Tuesday, 14 February 2023

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

APPENDIX 4D AND HALF YEAR FINANCIAL REPORT

Seven West Media (ASX: SWM) attaches the Appendix 4D and Half Year Financial Report for the half year ended 31 December 2022.

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

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About Seven West Media

Seven West Media (ASX: SWM) is one of Australia's most prominent media companies, with a market-leading presence in content production across broadcast television, publishing and digital.

The company is home to some of Australia's most renowned media businesses, including the Seven Network and its affiliate channels 7two, 7mate, 7flix and 7Bravo; broadcast video on demand platform 7plus; 7NEWS.com.au; *The West Australian*; and *The Sunday Times*. With iconic brands such as Australia's leading news and public affairs programs **7NEWS, 7NEWS Spotlight**, **Sunrise** and **The Morning Show**, **The Voice, Home and Away, Australian Idol, My Kitchen Rules, Big Brother**, **SAS Australia**, **Farmer Wants A Wife**, **The Chase Australia**, **Better Homes and Gardens**, **RFDS**, **Million Dollar Island**, **Blow Up** and the ***TV WEEK* Logie Awards**, Seven West Media is also the broadcast partner of the AFL, Cricket Australia and Supercars.

Half Year Financial Report

2023

SevenWestMedia

Contents

Appendix 4D

Half Year Financial Report for the half year ended 31 December 2022

Results for announcement to the market

	Dec 2022 $'000	Dec 2021 $'000	Movement
Reported			
Revenue from ordinary activities	**814,577**	818,418	Down 0.5%
Other income	**825**	1,092	Down 24.5%
Revenue and other income	**815,402**	819,510	Down 0.5%
Profit from ordinary activities after tax attributable to members	**114,913**	120,495	Down 4.6%
Net profit for the period attributable to members	**114,913**	120,495	Down 4.6%
Additional information			
Group EBITDA[1]	**205,049**	215,282	Down 4.8%
Group EBIT[2]	**185,114**	203,477	Down 9.0%
Significant items before tax	**(12,508)**	(9,609)	Up 30.2%
Profit before tax excluding significant items	**168,200**	183,199	Down 8.2%
Profit after tax excluding significant items net of tax	**123,401**	128,675	Down 4.1%

Note 1: Group EBITDA is profit before significant items, net finance costs, tax, depreciation and amortisation.
Note 2: Group EBIT is profit before significant items, net finance costs and tax.

The current reporting period relates to the period from 26 June 2022 to 31 December 2022 and the previous reporting period relates to the period from 27 June 2021 to 25 December 2021 and therefore represents a 27 week half (2021: 26 weeks).

Dividends

No dividends were declared or paid during the half year ended 31 December 2022 or during the prior corresponding period.

Net Tangible Assets

	Dec 2022	Jun 2022
Net tangible asset backing per ordinary share (cents)	**(0.23)**	(0.29)

Entities over which control was gained or lost during the period

The Group did not gain or lose control over any entities during the period.

Directors' Report

For the half year ended 31 December 2022

The Directors of Seven West Media Limited (the Company) are pleased to present their report together with the consolidated financial statements for the half year ended 31 December 2022 and the review report thereon.

Directors

The Directors of Seven West Media Limited at any time during or since the end of the half year are:

Name	Period of Directorship
Non-Executive	
Kerry Matthew Stokes AC (Chairman)	Director since September 2008 and Chairman since December 2008
John Henry Alexander	Director retired November 2022
Teresa Dyson	Director since November 2017
David Evans	Director since August 2012
Colette Garnsey OAM	Director since December 2018
Michael Malone	Director since June 2015
Ryan Kerry Stokes AO	Director since August 2012
Michael Ziegelaar	Director since November 2017
Executive	
James Warburton (Managing Director & Chief Executive Officer)	Managing Director & Chief Executive Officer since August 2019

Review of results and operations

A review of operations and of the results of those operations is attached and forms part of this Report.

Matters subsequent to the end of the half year

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 periods.

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

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the half year ended 31 December 2022.

Rounding

The Company is of a kind referred to in ASIC Corporations 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.

Signed in accordance with a resolution of the Directors.

KM Stokes AC
Chairman

14 February 2023

Review of Operations

Group Performance

Summary of Financial Performance

	H1FY23 $m	H1FY22 $m	Change[3] %
Revenue	**814.6**	818.4	(0.5%)
Other income	**0.8**	1.1	(27.3%)
Share of net profit of equity accounted investees	**0.1**	0.2	(50.0%)
Revenue, other income and equity accounted profits	**815.5**	819.7	(0.5%)
Operating expenses excluding depreciation and amortisation	**(610.5)**	(604.4)	1.0%
EBITDA[1]	**205.0**	215.3	(4.8%)
Depreciation and amortisation	**(19.9)**	(11.8)	68.6%
EBIT[2]	**185.1**	203.5	(9.0%)
Net finance costs	**(16.9)**	(20.3)	(16.7%)
Profit before significant items and tax	**168.2**	183.2	(8.2%)
Significant items excluding tax	**(12.5)**	(9.6)	30.2%
Profit before tax	**155.7**	173.6	(10.3%)
Tax (expense) benefit	**(40.8)**	(53.1)	(23.2%)
Profit after tax	**114.9**	120.5	(4.6%)
EBITDA margin	**25.2%**	26.3%	
EPS			
Basic EPS	**7.4**	7.8	
Basic EPS excluding significant items net of tax	**8.0**	8.4	
Diluted EPS	**7.3**	7.8	
Diluted EPS excluding significant items net of tax	**7.8**	8.4	

1 EBITDA relates to profit before significant items, net finance costs, tax, depreciation and amortisation.
2 EBIT relates to profit before significant items, net finance costs and tax.
3 Change percentages are calculated on whole dollars and not the rounded amounts presented.

