–	–	306
Closing net book amount	68,141	220	3,728	72,089
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

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

2 Reversal of prior period Impairment has been presented net of any Impairment recognised during the year. Refer to Note 2.4 for further details.

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:

	2021 \$'000	2020 \$'000
Lease liabilities		
Current	10,524	9,350
Non-current	193,801	214,262
Total lease liabilities	204,325	223,612
Maturity analysis – contractual undiscounted lease payments		
Less than one year	25,562	26,791
One to five years	100,669	104,486
More than five years	246,965	292,123
Total undiscounted lease payments	373,196	423,400

4.3C Lease liabilities – Rent Concessions

During the year the Group received rent concessions for lease payments as a result of COVID-19. COVID-19-Related Rent Concessions, was issued in May 2020 and permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The Group was provided with \$736,000 (2020: \$2,858,000) of rent concessions that have been recorded within the P&L.

Notes to the Financial Statements for the year ended 26 June 2021

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 27 June 2020	59,306	17,127	272,151	9,369	357,953
Amounts provided	24,425	–	10,886	614	35,925
Amounts reversed	–	(4,863)	(66,728)		(71,591)
Amounts utilised	(23,898)	(7,592)	(43,783)	(11)	(75,284)
Unwind of discount	–	–	2,044	402	2,446
Balance as at 26 June 2021	59,833	4,672	174,570	10,374	249,449
Represented by:					
Current	53,055	4,672	94,251	12	151,990
Non-current	6,778	–	80,319	10,362	97,459
	59,833	4,672	174,570	10,374	249,449

Notes to the Financial Statements for the year ended 26 June 2021

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 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.

The Group has made the following changes to its Onerous contracts assessment during the year:

- > During the year the Group successfully renegotiated the cancellation of an indefinite life program rights contract. The Group had previously recognised an onerous provision in a prior period relating to this contract. This onerous contract provision was reversed.
- > The Group reassessed the expected economic benefits and costs of fulfilling key sporting rights contracts based on expected revenue and costs, including updating the estimates for actual results post year end (where known).

Impact of COVID-19 on key judgements, estimates and assumptions

The advertising market grew by 4.8% in the financial year compared to the previous year, which shows some recovery in the economic benefits expected to be received under current contracts. Given the ongoing uncertainty on the impacts of COVID-19 restrictions and lockdowns, the market growth assumptions have been reviewed in light of the improved current year conditions and expectations on the timing and scale of the recovery from COVID-19. The short term market outlook into FY22 remains consistent, with partial market recovery not expected until FY22.

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 for managing 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.

	2021 \$'000	2020 \$'000
Movements in carrying amounts of other financial assets		
Carrying amount at the beginning of the year	79,135	60,552
Contractual rights converted to equity	4,500	–
Net change in fair value of financial assets at fair value through other comprehensive income	506	(4,537)
Acquisitions (disposals)	(46,786)	23,120
Carrying amount at the end of the year	37,355	79,135

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.

On 19 March 2021, the Group disposed of its shares in Airtasker Pty Limited.

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 26 June 2021

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 26 June 2021

5.1 Taxes (continued)

	2021 \$'000	2020 \$'000
Tax expense recognised in profit or loss		
Current year tax expense	(51,432)	(6,239)
Adjustments for current tax of prior periods	(120)	(120)
Current tax expense	(51,552)	(6,359)
Deferred tax benefit (expense)	(76,556)	101,471
Adjustment for deferred tax of prior periods	609	(987)
Total tax expense	(127,499)	94,125
Reconciliation of tax expense to prima facie tax payable		
Profit (loss) before tax from continuing operations	445,621	(295,546)
Profit (loss) before tax from discontinued operations	(34)	38,147
Total profit (loss) before tax	445,587	(257,399)
Tax benefit (expense) at the Australian tax rate of 30% (2020: 30%)	(133,676)	77,220
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	300	180
Deferred tax assets not recognised in relation to impairment of assets	–	(418)
Capital tax losses utilised for which no deferred tax asset was previously recognised	4,690	–
Accounting gain on sale of investments	–	4,058
Accounting gain on sale of assets	–	12,735
Non-assessable income	1,883	3,850
Other non-assessable items	(1,185)	(2,363)
Adjustments for tax of prior periods	489	(1,137)
Tax benefit (expense) at the Australian tax rate of 30% (2020: 30%)	(127,499)	94,125
Tax benefit (expense) recognised in continuing operations	(127,499)	94,365
Tax benefit (expense) recognised in discontinued operations	–	(240)
Tax expense	(127,499)	94,125
Tax recognised in other comprehensive income		
Cash flow hedges	1,326	(198)
Financial assets at fair value	555	1,278
Deferred tax asset not recognised		
Capital losses and deductible temporary differences	1,193,718	1,179,744

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 26 June 2021

5.2. Deferred Tax Assets and Liabilities

Deferred tax assets (liabilities)

Year ended 26 June 2021	Restated 27 June 2020 \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	26 June 2021 \$'000
The balance comprises temporary differences attributable to:				
Trade and other receivables	4,482	(383)	–	4,099
Program rights and inventories	(96,070)	25,033	–	(71,037)
Investments	(7,993)	4,690	(555)	(3,858)
Intangible assets	(136,345)	(65,042)	–	(201,387)
Property, plant and equipment	26,885	(4,964)	–	21,921
Right of use assets	41,146	(891)	–	40,255
Deferred expenditure and prepayments	(252)	2,045	–	1,793
Trade and other payables	8,284	7,825	–	16,109
Provisions	103,824	(45,244)	–	58,580
Deferred income	5,688	(2,541)	–	3,147
Borrowings	–	1,697	–	1,697
Cash flow hedges	1,326	–	(1,326)	–
Transaction costs	145	(103)	–	42
Other	1,844	(1,931)	–	(3,775)
Net deferred tax (liabilities) assets	(47,036)	(75,947)	(1,881)	(124,864)

Restated Year ended 27 June 2020	Restated ¹ 29 June 2019 \$'000	Effect of adoption of IFRIC agenda decisions \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Restated ¹ 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	(159,476)	485	22,646	–	(136,345)
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	1,719	–	–	(393)	1,326
Transaction costs	197	–	(52)	–	145
Other	1,958	–	(114)	–	1,844
Net deferred tax (liabilities) assets	(146,469)	485	100,103	(1,155)	(47,036)

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

Section 6: Capital Management

6.1. Borrowings

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.

