Appendix 4D Release to ASX under rule 4.2A

Half Year Information for Sky Network Television Limited for the six months to 31 December 2022

To be read in conjunction with Sky Network Television Limited financial statements for the year ended 30 June 2022

CONTENTS

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23 February 2023

Sky delivers customer and revenue growth; Buyback programme announced

Sky Network Television Limited (Sky) has delivered a solid performance for the six months to 31 December 2022 through continued growth in customer relationships and revenue, and a sustained focus on cost control during a period of higher investment.

Key points of today's announcement (comparisons are against H1 2022 unless stated):

- Customer relationships reached 1,053,287 (+6%)
- Revenue grew to $378.6 million (+2%) and with every core revenue line growing vs. H2 FY22 (+4%)
- Continued to secure targeted content, including key rights for World Rugby and Formula 1
- On target to deliver further permanent cost savings of $35 million in the 2023 financial year
- EBITDA[1] of $73.7 million in-line with prior period when normalised for one-offs in H1 2022
- NPAT of $26.2 million, on track to deliver results in line with full year guidance
- Interim dividend of 6.0 cents per share (fully imputed), in-line with increased guidance
- Additional capital management through a share buyback programme of up to $15 million

Commenting on the first half year performance, Chief Executive Sophie Moloney said: "We are delivering on our strategy, and this result is further confirmation that Sky's positive momentum has continued from the inflection point we first reported on a year ago."

"The positive trend in customer growth has continued, we've secured all of the key content we targeted, particularly in sport, and all core revenue lines are delivering growth – notably this includes growth in Sky Box revenue between H2 FY22 and H1 FY23. Our firm focus to deliver on our strategy is showing up in these results despite the delays in delivering our new products, and we're now ready to aim even higher."

"Exceeding 1 million customers is an exciting achievement as more New Zealanders choose to join Sky. It's a strong signal that we're hitting the mark with a wider audience by delivering an exceptional range of the sport and entertainment they love, and I'm determined we remain a preferred choice for New Zealanders."

Noting the recent weather events in New Zealand, Sophie said: "We are very conscious that many of our customers and shareholders, along with some of our own team, are experiencing significant impacts from the disastrous cyclone and flooding events in the past three weeks. Our thoughts are with our fellow New Zealanders at this time, and we are taking a number of steps to provide support for our customers and crew."

[1] EBITDA is a non-GAAP measure. Sky uses this measure when discussing financial performance as the Company believes it provides useful information on the performance of the Company.

Customers

Growth in customer relationships included strong momentum in Streaming with an impressive 68% increase for Sky Sport Now and 15% for Neon. This saw Sky's streaming business reach a new total of over half a million customers (506,375).

Broadband customer numbers more than doubled year on year to finish above 23,000 and achieved a 4.3% attachment to Sky Box. Commercial customer relationships - including licenced premises, clubs, hotels, motels and gyms - remained stable at close to 7,000.

While Sky Box customer relationships were down 5% year on year, this trend slowed in the most recent six months and with further evidence that the acquisition strategy reset has started to deliver the expected improvements. Despite some challenging delays (including supply chain disruption and difficulties in accessing additional specialised technical capabilities in a very tight labour market), the new Sky Box is now being shared with customers, focusing first on Vodafone TV (VTV) customers before going wider. Sophie commented: "We are excited to have reached this important milestone. I acknowledge the path to get to this point has not always been smooth, at the same time I'm proud of the way the team has pulled together to deliver for our customers, and I'm pleased we are now welcoming customers to this new experience."

Content

Sky's disciplined approach to securing content that customers value led to a number of important rights wins, particularly in sport. These included a multi-year partnership with World Rugby (including every men's and women's world cup until 2029) and the announcement in December that Formula 1 coverage was returning to Sky from 2023. Other key renewals included a multi-year deal with Australian Tennis and continuing relationships with Sky News, Roadshow Entertainment and StudioCanal.

Previously reported wins including the first of six seasons of the Premier League and extensive coverage of the men's FIFA World Cup, demonstrated the value of Sky's strengthened content to attract new customers, with these competitions particularly resonating on Sky Sport Now.

Sophie commented: "The strategic choices we have made across key sports content, and the vast array of entertainment options (from acclaimed series, familiar favourites, blockbuster movies, news and kids programming) firmly position Sky as New Zealand's leading aggregator. We have the biggest variety content bundle - all in one place - and we remain focused on maximising its value across our platforms."

Financial

Revenue grew to $378.6 million, up 2% on the prior period, and importantly Sky Box revenue, while down 1.9% year on year, reached a significant milestone – achieving half on half growth for the first time since 2014. Average monthly revenue for Sky Box subscribers rose 3% year on year to $81.09 and with 85% of customers paying over $50 per month.

The positive revenue trend included impressive growth of 48% for Sky Sport Now and 19% for Neon. While total Streaming revenue grew by 7%, this would be 22% if adjusted for the net impact of funding the extensions to the VTV service. Broadband revenue more than doubled year-on-year and pleasingly, both Commercial and Advertising revenues returned to pre-Covid levels with increases of 18% and 12% respectively.

Price increases advised in January for the Sky Box sports pack and Sky Sport Now will take effect from 1 March.