Seven West Media Limited reported profit before significant items, net finance costs and tax (EBIT) of $185.1 million which was down 9.0 per cent on the previous corresponding period. Excluding significant items, the current half year profit after tax of $123.4 million is down 4.1 per cent on the previous corresponding period.

The Company delivered revenue including share of equity accounted investees profits of $815.5 million, broadly flat versus the previous half year as the contribution from Prime, acquired 23 December 2021, offset the advertising market challenges in the TV and West business segments.

Significant items before tax of $12.5 million were recorded in the period, relating to implementation costs in relation to a major IT project implementation costs and net income in relation to the Group's investments. The implementation costs relate to the build, configuration and customisation costs incurred in relation to a SaaS based project that will deliver future economic benefits for the Group, however, are required to be expensed immediately under recent changes to Accounting Standards. Prior to this change, these costs would have been capitalised and amortisation over the expected life of the software. Significant items in the prior period relate to transaction costs incurred in the acquisition of the Prime business and the write off-of previously unamortised borrowing costs associated with the 2020 debt facility which was refinanced during October 2021.

As announced at the Group's FY22 year end results announcement on 16 August 2022, the Group has commenced an on-market share buy-back during the period of up to 10 per cent of shares on issues. As at 31 December 2022, 17,272,454 shares ($7.5 million) have been bought back at an average price of $0.43. This buyback has been temporarily paused during the half year reporting period and will recommence subsequent to the lodgement of the half year financial report.

Advertising Market and Revenue Performance

ThinkTV reported that total television advertising market increased by 0.6 per cent to $3.70 billion in the calendar year, however, the second half of the calendar year has seen the market decline by 4.5 per cent. The market has been impacted in the 1st half of the financial year due to the macroeconomic inflationary environment experienced, whilst during the comparative period in H1FY22, the market benefited from the 2020 Tokyo Summer Olympics and Covid-19 lock-downs.

The Broadcast Video on Demand (BVOD) category continues its growth, with growth of 5.4 per cent in the six months to 31 December 2022, noting that the comparative growth in H1FY22 was 57.6 per cent. Advertising revenues from online catch-up and live TV streaming contributed $101.0 million in H1FY23, compared to $97.2 million in H1FY22. This growth has been driven by an increase in CPM of 6 per cent.

The West Australian newspapers delivered above market revenue trends in a sector that continues to face strong headwinds. Thewest.com.au multi-platform audience continues to grow, up 15.9% and including PerthNow.com.au up 1.3% overall.

Cost Management

Costs remain a focus area of the group as the integration of Prime occurs and in response to the revenue market challenges experienced during H1FY23. Content led growth remains as an important part of the Group's strategy, as demonstrated by the new agreements signed during the half, including NBCU. This content, including the new 7Bravo channel, launched on 15 January 2023 and will impact results from H2FY23. Total Group costs in H1FY23 of $610.5 million, were $6.0 million higher than the prior corresponding period. This cost increase reflects the six-month contribution of Prime and the continued investment in content during the year. This outcome is in line with the cost guidance provided at the Company's FY22 results in August 2022.

Cashflow

Cashflow continues to be robust with net cash inflows of $61.3m, up $68.0 million on H1FY22. Operating cash inflows of $107.7m, were down $25.9m on H1FY22 and impacted by the increase in tax payments during the year, partially offset by the improvement in cash generated from operations (receipts from customers less payments to suppliers and employees).

Tax payments for the half of $82.3m have increased on the back of the final tax payment for FY22 and monthly tax instalments for H1FY23. The prior year tax cash flows relate to a tax refund received, with no monthly tax instalments being made. Excluding this tax payment, net operating cash inflows of $190.0 million, were up 42.2 per cent on the prior year due to improvements in working capital. Working capital movements largely relate to the timing of programming payments, and the broadcast of the Tokyo 2020 Olympic Games impacted working capital in H1FY22.

Payments of $7.5 million were made during the period in relation to the share buyback. Net cash flows in the prior period also benefited from the first-time consolidation of the Prime business, which resulted in an increase to cash of $23.4 million.

Balance Sheet

As at 31 December 2022, the Group's net assets and net current assets were $358.6 million and $84.7 million, an increase compared to these amounts at 25 June 2022 of $263.7 million and $18.4 million respectively. This improvement reflects the trading performance of the group during H1FY23.

Net Debt

At 31 December 2022, the Group had net debt of $186m, a decrease of $70m when compared to net debt at 25 June 2022 of $256 million. Leverage at 31 December 2022 of 0.6x is a decrease compared to leverage at 25 June 2022 of 0.7x, primarily as a result of the reduction in net debt outstanding.

During the period, as a result of a continual focus on cash management and the ongoing benefits of the October 2021 refinancing, interest costs for the period of $18.4m were a decrease of $2.4m from H1FY22, despite the rising interest rates experienced. The structure of the debt facility changed as a result of the October 2021 refinancing, resulting in less debt being drawn on average during the current period compared to the prior period.

Ventures

Seven West Ventures has expanded during H1FY23 with the completion of the Group's investment in View Media Group. These ventures are opportunities where we leverage the power of our assets to unlock maximum growth potential and drive long-term value creation. The portfolio is focused on disruptive, scalable businesses with a strong consumer or media proposition.