	2021 \$'000	2020 \$'000
Non-current:		
Borrowings – secured	500,000	–
Borrowings – unsecured	–	750,000
Unamortised refinancing costs	(6,690)	(732)
Borrowings net of unamortised refinancing costs	493,310	749,268

6.1A Financial arrangements

As at 26 June 2021, the Group had access to secured syndicated facilities to a maximum of \$500,000,000 (2020: unsecured bilateral revolving credit facilities \$750,000,000). The amount of these facilities undrawn at reporting date was \$nil (2020: \$nil).

In July 2020 the Group entered into a secured syndicated facility arrangement with maturities in July 2022 (\$450 million) and December 2022 (\$300 million). Under the terms of the agreement the previous leverage and interest cover ratios were replaced by a minimum liquidity requirement and EBITDA test (from March 2021) until December 2021 at which time the leverage and interest cover covenants are reinstated. The amended interim covenants provided the Group with the flexibility required to complete the transformation program commenced in FY20.

During the year the Group repaid and cancelled \$150.0 million on 15 February 2021, \$45.0 million on 26 March 2021 and \$55.0 million on 17 June 2021. Following the repayment and cancellation of \$250.0 million, the secured syndicated facility agreement has maturities of July 2022 of \$200.0 million and December 2022 of \$300 million.

The lenders hold first ranking general security over the group assets and a mortgage over the freehold properties in Broome and Mt Coot-tha

The Group has been in compliance with its financial covenant requirements to date including the period ended 26 June 2021.

In addition, the Group continues to have access to a \$13,400,000 (2020: \$20,000,000) multi-option facility with Australia and New Zealand Banking Group Limited. As at reporting date, \$11,646,470 of this facility (2020: \$11,000,000) was utilised for the provision of bank guarantees.

The facilities are subject to a weighted average interest rate of 4.58% at 26 June 2021 (2020: 2.01%).

Fair value

The carrying amount and fair value of Group borrowings at the end of the financial year was \$500,000,000 (2020: \$750,000,000).

Risk exposures

Information about the Group's exposure to interest rate changes is provided in Note 6.6.

6.2. Share Capital

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders.

	2021 \$'000	2020 \$'000
1,538,034,368 (2020: 1,538,034,368) Ordinary shares fully paid	3,405,666	3,405,666

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 26 June 2021

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 Groups accounting for other investments as fair value through other comprehensive income.

	2021 \$'000	2020 \$'000
Cash flow hedge reserve	–	(3,094)
Equity compensation reserve	10,649	2,873
Reserve for own shares	(597)	(597)
Foreign currency translation reserve	(57)	(32)
Fair value reserve	12,771	12,820
Total Reserves	22,766	11,970

6.3A Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	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 30 June 2019	(3,555)	2,877	(597)	(164)	16,079	14,640
Cash flow hedge gain(losses) 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 (net of tax)	–	–	–	–	(3,259)	(3,259)
Share based payment expense	–	(4)	–	–	–	(4)
Balance at 27 June 2020	(3,094)	2,873	(597)	(32)	12,820	11,970
Balance at 28 June 2020	(3,094)	2,873	(597)	(32)	12,820	11,970
Cash flow hedge (losses) gains taken to equity	4,420	–	–	–	–	4,420
Foreign currency translation differences	–	–	–	(25)	–	(25)
Tax on other comprehensive income	(1,326)	–	–	–	–	(1,326)
Net change in fair value of financial assets (net of tax)	–	–	–	–	(49)	(49)
Share based payment expense	–	7,776	–	–	–	7,776
Balance at 26 June 2021	–	10,649	(597)	(57)	12,771	22,766

Notes to the Financial Statements for the year ended 26 June 2021

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.

6.4A Dividends

There were no dividends paid during the financial year (2020: nil) or subsequent to year end (2020:nil)

6.4B Dividends not recognised at year end

No final dividend has been declared in the current or prior year.

6.4C 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 26 June 2021.

	2021	2020
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	62,650	21,630

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 \$7,776,000 (2020: \$337,163), there were no reversals in relation to forfeitures (2020: \$341,425).

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 26 June 2021, performance rights that remain outstanding are from 2019, 2020 Long Term Incentive Plans.

The Group issued one tranche in 2021 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 22,968,748 (2020: 14,363,918) performance rights were granted on 1 December 2020 (2020: 31 January 2020) and will be awarded if and when the performance conditions are met. The performance period commenced on 1 July 2020 and ends on 30 June 2023 (2020: 1 July 2019 to 30 June 2022). The performance rights are subject to a total shareholder return (TSR) hurdle as well as an individual performance condition.

On 12 November the CEO and MD's employment agreement was varied with approval by the shareholders to cancel the performance rights granted to the CEO and MD on 31 January 2020.

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. No performance rights vested in 2021 (2020: nil) and no performance rights were forfeited during the year (2020: 391,705).