Expenses increased overall with the expected rise in programming partly offset by savings across this and other cost lines. The increase in programming reflected the step up in renewed rights, acquisition of Premier League rights and increased production costs following the return of New Zealand teams (the Warriors, Phoenix and Breakers) to home soil post-Covid.

Set against this, the annualised impact of FY 2022 savings and the next phase of cost savings are on target to deliver approximately $35 million in cost reductions identified at the time of Sky's full year results in August 2022.

As signalled through guidance, capex rose to $40.2 million in anticipation of the launch of the new Sky Box and Sky Pod (compared to $18.5 million in the prior period). EBITDA of $73.7 million was down, although would have been in-line if normalised for one-offs in the prior period. Net profit after tax was $26.2 million.

The Board has approved an interim dividend of six cents per share (fully imputed), consistent with Sky's policy of distributing between 60% and 90% of annual free cash flow and paying approximately 40% of the anticipated annual dividend as an interim distribution.

Capital Management

Sky returned approximately $70 million to shareholders through a Court Approved Scheme in November 2022 having also returned to paying a dividend, with an initial dividend of $12.8 million (7.3 cents per share, fully imputed) in September 2022.

Sky's Chair, Philip Bowman commented: "Sky's balance sheet remains strong, with $56.6 million in cash on hand as of 31 December 2022 and an undrawn banking facility of $150 million. In addition to these factors, Sky has a positive outlook for future cash generation from a significantly strengthened business."

"As I outlined in my address to the Annual Meeting, the Board believes Sky's shares are considerably under-priced, despite the significantly improved outlook for the business and the Board's decisive moves on capital management. At the close of business on 21 February 2023, Sky shares traded at $2.56 equivalent to a multiple of 2.0 times EBITDA and 6.5 times earnings per share.

After careful consideration, the Board intends to commence an on-market buyback programme (the Buyback) for up to $15 million and up to a maximum of 8,734,416 shares (approximately 6% of Sky's current shares on issue)."

The Company intends to initiate this Buyback next month as will be communicated to the market ahead of the Buyback commencing. Assuming the full capacity is deployed, at the 21 February 2023 share price of $2.56 the Buyback would deliver a 3.3% uplift in Earnings Per Share.

Operational update

As announced to the market on 21 February 2023, Sky has started consultation with employees on a proposal for organisational changes in its technology, customer care, and content operations teams.

Sophie commented: "Our focus is to deliver excellent experiences for our customers, grow new revenue streams, carefully manage our costs, and maximise the value of our exceptional range of content. To continue to consistently achieve these things, we need better access to the right technology, capacity and capability, and we need to do this in a cost-effective way."

If adopted in full, the proposal would result in some of Sky's work in content operations, customer care and technology being outsourced to experienced international providers and could mean up to 170 roles would be impacted in these areas.

If the proposed changes are implemented in full, Sky anticipates generating multi-million dollar permanent savings within two years. The full extent of any financial savings will not be known with any certainty until the conclusion of the consultation period and once final selection decisions are made.

Sky is providing support to its employees and expects to complete consultation and consider employee feedback in the next three weeks. "Listening to our teams' feedback and supporting them through this process is our priority and we will provide further updates after consultation is complete."

Outlook

Sky remains on target to deliver full year results in line with the guidance[2] provided at the time of the full year results announcement, providing a narrowed Guidance Range of Revenue of between $750 to $760 million, EBITDA of between $150 to $160 million, NPAT of between $55 to $60 million, Capex of between $65 to $75 million and Annual Dividends of between $20 to $23 million.

Sophie commented: "We have made significant progress over the past two years so that the Sky of today is in a strong position and we will continue to aim higher as this work continues into the second half."

ENDS

Authorised by Kirstin Jones, Company Secretary

Sky will hold a webcast briefing at 10:30am (NZDT) to discuss the results. Details on how to participate are available here: https://www.nzx.com/announcements/405703

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Investors may also submit queries to: investorrelations@sky.co.nz

[2] Subject to the impact of the current consultation process, no adverse change in operating conditions, including future economic headwinds, and the impacts of significant climatic events. Excludes RugbyPass contribution.

Results for announcement to market

Name of issuer	Sky Network Television Limited	
Reporting Period	6 months to 31 December 2022	
Previous Reporting Period	6 months to 31 December 2021	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from ordinary activities	$378,590	1.9% increase
Net profit/(loss) from ordinary activities after tax attributable to security holders	$26,074	7.8% decrease
Total net profit/(loss)	$26,211	7.3% decrease
Interim Dividend		
Amount per security	$0.06	
Franked amount per security	Not Applicable	
Record Date	10 March 2023	
Dividend Payment Date	24 March 2023	
	Current period	**Prior comparable period**
Net tangible assets per security	$0.7973	$0.8243
A brief explanation of any of the figures above necessary to enable the figures to be understood	For further explanation refer the interim financial statements and the investor presentation attached.	

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Other Information

Sky Network Television Limited
Half Year ended on 31 December 2022 (In NZD)

- **Control gained over entities**

  There was no control gained over entities during the half year.