Review of Operations

Seven

Seven's content strategy continued throughout the period with the return of certain tentpoles, the reintroduction of other tentpoles and the introduction of new programming. This programming slate resulted in the group continuing to deliver audience consistency and strength and allowed Seven to claim the position as the number 1 network for National audience share for calendar year 2022 for the second year running.

For H1FY23, the Group achieved a 39.3% total TV television revenue share and we are tracking in line with our 39% revenue share target for the full financial year.

Seven's strategy continues to focus on acquiring, engaging and retaining advertising friendly demographics. Our aim is to bring viewers the best entertainment, news and sport content to engage these audiences at scale. The revitalised entertainment schedule is continuing to enrich the demographic profile of the network and enhance our proposition for advertisers.

This strategy was evident during the half year with the renegotiation of the AFL and Cricket agreements, with the inclusion of digital rights from FY25, and the new NBCU agreement that launched on 15 January 2023. These long-term rights secure the content foundation for the network and will be the pillars for which the remaining content library will be based around.

Seven	H1FY23 $m	H1FY22 $m	Inc/(Dec) %
Revenue	**729.8**	732.1	(0.3%)
Costs	**(534.0)**	(526.9)	1.3%
EBITDA	**195.8**	205.2	(4.6%)
EBIT	**176.6**	193.8	(8.9%)

Measured across the 2022 television ratings survey year, the Seven Network has the greatest share of total television viewers in Australia and 16 to 39s.

The 2023 financial year commenced with the Birmingham Commonwealth Games, with more than 450.5 million minutes of content was streamed across the event. This event provided the strong platform to launch the remaining content in H1FY23 being the refreshed My Kitchen Rules and Australia's Got Talent, as well as the AFL Finals Series, including the AFL Grand Final which was the number 1 program in 2022 and the 2022/2023 Cricket season.

In addition, the depth of the Seven broadcast schedule remains unparalleled. This consistency is led by our market leading news and public affairs programming, long running Seven productions (Home and Away and Better Homes and Gardens), and Sport.

Seven's programming schedule begins each day with Sunrise, which remains Australia's most-watched breakfast show for a 20th consecutive financial year. The Morning Show celebrated its 15th birthday as the most-watched morning show. Home and Away continues to be the # 1 Australian drama on free to air. Rounding out Seven's dominance throughout the day is The Chase that provides the lead-in to Seven's market leading nightly news service. It remains the most trusted source of broadcast news in the country with our evening 6pm news bulletin continuing to average over 1 million capital city viewers in 2022. Seven is also the home of Australia's number one sport in the AFL.

The refreshed Entertainment schedule, combined with our market-leading News and Sports franchises has resulted in Seven being the number 1 for national audience share in calendar year 2022. This ratings momentum supported by our tentpole shows, content spine and premium sport is reflected in our market leading 39.3 per cent share of the total television advertising market, tracking in line with our FY23 target of 39 per cent.

Seven's revenue decreased by 0.3 per cent to $729.8 million including the first half contribution from the Prime acquisition. Costs increased by 1.3 per cent to $534.0 million, which includes 6 months of costs acquired as part of the Prime transaction. EBIT decreased 8.9 per cent to $176.6 million.

Seven Digital platforms

Seven's Broadcast Video on Demand (BVOD) streaming platform 7plus streamed total minutes in H1FY23 of 6.366 billion, capturing a 37% share of catch up FTA market minutes streamed.

Registered and verified users on 7plus streaming platform finished H1FY23 at 12 million.

The growing scale of 7plus' registered audiences, together with a series of premium second-party data sharing arrangements, continued to grow the 7REDiQ platform. 7REDiQ continues to enhance our digital audience targeting capabilities, unifying insights and data analytics across the Group. This data offering delivers premium revenue for the group and supports the growth in the overall BVOD market as well as Seven's share of that market.

The VOZ platform continues to support the incremental demand for BVOD and deliver a premium for clients. The platform has been able to deliver a reduction for clients in cost per reach during the test campaign of greater than 20 per cent and is expected to deliver greater opportunities for clients, with the addition of BVOD, in their future campaigns.

Total digital revenue included within the Seven business increased by 3.9 per cent during the half to $101.0 million. 7Digital EBITDA now represents over 40% of Group EBITDA.

The West

WAN	H1FY23 $m	H1FY22 $m	Inc/(Dec) %
Revenue	**84.9**	85.8	(1.0%)
Costs	**(67.6)**	(66.4)	1.8%
EBITDA	**17.3**	19.4	(10.8%)
EBIT	**16.9**	19.2	(12.0%)

West Australian Newspapers is a leading multi-platform digital news business. Publications include The West Australian, The Sunday Times, 19 regional publications, 11 suburban newspapers and the State's most popular news websites thewest.com.au and PerthNow.com.au

The West Australian averages 357k print readers every day and 476k on the weekend*. The Sunday Times has an average of 400k readers every weekend*. Roy Morgan readership numbers increased across all publications during the period. In particular, weekend readership was up 2.5% and 2.7% per cent for the Saturday and Sunday newspaper on the back of award-winning journalism and a strong value proposition.

Importantly, thewest.com.au multi-platform audience continues to grow up 15.9% and including PerthNow.com.au up 1.3% overall.

In print, The West Australian Monday–Friday edition has the highest market reach of any major metro weekday masthead in the nation, with 16.2 per cent of West Australians on average reading an issue of the weekday edition. Average weekday readership of The West Australian was steady in the 6 months to September 2022 – performing well ahead of other metro tabloid newspapers. Pleasingly, the Saturday West continues to have the highest reach of any Saturday metro masthead in Australia*.