Notes to the Financial Statements for the year ended 26 June 2021

6.5. Share-Based Payments (continued)

6.5B Valuation models and key assumptions used

	2021 Long Term Incentive Plan
Grant date	1 December 2020
Award type	Performance Rights
Vesting Conditions	Absolute TSR
Performance period	1 July 2020 to 30 June 2021
Vesting Date	20 August 2023
Share price at grant date	\$0.260
Number of rights granted	22,968,748
Fair value at grant date	\$0.220
Correlation between Seven West Media and ASX 200 Consumer Discretionary Accumulation Index	
Risk free interest rate	0.11%
Dividend yield	0.0%
Valuation methodology	Monte-Carlo simulation

Short Term Incentive Plans

In FY21, the Company's underlying EBIT result of \$229.2 million opened the financial gateway. The Group granted 2021 short term incentive plan that entitles key management personnel to shares based on 50% of the Financial Year's STI awards.

The restricted shares are subject to the condition that the executive remains employed by the Company for 12 months.

The estimated number and fair value of the restricted shares as at 26 June 2021 is based on 50% of the pool awarded. The performance period commenced on 28 June 2020 and ends on 26 June 2021.

Key Estimates, Judgements 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 liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 \$'000	2020 \$'000
Financial assets (liabilities) measured at fair value			
Other financial assets	4.5	37,355	79,135
Interest rate swaps		–	(3,595)
Interest rate collars		–	(825)
		37,355	74,715
Financial assets (liabilities) measured at amortised cost			
Trade and other receivables	3.2	211,965	156,456
Cash and cash equivalents	3.1	253,332	352,021
Borrowings	6.1	(493,310)	(749,268)
Trade payables and accruals	3.4	(147,846)	(102,457)
		(175,859)	(343,248)

Notes to the Financial Statements for the year ended 26 June 2021

6.6. Capital and Financial Risk Management (continued)

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 26 June 2021.

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	\$11,737,789
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 2021 the interest rate cash flow hedges amount to \$nil (2020: \$4,420,000).
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	\$25,617,191

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.

- > 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 initial COVID-19 lockdown period and impact on long-term revenue generating potential.

During the financial year, the ongoing 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:

The revised procedures and ongoing COVID-19 impact has not lead to a change in the fair value of other (unlisted) financial assets during FY21.

Notes to the Financial Statements for the year ended 26 June 2021

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. Despite advertising market recovery during FY21, ongoing COVID-19 related business closures and restrictions to trade resulting from regular state wide lock downs and border closures, the business has continued its review of key factors impacting the credit risk of its customer base throughout the financial year and again at balance date. The Group also noted the Trade Credit Insurance industry restricting the level of cover provided in high risk categories.

The group's assessment of credit risk for existing and new customers included the following procedures in addition to those already described in Note 6.6(i) of this financial report

- > regular re-assessment of already 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 patterns 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, 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 above procedures and ongoing COVID-19 impact has not resulted in recognition of additional credit loss provisions (2020: \$3.2m) during the year.

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				Total \$'000
	Not past due	< 30 days	31–90 days	> 90 days	
Year ended 26 June 2021					
Expected credit loss rate	1.6%	4.3%	55.5%	71.5%	
Estimated total gross carrying amount	212,441	7,648	1,593	481	222,163
Expected credit loss	(3,416)	(332)	(884)	(344)	(4,976)
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)

Notes to the Financial Statements for the year ended 26 June 2021

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 secured syndicated facility agreement equal to \$500,000,000, 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.

For the Groups maturity analysis of its lease liabilities refer to Note 4.3B.

Impact of COVID-19 on assessment of Liquidity Risk

The Group was in a balance sheet net asset position of \$84.3 million (2020: net liability \$242.0 million). As a result of the ongoing COVID-19 related impacts on the business, the Group had previously outlined a strategy to reduce its net debt and monetise the value of non-core assets during FY21. This included amending the key terms of the existing debt facilities, performing detailed cash flow forecasts, renegotiation of long-term content agreements and implementation of a cost out program to deliver cost savings over the next 3 years. In addition to the \$170.0 million in cost savings actioned during FY20, management have actioned a further \$30.0 million of cost savings during the financial year.

Disclosures relating to the Group's cash flow projections for the next 12 months are included in Note 1 of these financial statements and details of the amendment of the Group's debt facilities is disclosed in Note 6.1.

	Less than one year \$'000	Between 1 and 5 years \$'000	Total contractual cash flows \$'000	Carrying amount – liabilities \$'000
At 26 June 2021				
Non-derivative financial liabilities				
Trade and other payables	257,712	5,133	262,845	262,100
Secured loans	22,826	507,152	529,978	493,310
Total non-derivatives	280,538	512,285	792,823	755,409
Derivative financial liabilities				
Net settled interest rate swaps and collars	–	–	–	1,881
Total derivatives	–	–	–	1,881
Total financial liabilities	280,538	512,285	792,823	757,290
	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
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 26 June 2021

6.6. Capital and Financial Risk Management (continued)

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 not entered into any new derivative transactions during the year ended 26 June 2021.

As at the end of the reporting period the Group had the following instruments:

	2021 \$'000	2020 \$'000
Variable rate instruments		
Cash at bank, on hand and at call	253,332	352,021
Weighted average interest rate	1.50%	1.50%
External borrowing facilities	500,000	750,000
Weighted average interest rate	4.58%	2.01%
Net debt (excluding unamortised refinancing costs)	246,668	397,979
Interest Rate Swaps		
Total Hedged	–	200,000
% of net debt hedged	–	50%
Weighted average interest rate	–	2.78%
Expiry date	–	June 2021
Interest Rate Collars		
Total Hedged	–	50,000
% of net debt hedged	–	13%
Interest rate cap	–	2.64%
Interest rate floor	–	1.85%
Expiry date	–	June 2020
Total percentage of net debt hedged	–	63%
Net exposure to cash flow interest rate risk	246,668	147,979

Notes to the Financial Statements for the year ended 26 June 2021

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 \$4,420,000 (2020: decrease of \$659,000).