- **Loss of control of entities**

  RugbyPass

  On 10 October 2022 Sky entered into an agreement with World Rugby to sell the shares of RugbyPass Ireland Limited and RugbyPass UK Limited (the RugbyPass Entities) for $11.0 million. The consideration was part of the media rights agreement for exclusive rights to premium competitions, including Rugby World Cups for seven years with World Rugby (the licence period being 1 January 2023 to 31 December 2029).

  The cost of the programming rights acquired comprises both cash paid in the deal and the fair value of the shares in the RugbyPass Entities transferred to World Rugby as non-cash consideration.

  The RugbyPass Entities comprised a disposal group classified as held-for-sale at 30 June 2022, measured at fair value of $11.0 million. Control of these entities was transferred to World Rugby Limited on 10 October 2022.

- **Dividends or distributions**

  Interim dividend payable: $8,734,391

  Prior comparable period: Nil

- **Details of aggregate share of profits (losses) of associates and joint venture entities**

  Not applicable

- **Accounting standards**

  New Zealand international financial reporting standards used in compiling report.

  The consolidated interim financial statements include an Independent Auditor's Review Report.

- **Directors' Details**

  The directors of Sky Network Television Limited at any time during the half year are as follows:

Philip Bowman	Chair
Keith Smith	Deputy Chair
Joan Withers	Director
Mike Darcey	Director
Mark Buckman	Director
Geraldine McBride	Director (retired 2 November 2022)

2023 Interim Report

For the 6 months ended 31 December 2022
Sky Network Television Limited

HY23 at a glance

Financial

REVENUE $M
378.6 ↑ 2%

EBITDA $M
73.7 ↓ 14%

NPAT $M
26.2 ↓ 7%

DIVIDEND (CENTS PER SHARE)
6.0

Customer

TOTAL CUSTOMER RELATIONSHIPS
1,053,287 ↑ 6%

SKY BOX CUSTOMERS
517,003

STREAMING CUSTOMERS
506,375

SKY BROADBAND CUSTOMERS
23,156

WHAT MATTERS MOST?

Our Customers

WHAT DO WE DO?

We connect New Zealanders with the sport and entertainment they love, in ways that work for them, right across the country.

WHAT WE'RE FOCUSING ON

1. **CUSTOMERS** Nurture and grow our customer relationships
2. **CONTENT** Create and secure the best sport and entertainment for our customers
3. **CREW** Be a place where our crew can do their best work
4. **CAPABILITY** Develop or partner for the best tech and data outcomes

THE 'BEDROCK' OF OUR BUSINESS

Rapid and sustained execution to meet or exceed our key objectives and continue to be a responsible, adaptive and profitable business.

Message from the Chair

I am pleased to report another period of positive progress for your Company.

Sky's business has performed well in the first half of the 2023 fiscal year, delivering against key operational and financial milestones, and executing on strategic priorities. Significant opportunities to further improve medium term performance also remain.

Customer relationships exceeded 1 million, with many more New Zealanders recognising the value our sport and entertainment content offers in whichever way they choose to enjoy it. This growth in customers, combined with the positive impact of price increases and a recovery in Commercial and Advertising revenues to pre-Covid levels, resulted in a healthy 2% rise in revenues to $378.6 million – the highest six-month achievement in three years.

This revenue growth was delivered despite the delay in launching the new Sky Box and the new Sky Pod, as well as the consequential net impact on streaming revenue from funding Vodafone TV (VTV) for an extended period. The delay in delivering this key project is disappointing, both from a customer and financial perspective. Supply chain disruption (including the well documented global shortage of microchips), combined with difficulties in accessing additional specialised technical capabilities in a very tight labour market, are among the issues the team has faced. These challenges are now largely behind us. After extensive testing I am pleased to confirm that we have delivered the first boxes to customers, focusing initially on VTV customers given the need to complete the VTV transition.

The first half results also demonstrate that whilst programming costs have increased in line with our expectations, this targeted investment in content and customer experience is resonating with our customers. Our ongoing focus to reduce the cost base remains a key priority. Sophie and her management team have a clear plan to deliver further benefits over the medium term as initiatives are progressed.

Whilst earnings before interest, tax, depreciation and amortisation (EBITDA[1]) of $73.7 million were down on H1 2022, the prior period benefited from several one-offs including Covid-related impacts and the release of a Holiday's Act provision. Normalising the prior period for these one-offs, and adjusting for the impact of VTV fees, EBITDA was in-line to growing despite additional investment to support revenue growth. Net profit after tax was $26.2 million.

The Board has declared an interim dividend of 6.0 cents per share (fully imputed), consistent with our policy of distributing between 60% and 90% of annual free cash flow and paying approximately 40% of the anticipated annual dividend as an interim distribution. This reflects our confidence in the strength and sustainability of future cash flows, despite a half year where the timing of some significant payments (most notably the purchase of new Sky boxes) was weighted to the first half.

Looking ahead

In preparing this and previous letters, I have reflected on the rapid pace of change in the global media sector, especially over the past two to three years. There is little sign of this abating. Despite major changes at Sky over the past several years which have improved financial performance and customer satisfaction, further repositioning the business remains an ongoing necessity. To achieve this, we need to deliver further service and product improvements for our customers, grow new revenue streams, further optimise the cost base, and monetise more value from our exceptional range of content.