The West has continued to transform its business with a focus on driving a greater share of its revenue from digital subscriptions and circulation, through high quality local and international content. The result of this focus is demonstrated in the continued growth in digital subscriptions revenue, up 28 per cent.

Economic conditions are providing mixed results for advertising revenue. Some national retailers have experienced strong retail trade which has been a positive catalyst for advertising spend, but other sectors have been faced with demand outstripping supply, such as auto, grocery and real estate. This has resulted in reduced advertising spend for various sectors. Travel spending continues to recover from COVID-19.

Overall total revenue declined by 1.0 per cent to $84.9 million including the first half contributions from Google and Facebook partnerships. Operating costs have been a priority and a continued focus. The West's costs increased 1.8 per cent to $67.6 million in H1FY23. Adjusted for the extra week (27 vs 26 weeks) costs were down 1.2 per cent.

*Roy Morgan, All people 14+. Average issue readership for the years to September 2022.

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 review of Seven West Media Limited for the half-year ended 31 December 2022 there have been:

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

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

KPMG

KPMG

D McLennan

Duncan McLennan
Partner

Sydney
14 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	Dec 2022 $'000	Dec 2021 $'000
Revenue	3	**814,577**	818,418
Other income	3	**825**	1,092
Revenue and other income		**815,402**	819,510
Expenses	4	**(630,365)**	(616,263)
Income (costs) related to investments	5	**892**	(4,794)
Major IT Project Implementation costs	5	**(13,400)**	-
Share of net profit of equity accounted investees		**77**	230
Profit before net finance costs and tax		**172,606**	198,683
Finance income		**1,448**	470
Finance costs		**(18,362)**	(20,748)
Write off of unamortised refinancing cost	5	**-**	(4,815)
Profit before tax		**155,692**	173,590
Tax expense	6	**(40,779)**	(53,080)
Profit for the half year		**114,913**	120,510
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**25**	107
Items that will not be reclassified to profit or loss:			
Net change in fair value of financial assets (net of tax)		**(7,413)**	10,185
Other comprehensive income for the half year, net of tax		**(7,388)**	10,292
Total comprehensive income for the half year attributable to owners of the Company		**107,525**	130,802
Total comprehensive income attributable to:			
Owners of the Company		**107,525**	130,787
Non-controlling interests		**-**	15
Total comprehensive income for the year		**107,525**	130,802
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share	7	**7.4 cents**	7.8 cents
Diluted earnings per share	7	**7.3 cents**	7.8 cents

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	Dec 2022 $'000	Jun 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**99,231**	37,938
Trade and other receivables		**221,508**	220,123
Program rights and inventories		**144,781**	147,212
Other assets		**25,916**	19,571
Current tax receivables		**2,662**	-
Total current assets		**494,098**	424,844
Non-current assets			
Equity accounted investees		**16,331**	16,153
Other financial assets	8	**64,343**	39,571
Property, plant and equipment		**124,292**	113,829
Intangible assets	10	**717,358**	720,277
Right of use assets		**65,267**	68,101
Other assets		**1,983**	1,561
Total non-current assets		**989,574**	959,492
Total assets		**1,483,672**	1,384,336
LIABILITIES			
Current liabilities			
Trade and other payables		**216,989**	176,824
Lease liabilities		**12,430**	12,141
Provisions		**106,330**	105,249
Deferred income		**73,608**	49,030
Current tax liabilities		**-**	63,230
Total current liabilities		**409,357**	406,474
Non-current liabilities			
Trade and other payables		**4,156**	3,665
Lease liabilities		**182,044**	186,239
Provisions		**70,132**	84,578
Deferred tax liabilities		**173,692**	145,260
Borrowings	13	**285,658**	294,429
Total non-current liabilities		**715,682**	714,171
Total liabilities		**1,125,039**	1,120,645
Net assets		**358,633**	263,691
EQUITY			
Share capital	11	**3,425,496**	3,432,966
Reserves		**(22,470)**	(35,537)
Accumulated deficit		**(3,044,393)**	(3,133,738)
Total equity		**358,633**	263,691