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 26 June 2021, 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
If interest rates were 1% higher with all other variables held constant:						
(Decrease)/increase	(3,500)	(3,500)	–	1,307	(3,500)	(2,193)
If interest rates were 1% lower with all other variables held constant:						
Increase/(decrease)	3,500	3,500	–	(1,336)	3,500	2,164

(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:

	2021 \$'000	2020 \$'000
Receivables:		
Foreign exchange receivables and forward contracts	–	–
Payables:		
Foreign exchange receivables and forward contracts	–	–
Net exposure	–	–

Based on the Group's financial instruments held at 26 June 2021, had the Australian dollar weakened/strengthened by 10% 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 2020 and ignores any impact of forecasted sales and purchases.

Notes to the Financial Statements for the year ended 26 June 2021

Section 7: Group Structure

7.1. Equity Accounted Investees

	2021 \$'000	2020 \$'000
Non-current		
Investments in associates and jointly controlled entities	15,835	9,513

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	
				2021 %	2020 %
Health Engine Pty Limited		Online health directory	30 June	16.3	16.3
NPC Media Pty Limited		Playout and content managements services	30 June	50.0	50.0
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

Notes to the Financial Statements for the year ended 26 June 2021

7.1. Equity Accounted Investees (continued)

Below is the summarised financial information for the Group's associates and jointly controlled investments.

	REF	2021 \$'000	2020 \$'000
Net profit (loss) for the year (continuing operations)		(84)	(7,279)
Group's share of profit for the year	[A]	6,322	1,203

[A] Share of profit (loss) is based on ownership percentage up to 50% for each equity accounted investee.

	2021 \$'000	2020 \$'000
Movements in carrying amount of equity accounted investees		
Carrying amount at the beginning of the financial year	9,513	12,850
Share of profit of investees after tax	6,322	1,203
Dividends received	–	(5,100)
Acquisitions and other movements	–	560
Carrying amount at the end of the financial year	15,835	9,513

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 26 June 2021 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 26 June 2021

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	
			2021 %	2020 %
7Beyond Media Rights Limited		Ireland	–	51
Albany Advertiser Pty Ltd	[A]	Australia	100	100
Another Story Productions Pty Limited	[O]	Australia	100	–
Australian National Television Pty Limited	[C]	Australia	100	100
Australian Television International Pty Limited	[C]	Australia	100	100
Australian Television Network Limited	[C]	Australia	100	100
BTRR Production Pty Limited	[N]	Australia	100	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 Newspapers Pty Ltd	[A]	Australia	100	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
Herdsmen 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
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

Notes to the Financial Statements for the year ended 26 June 2021

7.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest	
			2021 %	2020 %
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
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	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	100
Seven West Studios Limited		United Kingdom	–	100
Seven West Media Investments Pty Limited	[C]	Australia	100	100
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

Notes to the Financial Statements for the year ended 26 June 2021

7.2. Investments in Controlled Entities (continued)

	Notes	Country of incorporation	Ownership interest	
			2021 %	2020 %
Southdown Publications Pty Limited	[C]	Australia	100	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
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.
- [O] 17 May 2021.

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 26 June 2021

7.2. Investments in Controlled Entities (continued)

The consolidated statement of profit or loss and other comprehensive income for the year ended 26 June 2021 of the Seven West Media Limited Closed Group is presented below according to the Class Order:

	2021 \$'000	Restated ¹ 2020 \$'000
Statement of profit or loss and other comprehensive income		
Continuing Operations		
Revenue	1,254,814	1,196,747
Other income	37	676
Revenue and other income	1,254,851	1,197,423
Expenses	(1,034,530)	(1,104,939)
Reversal (impairment) of intangible assets	207,480	(65,504)
Impairment of investments and other assets	1,249	(137,332)
Costs related to investments	470	(9,242)
Net gain on disposal of investments	3,445	11,012
Net gain on assets disposed	–	9,439
Redundancy and restructure reversal (expense)	4,863	(12,000)
Onerous contracts	(7,588)	(136,864)
Reversal of onerous contract	66,728	–
Other	1,230	(9,447)
Share of net profit of equity accounted investees	6,322	1,203
Profit (loss) before net finance costs and tax	504,520	(256,251)
Finance income	1,501	1,513
Finance costs	(62,175)	(42,106)
Write off of unamortised refinancing cost	(690)	–
Profit (loss) before tax from continuing operations	443,156	(296,844)
Tax (expense) benefit	(126,968)	91,769
Profit (loss) for the year from continuing operations	316,194	(205,075)
Discontinued operations		
Profit/(loss) after tax for the year from discontinued operations	2,683	38,914
Profit (loss) for the year	318,877	(166,161)
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Effective portion of changes in fair value of cash flow hedges	4,420	659
Exchange differences on translation of foreign operations	(25)	132
Tax relating to items that may be reclassified subsequently to profit or loss	(1,326)	(198)
<i>Items that will not be reclassified to profit or loss:</i>		
Net change in fair value of financial assets (net of tax)	(49)	(3,259)
Other comprehensive income for the year, net of tax	3,020	(2,666)
Total comprehensive income (expense) for the year	321,897	(168,827)

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

7.2. Investments in Controlled Entities (continued)

The consolidated statement of financial position for the year ended 26 June 2021 of the Seven West Media Limited Closed Group is presented below according to the Seven West Media Limited Class Order:

	2021 \$'000	Restated ¹ 2020 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	251,586	347,282
Trade and other receivables	211,149	154,411
Contract assets	2,468	2,425
Program rights and inventories	182,190	133,135
Other assets	12,803	13,295
Total current assets	660,196	650,548
Non-current assets		
Program rights	34	41,042
Equity accounted investees	15,835	9,513
Other financial assets	36,406	78,187
Property, plant and equipment	49,363	51,345
Intangible assets	680,280	475,013
Right of use assets	72,063	87,413
Other assets	3,698	13,197
Total non-current assets	857,679	755,710
Total assets	1,517,875	1,406,258
LIABILITIES		
Current liabilities		
Trade and other payables	257,994	223,752
Lease Liabilities	10,403	9,283
Provisions	151,990	128,526
Deferred Income	23,322	5,631
Contract liabilities	27,105	31,031
Current tax liabilities	45,106	1,006
Total current liabilities	515,920	399,229
Non-current liabilities		
Trade and other payables	7,013	5,188
Lease Liabilities	193,851	214,198
Provisions	97,459	229,427
Deferred Income	1,200	2,650
Contract liabilities	5,042	9,542
Deferred tax liabilities	124,870	47,018
Borrowings	493,310	749,268
Total non-current liabilities	922,745	1,257,291
Total liabilities	1,438,665	1,656,520
Net assets (liabilities)	79,210	(250,262)
EQUITY		
Share capital	3,352,538	3,350,419
Reserves	(26,097)	(36,948)
Non-controlling interest	576	2,951
Accumulated deficit	(3,247,807)	(3,566,684)
Total equity	79,210	(250,262)

Comparative financial information has been restated for the following:

1 The Group has adopted IFRIC agenda decisions. Refer to Note 8.6 for more detail.

Notes to the Financial Statements for the year ended 26 June 2021

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	
	2021 \$'000	2020 \$'000
Financial position of parent entity at year end		
Current assets	68,640	523
Total assets	71,386	1,695
Current liabilities	1,147	346
Total liabilities	3,997	346
Total equity of the parent entity comprising of;		
Share capital	3,405,666	3,405,666
Reserves		
Asset revaluation reserve	8,352	8,352
Equity compensation reserve	7,422	3,795
Accumulated deficit	(3,954,775)	(3,954,775)
Profits reserve	600,724	538,311
	67,389	1,349
Result of parent entity		
Profit (loss) for the year	62,413	(113,907)
Total comprehensive income (expense) for the year	62,413	(113,907)

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 (2020: \$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 26 June 2021 or 27 June 2020.

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 26 June 2021 or 27 June 2020.

Notes to the Financial Statements for the year ended 26 June 2021

7.4. Related Party Transactions

7.4A Transactions with related parties

The following transactions occurred with related parties during the financial year:

	2021 \$'000	2020 \$'000
<i>Sale of goods, advertising and other services</i>		
Equity accounted investees	735	516
Other related entities	5,840	7,121
<i>Dividend revenue</i>		
Equity accounted investees	–	5,100
<i>Purchase of goods, advertising and other services</i>		
Equity accounted investees	20,702	22,920
Other related entities	2,178	25,110
<i>Shareholder contribution</i>		
Equity accounted investees	1,000	2,393
Other related entities	–	–

7.4B 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:

	2021 \$'000	2020 \$'000
<i>Current receivables (sale of goods, advertising and other services)</i>		
Equity accounted investees	3	–
Other related entities	82	44
<i>Current payables (purchase of goods, advertising and other services)</i>		
Equity accounted investees	402	1,502
Other related entities	161	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.

Terms and conditions of transactions with related parties. All of the above transactions, other than non-interest bearing loans, were conducted under normal commercial terms and conditions. Outstanding balances at the year end in relation to those transactions are made on terms equivalent to those that prevail at arm's length transactions, are interest free and settled in cash.

7. 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.

7.4 Subsidiaries

Interests in subsidiaries are set out in Note 7.2.

7.4 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.

Notes to the Financial Statements for the year ended 26 June 2021

7.4. Related Party Transactions (continued)

The following transactions occurred with Key Management Personnel (KMP) related parties:

	2021 \$'000	2020 \$'000
Revenues	–	–
Expenses	–	657

There were no receivable or payable balances at 26 June 2021 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 52 to 72).

Executive officers also participate in the Group's Equity Incentive Plan for 2018, 2019, 2020 and 2021 (refer Note 6.5).

	2021 \$'000	2020 \$'000
Key management personnel compensation		
Short-term employee benefits	7,919	6,103
Post-employment benefits		
– Superannuation	210	230
– Termination benefits	–	2,926
Share-based payments	3,808	(6)
Other long term benefits	77	96
	12,014	9,349

Detailed remuneration disclosures in respect of Directors and each member of key management personnel are provided in the remuneration report on pages 52 to 72.

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 26 June 2021

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.

	2021 \$	2020 \$
Auditors of the Company – KPMG		
Audit or review of the financial statements	527,544	555,666
(i) Assurance services		
Regulatory assurance services	–	15,948
Other assurance services	11,791	8,396
Total remuneration for audit and other assurance services	539,335	580,010
(ii) Other services		
Taxation advice and compliance services	177,118	217,287
Transaction services	142,415	225,455
Total other services	319,533	442,742
Total remuneration of KPMG Australia	858,868	1,022,752

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

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of these operations, or the state of affairs of the Group, currently or in future financial years.

Notes to the Financial Statements for the year ended 26 June 2021

8.4. Discontinued Operations

8.4.1 Discontinued Operations – Pacific Magazines 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 \$6.6million 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 Magazines for the year are presented below:

8.4.1A Results of the discontinued operation:

	2021 \$'000	2020 \$'000
Revenue from contracts with customers	21	93,462
Expenses	(21)	(91,771)
Gain on sale of discontinued operation	–	38,596
Operating income	–	40,287
Finance Costs	(34)	(2,140)
Profit (loss) before tax	(34)	38,147
Tax Expense	–	(240)
Profit (loss) for the year from discontinued operations	(34)	37,907

8.4.1B Net gain on sale of discontinued operation:

In the prior year ended 27 June 2020, the Group recognised a gain on sale of \$38.6million, being proceeds from sale of \$40million adjusted for transaction costs associated with the sale of \$2.5million, net assets disposed \$1.0million offset by net advertising gain of \$3million and post completion working capital adjustments of \$0.9million. No further gains relating to the sale of discontinued operations have been recorded.