Technology and customer service underpin these key initiatives. Drawing upon the learnings from the Sky Box and Pod projects, the management team have been exploring ways to access the right technology, capacity and capabilities to allow us to deliver key business processes, including customer service, in a simpler, faster and more efficient manner.

Your Board is very mindful of the potential impact of changes on some of our people, and alongside the management team is determined to ensure that we listen to the feedback that we receive and act transparently, provide timely information and a range of support options for employees who may be impacted. We will update you when consultation is completed and decisions have been made.

Capital Management

Following a vote at the 2022 Annual Shareholder Meeting of 99.7% in favour of the proposed capital return, approximately $70 million was returned to shareholders in late November 2022 through a Court sanctioned cancellation of shares. For most investors, the decision to distribute surplus capital using this mechanism resulted in a return that was tax free, with imputation credits preserved for future distributions. This payment was in addition to $12.8 million in dividends (7.3 cents per share, fully imputed) which was paid to shareholders in September 2022.

Sky's balance sheet remains strong with $56.6m in cash on hand at 31 December 2022, and an undrawn bank facility of $150 million. In addition, the outlook for future cash generation remains strong. As I outlined in my address to the Annual Shareholder Meeting, the Board believes that the Company's shares are significantly under-valued despite the significantly improved outlook for the business and the decisive moves we have made on capital management. At the close of business on 21 February, SKT shares traded at $2.56, equivalent to a multiple of 2.0 times EBITDA and 6.5 times earnings per share.

After careful consideration, the Board intends to commence an on-market buyback programme (the Buyback) for up to a maximum of 8,734,416 shares (approximately 6.0% of Sky's current shares on issue). The company currently intends to initiate this Buyback next month as will be communicated to the market ahead of the Buyback commencing. Assuming the full capacity of the Buyback is deployed at the share price of $2.56 as at 21 February 2023, it is expected this will deliver a 3.3% uplift in Earnings Per Share.

Board

After a lengthy external search process, we were delighted recently to announce the appointment of Belinda Rowe as an independent director, with effect from 1 March 2023. Belinda has an impressive and highly relevant range of skills and experience, honed through a leadership and governance career spanning global content marketing and communications, media, technology and sport. We look forward to welcoming her, and to the positive contribution her perspectives and experience will make to Board discussions. Belinda will seek election by Sky's shareholders at the next Annual Shareholder Meeting.

Conclusion

In closing, I would like to extend my thanks to my Board colleagues for their continued energy, commitment and diligent stewardship of the Company.

Sophie, supported by the Sky team, has continued to challenge the status quo and reposition the Company for the changing market environment. Her focus on improving returns for shareholders is impressive, whilst also carefully considering the Company's role in the broader New Zealand community. On behalf of the Board I would like to take this opportunity to thank Sophie and the team for their hard work and their determination to "aim higher".

Finally to you, our shareholders, I thank you for your continued support of Sky. I look forward to providing further updates on your Company's progress as we continue to deliver on our strategy.

In closing I would note with sadness that it is increasingly clear that the true extent of loss of life, damage to property and disruption created by cyclone Gabrielle has yet to be fully established. The thoughts of the Board are with the people of New Zealand at this difficult time, and Sky will play its part to support those most impacted.

Philip Bowman
Chairman

[1] EBITDA is a non-GAAP measure. Sky uses this measure when discussing financial performance as the Company believes it provides useful information on the performance of the Company.

Message from the CEO

It's good to be able to share the progress we made in our business over the last six months.

As I outline below, we are delivering on our strategy. We have grown our customer relationships. While acknowledging the delay, we have started rolling out our new Sky Box to customers, with the Sky Pod soon to follow. We have secured all of the key content rights we targeted, particularly in sport. And we are focusing in on how we set our crew up with access to the right capabilities and capacity to deliver for customers in the years ahead.

We continue to understand our key competitive advantages* but know we need to aim higher. More broadly, as our world continues to change at a tremendous pace, and as we go through cost of living challenges in this country along with the impacts of significant climatic events, we are determined to remain a preferred choice for the sport and entertainment that New Zealanders love. That means continuing to offer our customers an exceptional range of content, as well as great choices about how they access it.

Summary of Results

The highlight for the first half of FY23 was the clear demonstration that we are continuing to build on and lock in gains from the positive inflection point we spoke of twelve months ago. This is showing up in our financial results.

Revenue of $378.6 million, was up 2% against the previous period.

Importantly Sky Box revenue has now reached a significant milestone, returning to growth against H2 of FY22 – the first half on half growth since 2014. This was largely driven by the continuing stabilisation of our customer numbers, increased average monthly revenue per customer, including from the May 2022 sports price increase (and with a further increase for both Sky Sport and Sky Sport Now to take effect from 1 March).

Streaming revenue grew by 7% with underlying growth of 22%. The difference is the negative impact on our revenue line from the delay in delivering our new products to our Vodafone TV customers, noting the statement of these streaming revenues is net of the Vodafone TV costs. Neon contributed an additional 19% revenue and Sky Sport Now recorded an impressive 48% rise. The growth reflects higher customer numbers, Neon price rises and a greater mix of higher priced passes for Sky Sport Now.

Broadband revenue more than doubled following significant growth in customers while Commercial revenues increased by 18%, returning to pre-Covid levels.