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	Notes	Share capital $'000	Equity compensation reserve $'000	Reserve for own shares $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Accumulated deficit $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 26 June 2021		**3,405,666**	**10,649**	**(597)**	**(57)**	**12,771**	**(3,345,172)**	**83,260**	**1,075**	**84,335**
Profit for the half year		–	–	–	–	–	120,495	120,495	15	120,510
Foreign currency translation differences		–	–	–	107	–	–	107	–	107
Net change in fair value of financial assets (net of tax)		–	–	–	–	10,185	–	10,185	–	10,185
Other comprehensive income (expense) for the half year, net of tax		–	–	–	107	10,185	–	10,292	–	10,292
Total comprehensive income (expense) for the half year		**-**	**-**	**-**	**107**	**10,185**	**120,495**	**130,787**	**15**	**130,802**
Transactions with owners in their capacity as owners										
Share based payment expense		–	3,306	–	–	–	–	3,306	–	3,306
Shares issued to executive and employees under incentive share plans		27,300	–	(27,300)	–	–	–	–	–	–
Total transactions with owners		**27,300**	**3,306**	**(27,300)**	**-**	**-**	**-**	**3,306**	**-**	**3,306**
Balance at 25 December 2021		**3,432,966**	**13,955**	**(27,897)**	**50**	**22,956**	**(3,224,677)**	**217,353**	**1,090**	**218,443**
Balance at 25 June 2022		**3,432,966**	**17,407**	**(45,221)**	**446**	**(8,169)**	**(3,133,738)**	**263,691**	**-**	**263,691**
Effect of adoption of accounting standard change	1.2C	–	–	–	–	–	(6,588)	(6,588)	–	(6,588)
Profit for the half year		–	–	–	–	–	114,913	114,913	–	114,913
Foreign currency translation differences		–	–	–	25	–	–	25	–	25
Net change in fair value of financial assets (net of tax)		–	–	–	–	(7,413)	–	(7,413)	–	(7,413)
Other comprehensive income (expense) for the half year, net of tax		–	–	–	25	(7,413)	–	(7,388)	–	(7,388)
Total comprehensive income (expense) for the half year		**-**	**-**	**-**	**25**	**(7,413)**	**108,325**	**100,937**	**-**	**100,937**
Transactions with owners in their capacity as owners										
Share based payment expense		–	1,475	–	–	–	–	1,475	–	1,475
Transfers within equity		–	(7,791)	–	–	–	7,791	–	–	–
Shares bought back and cancelled		(7,470)	–	–	–	–	–	(7,470)	–	(7,470)
Shares issued to executive and employees under incentive share plans		–	–	26,771	–	–	(26,771)	–	–	–
Total transactions with owners		**(7,470)**	**(6,316)**	**26,771**	**-**	**-**	**(18,980)**	**(5,995)**	**-**	**(5,995)**
Balance at 31 December 2022		**3,425,496**	**11,091**	**(18,450)**	**471**	**(15,582)**	**(3,044,393)**	**358,633**	**-**	**358,633**

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	Notes	Dec 2022 $'000	Dec 2021 $'000
Cash flows related to operating activities			
Receipts from customers		**893,105**	911,462
Payments to suppliers and employees		**(686,541)**	(777,588)
Dividend received		**-**	1,092
Interest and other items of similar nature received		**865**	470
Interest and other costs of finance paid		**(9,240)**	(14,411)
Interest paid on lease liability		**(8,222)**	(8,436)
Income taxes paid, net of refunds		**(82,282)**	21,000
Net operating cash flows		**107,685**	133,589
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		**(20,534)**	(8,508)
Payments for intangibles		**(125)**	(304)
Proceeds from sale of other assets		**-**	222
Payments for other financial assets		**(3,450)**	(13,600)
Payments for investment net of cash acquired		**-**	23,367
Proceeds on sale of subsidiaries		**1,183**	-
Receipts of previously impaired loans from investees		**8**	152
Payments for equity accounted investees		**(100)**	-
Net investing cash flows		**(23,018)**	1,329
Cash flows related to financing activities			
Payments for share buyback	11	**(7,470)**	-
Proceeds from borrowings		**130,000**	396,000
Repayments of borrowings		**(140,000)**	(526,000)
Payments of borrowing costs		**-**	(7,124)
Payments of lease liabilities		**(5,904)**	(4,532)
Net financing cash flows		**(23,374)**	(141,656)
Net increase/(decrease) in cash and cash equivalents		**61,293**	(6,738)
Cash and cash equivalents at the beginning of the half year		**37,938**	253,332
Cash and cash equivalents at the end of the half year		**99,231**	246,594

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

1. Summary of significant accounting policies

This half year financial report is for the Group consisting of Seven West Media Limited (the "Company") and its subsidiaries. The half year financial report is a general purpose financial report and is to be read in conjunction with the annual report for the year ended 25 June 2022 and any public announcements made by Seven West Media Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

1.1 Basis of preparation

This half year financial report is for the period 26 June 2022 to 31 December 2022, with the comparative period 27 June 2021 to 25 December 2021 and has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001 and is in compliance with IAS 34 Interim Financial Reporting.

The half year financial report does not include all of notes of the type normally including in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing and financing activities of the Group as a full financial report. Accounting policies applied by the Group in the half year financial report are the same as those in its 2022 Annual Report, except for the adoption of new standards detailed in Section 1.2, that are applicable to the Group for the first time in this period.

This half year financial report has been prepared on the basis of historical cost except for assets described in Note 9.

The Group is of a kind referred to in ASIC Corporations 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.

1.2 Changes in Accounting Policies and Disclosures

1.2A. 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.

1.2B. Tentative agenda decisions that if issued will impact the Group in the current and prior period

There are no tentative agenda decisions issued at period end that are expected to have a material impact on the Group.

1.2C. 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 26 June 2022.

AASB 2020-3 Amendments to AASB 137 Onerous Contracts – Cost of Fulfilling a Contract

AASB 137 defines an Onerous Contract as a contact in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The amendments to AASB 137 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group has assessed the impact of these adjustments and has recognised an opening balance sheet adjustment of $6,588 thousand to increase the onerous provision, with a corresponding change in opening retained earnings.

1.3 Use of estimates and judgements

The preparation of the half year financial report requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the half year financial report, are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key estimates and associated assumptions are set out in the following.

1.3A. 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.

1.3B. Recoverable amounts of program rights

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.

1.3C. Recoverable amounts of intangible assets and investments

Each reporting period the Group tests whether investments, goodwill and intangibles with indefinite useful lives 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 and fair value less cost to sell approaches. These calculations require the use of estimates and assumptions.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

1. Summary of significant accounting policies (continued)

1.3D. Recoverable amounts of property, plant and equipment and right of use assets

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.

1.3E. Restructuring and redundancy provisions

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.