8.4.1C Cash flows of the discontinued operation:

The net cash flows incurred by Pacific Magazines are, as follows:

	2021 \$'000	2020 \$'000
Operating cash flows	84	51
Investing cash flows	–	160
Financing cash flows	(53)	(82)
Net cash (outflow)/inflow	31	129
Net cash inflow on disposal		
Cash Consideration (net of associated costs)	–	35,865
Net cash inflow associated with the discontinued operation	31	35,994

Notes to the Financial Statements for the year ended 26 June 2021

8.5. Summary of Other Significant Accounting Policies

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.

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.

Notes to the Financial Statements for the year ended 26 June 2021

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 IFRIC 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 28 June 2020.

IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (AASB 138 Intangible Assets)

In April 2021, the IFRS interpretation committee published agenda decision Configuration or customisation costs in a cloud computing arrangement (AASB 138 Intangible Assets) which considers whether an intangible asset can be recognised in relation to configuration or customisation of application software. The Group has identified several assets that have configuration or customisation costs included in the asset's cost base. These assets at 26 June 2021 had a written down value of \$5,528,000 (27 June 2020: \$8,488,000).

The decision sets out three options for accounting for costs incurred for customisation of cloud computing arrangements:

- > If the services received are distinct, the costs are recognised as an expense when the supplier configures or customises the application software.
- > If the services are not distinct, the costs are recognised as an expense when the supplier provides access to the application software over the contract term.
- > When a third-party supplier configures or customises the application software, costs are recognised as an expense when incurred.

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 carrying values of intangible software assets. As at 26 June 2021 the impact of this change in accounting policy was a decrease in software assets of \$736,000 (2020: \$8,488,000), decrease in software amortisation expense of \$3,695,000 (2020: \$2,483,266) and an increase in operating expenses of \$736,000 (2020: \$1,615,000).

Several other amendments and interpretations apply for the Group for the first time for the period beginning 28 June 2020, but do not have an impact on the consolidated financial statements of the Group.

Notes to the Financial Statements for the year ended 26 June 2021

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.3.A Impact on Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the year ended 27 June 2020		
	REF	Reported \$'000	Amendments for IFRIC agenda decisions Impact \$'000	Restated \$'000
Continuing Operations				
Revenue		1,226,371	–	1,226,371
Other income		676	–	676
Revenue and other income from continuing operations		1,227,047	–	1,227,047
Expenses	[A]	(1,129,596)	(3,669)	(1,133,265)
Impairment of intangible assets		(67,558)	2,054	(65,504)
Impairment of investments and other assets		(137,332)	–	(137,332)
Costs related to investments		(9,242)	–	(9,242)
Net gain on disposal of investments		11,012	–	11,012
Net gain/(loss) on assets disposed		9,439	–	9,439
Redundancy and restructure costs		(12,000)	–	(12,000)
Other		(9,447)	–	(9,447)
Onerous contracts		(136,864)	–	(136,864)
Share of net profit of equity accounted investees		1,203	–	1,203
Profit (loss) before net finance costs and tax from continuing operations		(253,338)	(1,615)	(254,953)
Finance income		1,513	–	1,513
Finance costs		(42,106)	–	(42,106)
Profit (loss) before tax from continuing operations		(293,931)	(1,615)	(295,546)
Tax benefit		93,880	485	94,365
Profit (loss) for the year from continuing operations		(200,051)	(1,130)	(201,181)
Discontinued operations				
Profit/(loss) after tax for the year from discontinued operations		37,907	–	37,907
Profit (loss) for the year		(162,144)	(1,130)	(163,274)
Other comprehensive income (expense)				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Effective portion of changes in fair value of cash flow hedges		659	–	659
Exchange differences on translation of foreign operations		132	–	132
Tax relating to items that may be reclassified subsequently to profit or loss		(198)	–	(198)
<i>Items that will not be reclassified to profit or loss:</i>				
Net change in fair value of financial assets (net of tax)		(3,259)	–	(3,259)
Other comprehensive income (expense) for the year, net of tax		(2,666)	–	(2,666)
Total comprehensive income (expense) for the year		(164,810)	(1,130)	(165,940)
Total comprehensive income (expense) attributable to:				
Owners of the Company		(164,239)	(1,130)	(165,369)
Non-controlling interests		(571)	–	(571)
Total comprehensive income (expense) for the year		(164,810)	(1,130)	(165,940)
Earnings per share for profit (loss) attributable to the ordinary equity holders of the Company				
Basic earnings per share		(10.6 cents)		(10.7 cents)
Diluted earnings per share		(10.6 cents)		(10.7 cents)

[A] Adoption of IFRIC agenda decisions impact on expenses includes decrease in depreciation and amortisation of \$2,483,000 and increase in expenses of \$6,152,000.

Notes to the Financial Statements for the year ended 26 June 2021

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.3B Impact on Consolidated Statement of Financial Position