Advertising revenue increased by 12% as we begin to lean into this sizable opportunity. Our strategic intent remains to maximise the value of our superb content in an ad-funded environment.

Operating costs included the expected increases in programming rights following the recent cycle of significant competition around key rights (as further detailed below) that will fuel future growth. We have also experienced increased production costs compared to the prior period as local teams such as the Warriors, Phoenix and Sky Sport Breakers returned to playing at home post-Covid.

Capex of $40 million in the first half of FY23 compares to $18 million in the prior period as we prepare to deliver our new products to customers.

The expected uplift in capex spend and accelerated payment arrangements for recent content rights wins means that **free cash flow** is strongly weighted to the second half.

It also follows that, although slightly lower than the prior period, the first half **Net Profit** of $26.2 million is in line with expectations.

Overall, we remain on track to deliver results within the guidance ranges outlined at the time of our 2022 full year results (and the improved dividend guidance provided at the ASM), noting that we have now moved to tighten the ranges to slightly lower the mid-points for Revenue and EBITDA guidance although with higher mid-points for NPAT and full year dividends. We are monitoring the recent, and ongoing, climatic events that have impacted a number of New Zealand households and thereby some Sky customers. We are taking steps to support impacted customers, and to understand the implications for our guidance, if any.

*** Our key competitive advantages give us a strong platform to build from to stay at the forefront:**

1. We understand what our customers value based on rich viewership data
2. We are the ultimate aggregator due to 'power of the bundle'
3. We deliver to all of New Zealand
4. We have a significant and valuable Sky Box customer base, and
5. We offer a multi-product and multi-platform play, including free to access options.

Delivering on our strategy – more detail on the wins from the first half

We've hit several key targets and milestones that together, underpin our strong financial results.

Customers: Nurture and grow our customer relationships

- **Customer relationship growth continues** – climbing above the 1 million mark to be 6% higher than a year ago.
- **Sky Box** – despite some challenging delays, which have been disappointing as Philip indicates in his letter, we are now delivering this exciting new experience with our VTV customers, and the 'first impressions' anecdotal feedback -from these paying customers has been very positive.
- **Streaming** – continues to hit its marks. Sky Sport Now is the stand-out performer cementing its unrivalled position in sports streaming with a super-strong content slate fuelling 68% growth. Neon's growth continues, up 15% on a year ago, including from the recently-introduced basic tier product which is opening up new opportunity at a lower price point.
- **Broadband** – while we see a much greater opportunity in the future with our IP-delivered products, for this half year numbers have more than doubled, with our high quality 'made for entertainment' solution winning fans and adding value for Sky Box customers.
- **Commercial** – customer numbers remain stable, and revenue has returned to pre-Covid levels, following an extended period where we provided support to customers significantly impacted by Covid restrictions.

Content: Create and secure the best sport and entertainment for our customers

- We secured the content we targeted, armed with rich viewership data:
  - The first of six seasons of the Premier League (EPL) was welcomed to our screens in August.
  - The extremely successful FIFA World Cup tournament captured the imagination of fans throughout the world and here in New Zealand, reaching more than one in four New Zealanders via Sky Sport, Prime, and Sky Sport Now.
  - In October, we agreed a wide ranging seven-year partnership with World Rugby including every men's and women's Rugby World Cup and a joint approach to the production of exclusive programming, particularly in women's rugby.
  - Our Formula 1 win was announced in December with this exhilarating content returning to our screens in 2023.
  - The renewal of the Sky News channel delivers 24/7 news from the Asia-Pacific region for a highly-interested cohort of customers.
  - Key studio renewals with Roadshow Entertainment & StudioCanal will see a strong pipeline of compelling movie content coming for Sky Movies, Neon and Prime.
  - We also welcomed high quality studio output – big blockbuster movies, the much-anticipated House of the Dragon, the return of Yellowstone, The Handmaid's Tale and acclaimed The White Lotus.
- We are focused on the continued reinvigoration of our free-to-air channel: Prime as an important part of our access for all New Zealanders to showcase our content – including Sky Originals such as 'Topp Class', as well as key sporting moments such as the World Rugby Sevens Series hosted in Hamilton in February (with a wonderful home win for the Black Ferns Sevens).
- We ended the six months on a high with both local and global acknowledgements of our Sky Originals and Sky Sport production: an international Emmy win for Short Form Series - Rūrangi with season 2 having just premiered, a Bronze IOC Golden Rings Award for our Nico Porteous profile piece for the Beijing Winter Olympics, and four wins at the NZ TV Awards including Sky's 1 -39: The Highlanders Story and highly contested Best Comedy for Raised by Refugees.

Crew: Be a place where our crew can do their best work

- We delivered an important and much-welcomed salary increase for our crew in October, with higher percentage increases weighted towards those on lower incomes.
- We have implemented new benefits of paid parental leave and special family circumstance leave which allows caregivers in a range of situations the flexibility to meet personal and work commitments.
- We invested in developing our leaders at Sky through the commencement of new training opportunities. And we have embarked on a journey to better understand and engage in the cultural context of Aotearoa New Zealand, including the relevance of Te Ao Māori (the Māori world), starting with building the cultural competency of our team and the development of a wider strategy.
- We recognise the importance for our crew of playing our part and are making positive progress towards improving our environmental impact alongside our other social initiatives, including our commitment to help inspire young women and girls in sports and leadership via See the Possible.