1.3F. Onerous provisions

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; and
> 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.

1.3G. Current and deferred taxes

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.

1.3H. Share-based payments

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.

1.4 Comparatives

Comparative information is reclassified where appropriate to enhance comparability.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

2. Segment information

2.1A. Description of segments

Accounting policy

For management purposes, the Group is organised into business units 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 and other ventures investments.

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 Officer 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

Half year ended 31 December 2022	REF	Television $'000	The West $'000	Other Business and New Ventures $'000	Corporate [A] $'000	Total $'000
Advertising revenue		679,530	44,328	-	-	723,858
Circulation revenue		-	27,965	-	-	27,965
Licencing of content and programming		31,282	5,252	-	-	36,534
Affiliate fees		8,641	-	-	-	8,641
Rendering of services		-	5,116	-	-	5,116
Other revenue		9,629	2,260	574	-	12,463
Revenue from continuing operations		729,082	84,921	574	-	814,577
Other income		673	16	136	-	825
Share of net profit of equity accounted investees		77	-	-	-	77
Revenue, other income and share of net profit of equity accounted investees		**729,832**	**84,937**	**710**	**-**	**815,479**
Expenses		(533,986)	(67,579)	(578)	(8,287)	(610,430)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**195,846**	**17,358**	**132**	**(8,287)**	**205,049**
Depreciation and amortisation	[B]	(19,281)	(433)	(217)	(4)	(19,935)
Profit (loss) before significant items, net finance costs and tax		**176,565**	**16,925**	**(85)**	**(8,291)**	**185,114**

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

2. Segment information (continued)

Half year ended 25 December 2021	REF	Television $'000	The West $'000	Other Business and New Ventures $'000	Corporate [A] $'000	Total $'000
Advertising revenue		634,760	46,070	–	–	680,830
Circulation revenue		–	27,314	–	–	27,314
Licencing of content and programming		36,041	5,482	–	–	41,523
Affiliate fees		56,093	–	–	–	56,093
Rendering of services		–	5,509	–	–	5,509
Other revenue		5,136	1,385	628	–	7,149
Revenue from continuing operations		732,030	85,760	628	–	818,418
Other income		–	–	1,092	–	1,092
Share of net profit of equity accounted investees		42	–	188	–	230
Revenue, other income and share of net profit of equity accounted investees		**732,072**	**85,760**	**1,908**	**–**	**819,740**
Expenses		(526,880)	(66,364)	(512)	(10,702)	(604,458)
Profit (loss) before significant items, net finance costs, tax, depreciation and amortisation		**205,192**	**19,396**	**1,396**	**(10,702)**	**215,282**
Depreciation and amortisation	[B]	(11,348)	(234)	(217)	(6)	(11,805)
Profit (loss) before significant items, net finance costs and tax		**193,844**	**19,162**	**1,179**	**(10,708)**	**203,477**

[A] Corporate is not an operating segment. The amounts presented above are unallocated costs.
[B] Excludes program rights amortisation which is treated consistently with Media Content (refer Note 4).

2.1C. Other segment information

The chief operating decision makers assess the performance of the segments based on a measure of profit/(loss) before significant items, net finance costs and tax.

	Notes	Dec 2022 $'000	Dec 2021 $'000
Reconciliation of profit before significant items, net finance costs and tax			
Profit before significant items, net finance costs and tax		**185,114**	203,477
Finance income		**1,448**	470
Finance costs		**(18,362)**	(20,748)
Profit before tax excluding significant items		**168,200**	183,199
Significant items before tax	5	**(12,508)**	(9,609)
Profit before tax from continuing operations		**155,692**	173,590

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

3. 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 right 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 there 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 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 to third party consumers. Recognised on delivery of the newspaper to the customer and the right to be compensated has been obtained.	At the time the newspapers are distributed.
[C] Licencing of content and programming 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 Consolidated Financial Statements for the half year ended 31 December 2022

3. Revenue and other income (continued)

	Dec 2022 $'000	Dec 2021 $'000
Sales revenue		
Advertising revenue	**723,858**	680,830
Circulation revenue	**27,965**	27,314
Licencing of content and programming	**36,534**	41,523
Affiliate fees	**8,641**	56,093
Rendering of services	**5,116**	5,509
Other revenue	**12,463**	7,149
Total revenue	**814,577**	818,418
Other income		
Sundry income	**825**	-
Dividends received	**-**	1,092
Total other income	**825**	1,092

4. Expenses

	Dec 2022 $'000	Dec 2021 $'000
Expenses		
Depreciation and amortisation (excluding program rights amortisation)	**(19,935)**	(11,805)
Advertising & marketing expenses	**(12,499)**	(10,284)
Printing, selling & distribution (including newsprint and paper)	**(15,222)**	(13,182)
Media content (including program rights amortisation)	**(315,840)**	(345,033)
Employee benefits expense	**(167,301)**	(151,737)
Raw materials and consumables used (excluding newsprint and paper)	**(2,482)**	(2,750)
Repairs and maintenance	**(12,087)**	(12,749)
Licence fees	**(15,878)**	(11,763)
Rental expense relating to operating leases	**(1,970)**	(1,558)
Other expenses from ordinary activities	**(67,151)**	(55,402)
Total expenses	**(630,365)**	(616,263)
Depreciation and amortisation		
Property, plant and equipment and intangible assets	**(9,077)**	(5,551)
Right of use assets	**(4,686)**	(4,019)
Amortisation of intangible assets	**(6,172)**	(2,235)
Total depreciation and amortisation	**(19,935)**	(11,805)
Television program rights amortisation	**(44,643)**	(49,841)
Total depreciation and amortisation (including program rights and amortisation)	**(64,578)**	(61,646)