	As at 27 June 2020			As at 29 June 2019		
	Reported \$'000	Amendments for IFRIC agenda decisions Impact \$'000	Restated \$'000	Reported \$'000	Amendments for IFRIC agenda decisions Impact \$'000	Restated \$'000
ASSETS						
Current assets						
Cash and cash equivalents	352,021	–	352,021	90,455	–	90,455
Trade and other receivables	156,456	–	156,456	262,798	–	262,798
Program rights and inventories	137,436	–	137,436	193,269	–	193,269
Contract assets	2,425	–	2,425	3,566	–	3,566
Other assets	13,295	–	13,295	12,454	–	12,454
Total current assets	661,633	–	661,633	562,542	–	562,542
Non-current assets						
Program rights	41,042	–	41,042	15,857	–	15,857
Equity accounted investees	9,513	–	9,513	12,850	–	12,850
Other financial assets	79,135	–	79,135	60,552	–	60,552
Property, plant and equipment	51,456	–	51,456	126,554	–	126,554
Intangible assets	483,501	(8,488)	475,013	565,478	(6,873)	558,605
Right of use assets	87,527	–	87,527	117,051	–	117,051
Other assets	12,223	–	12,223	7,178	–	7,178
Total non-current assets	764,397	(8,488)	755,909	905,520	(6,873)	898,647
Total assets	1,426,030	(8,488)	1,417,542	1,468,062	(6,873)	1,461,189
LIABILITIES						
Current liabilities						
Trade and other payables	221,014	–	221,014	271,579	–	271,579
Lease liabilities	9,350	–	9,350	7,744	–	7,744
Provisions	128,526	–	128,526	105,425	–	105,425
Deferred income	11,931	–	11,931	7,192	–	7,192
Contract liabilities	31,031	–	31,031	21,368	–	21,368
Current tax liabilities	346	–	346	1,575	–	1,575
Total current liabilities	402,198	–	402,198	414,883	–	414,883
Non-current liabilities						
Trade and other payables	5,188	–	5,188	10,011	–	10,011
Lease liabilities	214,262	–	214,262	167,414	–	167,414
Provisions	229,427	–	229,427	147,681	–	147,681
Deferred income	2,650	–	2,650	–	–	–
Contract liabilities	9,542	–	9,542	12,792	–	12,792
Deferred tax liabilities	49,583	(2,547)	47,036	148,531	(2,062)	146,469
Borrowings	749,268	–	749,268	653,839	–	653,839
Total non-current liabilities	1,259,920	(2,547)	1,257,373	1,140,268	(2,062)	1,138,206
Total liabilities	1,662,118	(2,547)	1,659,571	1,555,151	(2,062)	1,553,089
Net assets	(236,088)	(5,941)	(242,029)	(87,089)	(4,811)	(91,900)
EQUITY						
Share capital	3,405,666	–	3,405,666	3,393,546	–	3,393,546
Reserves	11,970	–	11,970	14,640	–	14,640
Non-controlling interests	3,522	–	3,522	398	–	398
Accumulated deficit	(3,657,246)	(5,941)	(3,663,187)	(3,495,673)	(4,811)	(3,500,484)
Total equity	(236,088)	(5,941)	(242,029)	(87,089)	(4,811)	(91,900)

Notes to the Financial Statements for the year ended 26 June 2021

8.6. Changes in Accounting Policies and Disclosures (continued)

8.6.3C Impact on Consolidated Statement of Cash Flows

Amendments to AASB138 have no impacts on the total cash flows for the period ended 27 June 2020 or cash and cash equivalents at the end of the same period. Cash outflows related to operating activities increased as operational expenses for software costs are no longer recognised as payments for intangibles. Line items that were not affected by the change in accounting policy have not been included below.

	As at 27 June 2020		
	Reported \$'000	Amendments for IFRIC agenda decisions Impact \$'000	Restated \$'000
Cash flows related to operating activities			
Payments to suppliers and employees	(1,389,509)	(6,152)	(1,395,661)
Net operating cash flows	47,518	(6,152)	41,366
Cash flows related to investing activities			
Payment for intangibles	(14,124)	6,152	(7,972)
Net investing cash flows	126,384	6,152	132,536
Net increase (decrease) in cash and cash equivalents	261,566	–	261,566

8.6.3D Impact on segment disclosures

The following operating segments were affected by the change in accounting policy:

	For the year ended 27 June 2020					Restated Total ¹ \$'000
	Reported Total \$'000	Television \$'000	The West \$'000	Other Business and New Ventures \$'000	Corporate* \$'000	
Expenses	(1,098,671)	(6,152)	–	–	–	(1,104,823)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation	129,579	(6,152)	–	–	–	123,427
Depreciation and amortisation	(30,925)	2,483	–	–	–	(28,442)
Profit (loss) before significant items, net finance costs and tax	98,654	(3,669)	–	–	–	94,985

* Corporate is not an operating segment and was not affected by the change in accounting policy.

	As at 27 June 2020		
	Reported \$'000	Amendments for IFRIC agenda decisions Impact \$'000	Restated \$'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	(3,669)	94,985
Finance income	1,513	–	1,513
Finance costs	(42,106)	–	(42,106)
Profit (loss) before tax excluding significant items	58,061	(3,669)	54,392
Significant items before tax (refer Note 2.4)	(351,992)	2,054	(349,938)
Profit (loss) before tax	(293,931)	(1,615)	(295,546)

Directors' Declaration

For the year ended 26 June 2021

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 74 to 131 and the Remuneration Report on pages 52 to 72 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 26 June 2021 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards and the Corporation Regulation 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.
2. 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) Instruments 2016/785.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer for the financial year ended 26 June 2021.
4. The Directors draw attention to page 80 of the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



KM Stokes AC

Chairman

Sydney

16 August 2021

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 26 June 2021 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 26 June 2021
- > 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 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

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.