Capability: Develop or partner for the best tech and data outcomes

- We successfully transitioned our warehouse and maintenance functions to a logistics partnership with Pacificomm. This is transforming our Sky Box (and soon Sky Pod) logistics by providing faster delivery times, and a more cost-effective service to support the roll-out of these new Sky products.
- We have engaged with a new partner to support our much-needed automation of certain processes in order to be a place where our crew can focus on more rewarding work.
- In July 2020 we announced the renewal of our partnership with Optus to deliver a new software-defined satellite to replace the existing D-series satellite. The initial plan was for the new satellite to be in place by December 2023, but various factors including significant manufacturing delays have put back that launch date to late 2025 or early 2026. We are working closely with Optus to ensure the ongoing supply for our satellite requirements, including the option to repurpose another satellite already in the same orbital location for our Sky homes, if required, and will update the market on developments as they arise. We remain confident of our ability to continue to serve our satellite customers as we transition to the new satellite.
- More broadly, we're finding that our strategy of 'partnering where that makes sense' is making a great deal of sense for our business. Increasingly it's allowing us to more swiftly access the capacity and capability we need – particularly in a tight labour market – while also reducing costs and adding flexibility.

Looking ahead – and Aiming Higher

I'm proud of what we have achieved. We have made significant progress over the past two years to get to this point, particularly in the Customer and Content areas of our strategy, so that the Sky of today is in a strong position and with a vibrant future.

In order to aim even higher as a business, we want to deliver improvements for our customers, grow new revenue streams, continue to find cost savings, and maximise the value of our exceptional range of content.

We have been exploring how we can best achieve these goals and identified areas where we believe we may need to make changes, to ensure we have access to the right resources, structured in the right way, to access the benefits of a better operating environment for the ultimate benefit of great access to content and services by our customers. We also have a clear focus on Sky being a place where our people can do their best work.

At the time of writing, we are consulting with our employees on some proposed changes. Listening to our team's feedback is our first priority and we will provide further updates after that process is complete and decisions have been made.

Thank you

As always, I am hugely grateful for the many hours of direct support from Philip and to the full Board for all of their dedication and care to the Sky cause.

To my Exec team, thank you for all of your tenacity and team-work, and for keeping focused on the task ahead as we also aim higher in 2023.

Before doing so, at the time of writing I, along with my team, recognise that a number of our customers and shareholders will be feeling the very real impact of the recent cyclone disaster. Our thoughts are with you and all New Zealanders who are facing a tough time in the days, weeks and months' ahead.

It remains a huge privilege to lead Sky at this time in its turnaround. Of course, we only get to do what we do with the support of our customers and our shareholders: your support is vital.

I'm proud of what the Sky team is delivering every day for our customers, partners, communities and each other and the results that follow.

Sophie Moloney
CEO

Our 2023 Interim Financials

For the six months ended
31 December 2022

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2022 (unaudited)

In NZD 000	Notes	31-Dec-2022 (6 months)	31-Dec-2021 (6 months)	30-Jun-2022 (1 year) (audited)
Revenue	4	378,590	371,671	736,111
Other income		1,533	840	16,753
Expenses				
Programming	8	197,572	178,413	365,347
Subscriber related costs		42,556	50,200	93,233
Broadcasting and infrastructure		38,466	33,072	70,586
Depreciation and amortisation		36,037	43,169	80,171
Other costs		27,842	25,523	54,682
Total operating expenses		**342,473**	**330,377**	**664,019**
Impairment of goodwill		-	-	2,000
Loss on sale of subsidiary	13	219	-	-
Finance costs (net)		318	2,317	6,094
Profit before tax		**37,113**	**39,817**	**80,751**
Income tax expense		10,902	11,552	18,539
Profit for the period		**26,211**	**28,265**	**62,212**
Attributable to				
Equity holders of the Company		26,074	28,292	62,145
Non-controlling interests		137	(27)	67
		26,211	**28,265**	**62,212**
Earnings per share				
Basic and diluted earnings per share (cents)	12	15.49	16.20	35.57
Other Comprehensive Income				
Profit for the period		26,211	28,265	62,212
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		(262)	31	318
Deferred hedging (losses)/gains transferred to operating expenses during the period	10	(13,385)	2,964	12,785
Income tax effect	10	3,748	(830)	(3,580)
Net other comprehensive (loss)/income to be reclassified to profit or loss, net of income tax		**(9,899)**	**2,165**	**9,523**
Items that may not be reclassified to profit or loss				
Deferred hedging losses transferred to non-financial assets during the period		(1,730)	(1,535)	(1,535)
Income tax effect		484	430	430
Net other comprehensive loss not being reclassified to profit or loss, net of income tax		**(1,246)**	**(1,105)**	**(1,105)**
Total comprehensive income for the period		**15,066**	**29,325**	**70,630**
Attributable to				
Equity holders of the Company		14,929	29,352	70,563
Non-controlling interests		137	(27)	67
		15,066	**29,325**	**70,630**

Consolidated Interim Balance Sheet

As at 31 December 2022 (unaudited)