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

5. Significant items

	REF	Dec 2022 $'000	Dec 2021 $'000
Profit before tax expense includes the following specific expenses for which disclosure is relevant in explaining the financial performance of the Group:			
Net income (costs) related to investments	[A]	**892**	(4,794)
Major IT Project Implementation costs	[B]	**(13,400)**	-
Write off of unamortised borrowing costs on refinance of debt		**-**	(4,815)
Total expense arising from recognition of significant items before tax		**(12,508)**	(9,609)
Tax benefit		**4,020**	1,444
Total expense arising from recognition of significant items net of tax		**(8,488)**	(8,165)

[A] Net income from investments relates to fair value gains recognised on the Group's other financial assets, being partially offset by costs incurred in the finalisation of the Prime Media group acquisition. Prior period amount relates to costs incurred for the Group's acquisition of Prime Media Group.

[B] These costs relate to implementation and amortisation costs of a new SaaS arrangement that significantly benefits the future operation of the group, however, is required to be expensed under recent changes to the accounting standards.

6. Tax expense

	Dec 2022 $'000	Dec 2021 $'000
Reconciliation of tax expense to pre-tax statutory profit (loss) before tax		
Profit before tax	**155,692**	173,590
Tax at the Australian tax rate of 30% (2021: 30%)	**(46,708)**	(52,077)
Tax effect of amounts which are not deductible taxable in calculating taxable income:		
Share of net profit of equity-accounted investees	**23**	69
Non-assessable income	**911**	722
Other non-deductible items	**76**	(1,794)
Adjustments for tax of prior periods	**4,919**	-
Tax expense	**(40,779)**	(53,080)

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

7. 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 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.

	Dec 2022	Dec 2021
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	**7.4 cents**	7.8 cents
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	**7.3 cents**	7.8 cents

	$'000	$'000
Earnings used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**114,913**	120,495

	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic earnings per share	**1,548,805,750**	1,537,840,662
Weighted average number of ordinary shares outstanding during the half year used in the calculation of diluted earnings per share	**1,578,828,567**	1,538,059,738

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

8. 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.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

	6 Months Dec 2022 $'000	12 Months Jun 2022 $'000
Movements in carrying amounts of other financial assets		
Carrying amount at the beginning of the period	**39,571**	37,355
Return of capital	**-**	(5,459)
Net change in fair value of financial assets at fair value	**(2,721)**	(33,996)
Acquisitions	**27,450**	41,600
Foreign Currency revaluation	**43**	71
Carrying amount at the end of the period	**64,343**	39,571

Other financial assets represent equity investments in listed and unlisted entities comprising of View Media Group, RAIZ Invest Limited, MoneyMe Limited, Open Money Group Pty Limited and a portfolio of other SWM Ventures.

Acquisitions during the period were made using a mix of cash and non-cash contra advertising agreements.

Non-cash acquisitions made during the half year ended 31 December 2022 totalled $24,000,000 (year ended 25 June 2022: $25,000,000).

9. Fair value measurement of financial assets and financial liabilities

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 31 December 2022.

Type	Valuation Technique	Measurement Level	Dec 2022 $'000	June 2022 $'000
Other Financial Assets – Listed Entities	The fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.	Level 1	5,237	10,762
Other Financial Assets – Unlisted Entities	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	59,106	28,809

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 in the last 12 months;
> Comparison of issue price movements to listed peers over the same period; and
> Consideration of the investment method and the Group's current and forecasted valuation date.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

10. 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.

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.

Costs incurred for internally developed software and websites are capitalised and amortised over the estimated useful life of the software or website. Costs that relate to the design and ongoing maintenance of the internally developed software and websites are expensed as incurred.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. For SaaS arrangements, the Group assesses if the contract will provide a resource that it can 'control' to determine whether an intangible asset is present.

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
Reacquired Rights	Finite (1-2 years)	Amortised on a straight line basis over its useful life	Acquired
Customer Relationships	Finite (2-9 years)	Amortised on a straight line basis over its useful life	Acquired
Computer software	Finite (3–7 years)	Amortised on a straight line basis over its useful life	Internally developed and acquired

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

10. Intangible assets (continued)

	REF	Licences $'000	Mastheads $'000	Computer software $'000	Goodwill $'000	Re-acquired Rights and Customer Relationships $'000	Total $'000
Half year ended 31 December 2022							
Opening book value		670,277	–	8,163	27,398	14,439	720,277
Finalisation of business combination	[A]	–	–	(39)	2,756	411	3,128
Additions		–	–	125	–	–	125
Amortisation charge		–	–	(2,009)	–	(4,163)	(6,172)
Closing book value		670,277	–	6,240	30,154	10,687	717,358
Comprised of:							
Cost		2,300,000	119,555	99,271	1,266,237	19,725	3,804,788
Accumulated amortisation and impairment		(1,629,723)	(119,555)	(93,031)	(1,236,083)	(9,038)	(3,087,430)
Year ended 25 June 2022							
Opening book value		670,277	–	10,003	–	–	680,280
Additions		–	–	2,470	–	–	2,470
Additions through Business Combinations	[A]	–	–	946	27,398	19,314	47,658
Disposals		–	–	(222)	–	–	(222)
Amortisation charge		–	–	(5,034)	–	(4,875)	(9,909)
Closing book value		670,277	–	8,163	27,398	14,439	720,277
Comprised of:							
Cost		2,300,000	119,555	99,185	1,263,481	19,314	3,801,535
Accumulated amortisation and impairment		(1,629,723)	(119,555)	(91,022)	(1,236,083)	(4,875)	(3,081,258)