Independent Auditor's Report



Valuation of Television Licences

Refer to Note 4.1 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, noting there have been impairments in prior years; > The level of judgement required by us in evaluating the assumptions determined by the Group for forecast Television cash generating unit ("CGU") revenues; and > The Group's conclusion that indicators of impairment reversal were present at year end and the associated \$208,498,000 impairment reversal recognised. This further increased our audit effort. The level of judgement required by us in evaluating the Group's forecast Television CGU revenues was impacted by the following conditions existing at 26 June 2021: > The Group entering new long-term contracts to provide content to third parties impacted by the News Media and Digital Platforms Bargaining Code; > The faster than anticipated recovery from COVID-19 of television advertising revenue markets compared to previous impairment estimates; and > the longer-term growth in advertising revenue for commercial television networks continuing to be challenged by changes in consumer viewing habits and use of alternative viewing platforms. The above factors create uncertainty in the key assumptions used in the Television CGU value in use model increasing the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider, specifically: > The amount and tenure (including expectations of renewal of the contracts) of forecast revenues to be derived by the Television CGU from the contracts with third parties impacted by the News Media and Digital Platforms Bargaining Code; > Television advertising market growth rates – short, medium and long term; > The Group's share of the Television advertising markets; and > The discount rate – this is complicated in nature and varies according to the above specific conditions.	Our procedures included: > Considering the appropriateness of the Group's assessment of impairment reversal indicators and the value in use method applied by the Group to test the Television Licences for impairment against the requirements of the accounting standards. > Comparing the amount of forecast revenue to be derived by the Television CGU from third parties impacted by the News Media and Digital Platforms Bargaining Code to the underlying contracts. Challenging the tenure of these contracts applied in the Television CGU value in use model based on expectation of contract renewal from past usage of the Group's content and legislation. > Challenging the short, medium and long-term forecasts for television advertising market growth rates and the Group's share of the advertising market, particularly considering the expected market conditions and factors present due to COVID-19. We assessed forecast COVID-19 recovery assumptions, including the timing and extent of expected recovery, against actual results in FY21 and subsequent to year end. We compared the market share and growth rate assumptions against historical actuals and published industry outlook reports. This procedure was performed with assistance from our valuation specialist. > Challenging the discount rate against publicly available data of a group of comparable entities. This procedure was performed with assistance from our valuation specialist. > Recalculating the impairment reversal and comparing it against the recorded amount disclosed. > Assessing quantitative and qualitative disclosures in relation to the valuation and impairment reversal of the television licenses by comparing these disclosures to our understanding obtained from our testing and accounting standards requirements.

Independent Auditor's Report



Provision for Onerous Contracts

Refer to Note 4.4 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's policy is to routinely enter noncancellable purchase contracts for television programs and sporting broadcast rights. Where there are changes in market conditions or contractual terms the Group's policy is to estimate the unavoidable minimum net obligation under these contracts to determine which are onerous and where relevant recognise or adjust the provision for onerous contracts. Provision for onerous contracts is a Key Audit Matter due to: > The level of judgement required by us in evaluating the assumptions determined by the Group for forecast economic benefits from each onerous contract including future television advertising revenues; and > The \$66,728,000 reversal of 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 onerous contracts including future advertising revenues (determined with growth rate assumptions consistent with those used in the Valuation of Television Licences key audit matter); > The costs of fulfilling the onerous contract; and > The tenure 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 or a wider range of possible outcomes for us to consider which gives rise to greater audit complexity.	For significant purchase contracts for television programs and sporting broadcast rights, our procedures included: > Evaluating the basis for recognition of the onerous contract provision against the Group's accounting policy and the accounting standards. > Assessing the Group's determination of economic benefits expected to be received under each contract. We compared the forecast benefits to actual revenues received post year end (where relevant) and historical results on similar television programs, checking the impact of COVID-19 on the advertising revenue outlook were consistent with the assumptions set out and tested by us in the Valuation of Television Licences key audit matter. > Comparing the costs of fulfilling the obligation against the onerous contract, historical costs on similar television programs and sporting broadcast rights adjusted for the impact of COVID-19 broadcast restrictions (where relevant) and published expectations for cost growth. > Checking changes to the tenure of onerous contracts, including changes that release the Group from their non-cancellable obligations, to the Group's recorded reversal of the onerous provision. > Challenging the Group's estimated tenure and timing of the obligation based on the factors that influence contractual tenure outside of the Group's control, such as US market ratings and historical series life of similar programming.

Independent Auditor's Report



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.

Independent Auditor's Report



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: https://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 26 June 2021, 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 52 to 72 of the Directors' report for the year ended 26 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A stylized, handwritten-style signature of the KPMG firm, rendered in blue ink.

KPMG

A handwritten signature of Duncan McLennan, rendered in blue ink.

Duncan McLennan
Partner

Sydney
16 August 2021

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 7777 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 20 July 2021.

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	3,883
1,001 – 5,000	6,417
5,001 – 10,000	2,307
10,001 – 100,000	3,315
100,001 and over	657
	16,559

b. There were 4,170 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 LTD	618,711,654	40.23%
CITICORP NOMINEES PTY LIMITED	195,838,636	12.73%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	127,825,091	8.31%
J P MORGAN NOMINEES AUSTRALIA PTY LTD	60,372,788	3.93%
3RD WAVE INVESTORS PTY LTD	40,000,000	2.60%
NATIONAL NOMINEES LIMITED	26,430,149	1.72%
UBS NOMINEES PTY LTD	24,165,368	1.57%
BNP PARIBAS NOMS PTY LTD	11,593,847	0.75%
SOJOURN SERVICES PTY LTD	10,742,379	0.70%
JAMPLAT PTY LTD	10,550,000	0.69%
BRISPOT NOMINEES PTY LTD	7,749,866	0.50%
BNP PARIBAS NOMINEES PTY LTD	6,206,658	0.40%
MR JOHN ALEX RUMBLE & MRS SONJA RUMBLE	4,893,000	0.32%
CS FOURTH NOMINEES PTY LIMITED	4,529,255	0.29%
RUZ PTY LIMITED	4,400,000	0.29%
FCCF HOLDINGS PTY LTD	3,500,000	0.23%
CS THIRD NOMINEES PTY LIMITED	3,290,804	0.21%
MR PAUL DAMIEN SMITH & MS TORREL LYN SCULLIN	3,000,000	0.20%
CERTANE CT PTY LTD	2,847,751	0.19%
BUCKY PTY LTD	2,514,690	0.16%
	1,169,161,936	76.02%

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	40.30%	619,753,734
Australian Capital Equity Pty Limited	40.23%	618,711,654
Seven Group Holdings Limited	40.23%	618,711,654
Spheria Asset Management Pty Ltd	8.77%	134,917,540

* Based on the number of ordinary shares on issue at 20 July 2021.

** Based on the number of shares disclosed in the relevant Notice of Change of Interests of Substantial Holder.

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
& 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



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