In NZD 000	Notes	31-Dec-2022	31-Dec-2021	30-Jun-2022 (audited)
Current assets				
Cash and cash equivalents	10	56,597	73,946	138,916
Trade and other receivables	10	49,968	53,816	55,359
Programme rights inventory	8	132,214	95,293	121,407
Derivative financial instruments	10	5,633	3,229	14,345
		244,412	**226,284**	**330,027**
Non-current assets				
Property, plant and equipment		82,937	69,838	71,393
Intangible assets		57,910	54,769	51,700
Right of use assets		42,703	46,644	57,301
Deferred tax asset		6,673	1,277	4,919
Goodwill		244,264	255,245	244,264
Derivative financial instruments	10	397	2,033	4,464
		434,884	**429,806**	**434,041**
Assets held for sale	9	-	36,626	12,782
Total assets		**679,296**	**692,716**	**776,850**
Current liabilities				
Interest bearing loans and borrowings	6,10	458	1,149	1,035
Lease liabilities	3,10	31,262	25,343	31,244
Trade and other payables		138,735	127,063	151,711
Contract liabilities		54,021	50,836	52,505
Income tax payable		363	2,308	3,306
Derivative financial instruments	10	1,259	613	-
		226,098	**207,312**	**239,801**
Non-current liabilities				
Interest bearing loans and borrowings	6,10	-	458	-
Lease liabilities	3,10	21,467	26,663	39,435
Trade and other payables		1,135	1,544	1,146
Derivative financial instruments	10	4,281	142	-
		26,883	**28,807**	**40,581**
Liabilities associated with assets held for sale	9	-	-	1,975
Total liabilities		**252,981**	**236,119**	**282,357**
Equity				
Share capital	14	698,274	768,766	768,766
Reserves		(1,692)	2,095	9,453
Retained deficit		(271,673)	(315,577)	(284,995)
Total equity attributable to equity holders of the Company		**424,909**	**455,284**	**493,224**
Non-controlling interest		1,406	1,313	1,269
Total equity		**426,315**	**456,597**	**494,493**
Total equity and liabilities		**679,296**	**692,716**	**776,850**

Philip Bowman
Director and Chair

Keith Smith
Director and Chair of Audit and Risk Committee

For and on behalf of the Board 22 February 2023

Consolidated Interim Statement of Changes In Equity

As at 31 December 2022 (unaudited)

In NZD 000	Share capital	Reserves	Retained deficit	Total	Non-controlling interest	Total equity
	Attributable to owners of the parent					
For the six months ended 31 December 2022						
Balance at 1 July 2022	768,766	9,453	(284,995)	493,224	1,269	494,493
Profit for the period	-	-	26,074	26,074	137	26,211
Exchange difference on translation of foreign operations	-	(262)	-	(262)	-	(262)
Cash flow hedges, net of tax	-	(10,883)	-	(10,883)	-	(10,883)
Total comprehensive income/(loss) for the period	-	(11,145)	26,074	14,929	137	15,066
Transactions with owners in their capacity as owners						
Share capital returned [1]	(69,876)	-	-	(69,876)	-	(69,876)
Transaction costs	(616)	-	-	(616)	-	(616)
Dividend paid [2]	-	-	(12,752)	(12,752)	-	(12,752)
Supplementary dividends	-	-	(1,041)	(1,041)	-	(1,041)
Foreign investor tax credits	-	-	1,041	1,041	-	1,041
	(70,492)	-	(12,752)	(83,244)	-	(83,244)
Balance at 31 December 2022	**698,274**	**(1,692)**	**(271,673)**	**424,909**	**1,406**	**426,315**
For the six months ended 31 December 2021						
Balance at 1 July 2021	768,766	1,035	(343,869)	425,932	1,340	427,272
Profit for the period	-	-	28,292	28,292	(27)	28,265
Exchange difference on translation of foreign operations	-	31	-	31	-	31
Cash flow hedges, net of tax	-	1,029	-	1,029	-	1,029
Total comprehensive income/(loss) for the period	-	1,060	28,292	29,352	(27)	29,325
Transactions with owners in their capacity as owners						
Balance at 31 December 2021	**768,766**	**2,095**	**(315,577)**	**455,284**	**1,313**	**456,597**
For the year ended 30 June 2022 (audited)						
Balance at 1 July 2021	768,766	1,035	(347,140)	422,661	1,340	424,001
Profit for the period	-	-	62,145	62,145	67	62,212
Exchange difference on translation of foreign operations	-	318	-	318	-	318
Cash flow hedges, net of tax	-	8,100	-	8,100	-	8,100
Total comprehensive income for the year	**-**	**8,418**	**62,145**	**70,563**	**67**	**70,630**
Transactions with owners in their capacity as owners						
Dividend paid	-	-	-	-	(138)	(138)
	-	-	-	-	(138)	(138)
Balance at 30 June 2022	**768,766**	**9,453**	**(284,995)**	**493,224**	**1,269**	**494,493**

1 On 21 November Sky returned 1 in every 6 shares for consideration of $2.40 to shareholders, paid on 29 November 2022

2 Sky paid a dividend of 7.3 cents per ordinary share on 23 September 2022

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2022 (unaudited)