[A] During the year ended 25 June 2022, the Group recognised intangible asset additions as part of the acqusition of the assets of Prime Media Group, which was provisionally accounted for at that date. During the half year ended 31 December 2022, the Group has finalised its acquisition accounting which has resulted in changes to the provisional intangible amounts recognised as detailed above, as well as a $982k decrease in PPE and a net increase of $2,146k in the acquisition date DTL recognised.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

10. Intangible assets (continued)

10.1 Carrying value 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.

10.1A. Allocation of goodwill and indefinite life assets

The Group assesses the recoverable amount for each of the Cash Generating Units ('CGUs') and groups of CGUs being Television and The West (Metro and Regional). A CGU is the group of assets at the lowest level for which there are separately identifiable cash inflows. CGU groups are an aggregation of CGUs which have similar characteristics.

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

Allocation of CGU Groups	Goodwill $'000	Licences, masthead $'000	Total $'000
Half year ended 31 December 2022			
Television	30,154	670,277	700,431
The West (Metro and Regional)	–	–	–
Other Business and New Ventures	–	–	–
Total goodwill and indefinite life assets	30,154	670,277	700,431
Year ended 25 June 2022			
Television	27,398	670,277	697,675
The West (Metro and Regional)	–	–	–
Other Business and New Ventures	–	–	–
Total goodwill and indefinite life assets	27,398	670,277	697,675

10.1B. Carrying value of non-financial assets

The Group performs its impairment testing at least annually for intangible assets with indefinite useful lives. At each reporting date reviews are performed for indications of impairment for the Group's assets with indefinite lives. If any such indication exists, an estimate of the recoverable amount of the asset is required to be calculated to ensure that no book values are in excess of recoverable amounts.

In assessing indicators for impairment the Group considers the following:

- materially worse than expected actual performance in the period with continued downturn in immediate to medium term forecasts;
- material changes in mid-term and/or long-term growth rates;
- net assets in excess of market capitalisation; or
- material adverse changes to the operating environment.

Based on the assessment performed, it was determined that there was no potential increase or reversal of a previous impairment.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

11. 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.

	Dec 2022 $'000	Jun 2022 $'000
1,572,845,785 (June 2022: 1,590,118,239) Ordinary shares fully paid	**3,425,496**	3,432,966

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.

In conjunction with the Group's FY22 year end results announcement on 16 August 2022, an on-market share buy back of up to 10% of shares on issue was announced. As at 31 December 2022, 17,272,454 shares ($7,470 thousand) have been bought back at an average price of $0.43. The shares bought back were subsequently cancelled.

As at 31 December 2022, a trust controlled by the Group held 29,926,146 (25 June 2022: 80,277,577) ordinary shares in the Group. During the period, 50,351,431 shares issues (25 June 2022: Nil) out of the Trust to employees. Shares are held for the purpose of allowing the Group to satisfy performance rights obligations of the Seven West Media's Employees and Executives Short Term and Long Term Incentive Plans.

Ordinary Shares

	Dec 2022 Shares	Jun 2022 Shares	Dec 2022 $'000	Jun 2022 $'000
Balance at the beginning of the half year	**1,590,118,239**	1,538,034,368	**3,432,966**	3,405,666
Movements during the year:				
Shares issued for Executive Performance plan	**-**	52,083,871	**-**	27,300
Shares bought back and cancelled	**(17,272,454)**	-	**(7,470)**	-
Balance at the end of the half year	**1,572,845,785**	1,590,118,239	**3,425,496**	3,432,966

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

12. 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.

No dividends were declared or paid during the half year ended 31 December 2022 or during the prior corresponding period.

13. 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.

	Dec 2022 $'000	Jun 2022 $'000
Borrowings – secured	**290,000**	300,000
Unamortised refinancing costs	**(4,342)**	(5,571)
Borrowings net of unamortised refinancing costs	**285,658**	**294,429**

As at 31 December 2022, the Group had access to secured revolving syndicated debt facilities to a maximum of $600,000,000 (June 2022: $600,000,000). The amount of these facilities undrawn at reporting date was $310,000,000 (June 2022: $300,000,000).

The facilities are subject to a weighted average interest rate of 4.78 per cent at 31 December 2022 (June 2022: 3.54 per cent).

In addition, the Group continues to have access to a $13,400,000 (June 2022:$13,400,000) multi-option facility. As at reporting date, $12,218,396 of this facility (June 2022: $12,169,614) was utilised for the provision of bank guarantees.

Fair Value

The carrying amount and fair value of Group borrowings at the end of the financial year was $290,000,000 (June 2022: $300,000,000).

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

14. Contingent liabilities

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.

15. Subsequent events

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 periods.

Directors' Declaration

For the half year ended 31 December 2022

In the opinion of the Directors of Seven West Media Limited (the Company):

1. the consolidated financial statements and notes set out on pages 9 to 27 are in accordance with the Corporations Act 2001, including:
   a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
   b. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

KM Stokes AC
Chairman

14 February 2023

Independent Auditor's Review Report

To the shareholders of Seven West Media Limited

KPMG

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Seven West Media Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Seven West Media Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Seven West Media Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Review Report

KPMG

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

D McLennan

Duncan McLennan
Partner

Sydney
14 February 2023

SevenWestMedia

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