In NZD 000	Notes	31-Dec-2022 (6 months)	31-Dec-2021 (6 months)	30-Jun-2022 (1 year) (audited)
Cash flows from operating activities				
Profit before tax		37,113	39,817	80,751
Adjustment for:				
Depreciation and amortisation		36,037	43,169	80,171
Impairment of goodwill		-	-	2,000
Impairment of programme rights	8	-	1,080	1,152
Unrealised foreign exchange loss/(gain)		942	(1,182)	618
Interest expense		3,198	2,883	5,772
Bad debts and movement in provision for doubtful debts		1,221	427	1,291
Loss on sale of subsidiary	13	219	-	-
Other non-cash items		(840)	(459)	(798)
Movement in working capital items:				
Decrease in receivables		4,170	11,372	229
Decrease in payables		(587)	(14,277)	(3,759)
(Increase)/decrease in programme rights		(11,960)	7,357	(19,517)
Cash generated from operations		**69,513**	**90,187**	**147,910**
Interest paid		(3,072)	(2,668)	(5,547)
Bank facility fees paid		(126)	-	(225)
Income tax paid		(10,200)	(13,500)	(22,500)
Net cash from operating activities		**56,115**	**74,019**	**119,638**
Cash flows from investing activities				
Acquisition of property, plant and equipment		(28,116)	(7,151)	(19,812)
Acquisition of intangibles		(12,040)	(11,334)	(24,871)
Proceeds from disposal of Mt Wellington properties		-	-	55,580
Proceeds from disposal of OSB business		-	-	7,000
Net cash (used in)/from investing activities	7	**(40,156)**	**(18,485)**	**17,897**
Cash flows from financing activities				
Capital returned to shareholders	14	(70,492)	-	-
Payments for lease liability principal		(13,416)	(15,841)	(32,144)
Repayment of other borrowings		(577)	(547)	(1,137)
Dividend paid to shareholders		(13,793)	-	-
Dividend paid to minority shareholders		-	-	(138)
Net cash used in financing activities		**(98,278)**	**(16,388)**	**(33,419)**
Net (decrease)/increase in cash and cash equivalents		(82,319)	39,146	104,116
Cash and cash equivalents at the beginning of the period		138,916	34,800	34,800
Cash and cash equivalents at the end of the period	10	**56,597**	**73,946**	**138,916**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2022 (unaudited)

1. General Information

Sky Network Television Limited (Sky) is a company, incorporated and domiciled in New Zealand. The address of its registered office is 10 Panorama Road, Mt Wellington, Auckland, New Zealand. The consolidated interim financial statements for the six months ended 31 December 2022 comprise Sky and its subsidiaries (the Group).

Sky is a company registered under the Companies Act 1993 and is a reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

Sky is a leading media company in New Zealand and operates as a provider of sport and entertainment media and telecommunication services in New Zealand.

These consolidated interim financial statements were approved by the Board on 22 February 2023.

2. Basis of Preparation

These consolidated interim financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Listing Rules and the ASX Listing Rules.

These consolidated interim financial statements of Sky are for the six months ended 31 December 2022. They have been prepared in accordance with New Zealand generally accepted accounting practice, NZ IAS 34 Interim Financial Reporting and International Accounting Standard 34 (IAS 34). They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2022. For the purposes of financial reporting Sky is a profit-oriented entity.

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These consolidated interim financial statements have been prepared under the historical cost convention except for the revaluation of certain financial instruments (including derivative instruments).

Group structure

The Group has a majority share in the following subsidiaries.

Name of Entity	Principal Activity	Country of Incorporation	Parent	Interest held Dec 2022	Jun 2022	Dec 2021
Sky DMX Music Limited	Commercial music	New Zealand	Sky	50.50%	50.50%	50.50%
Sky Ventures Limited	Non-trading	New Zealand	Sky	100.00%	100.00%	100.00%
Media Finance Limited	Non-trading	New Zealand	Sky	100.00%	100.00%	100.00%
Non Trading PS Limited (previously Outside Broadcasting Limited)	Non-trading	New Zealand	Sky	100.00%	100.00%	100.00%
Screen Enterprises Limited	Non-trading	New Zealand	Sky	100.00%	100.00%	100.00%
Sky Network Services Limited (previously Igloo Limited)	Broadband services	New Zealand	Sky	100.00%	100.00%	100.00%
Believe It Or Not Limited	Entertainment quizzes	New Zealand	Sky	51.00%	51.00%	51.00%
Sky Investment Holdings Limited	Investment	New Zealand	Sky	100.00%	100.00%	100.00%
RugbyPass Limited [1]	Content generation, subscriptions and marketing	Ireland	Sky Investment Holdings Limited	-	100.00%	100.00%
RugbyPass Asia Pte Ltd [2]	Non-trading	Singapore	RugbyPass Limited	-	-	100.00%
Lightbox New Zealand Limited	Streaming services	New Zealand	Sky	100.00%	100.00%	100.00%
Sports Analytics Pty Limited (acquired 1 January 2021)	Data analytics for sports	South Africa	Sky Investment Holdings Limited	81.00%	81.00%	81.00%
RugbyPass UK Limited (incorporated 26 Jan 2021) [1]	Management services	United Kingdom	Sky Investment Holdings Limited	-	100.00%	100.00%

1. On 10 October 2022 Sky completed an agreement with World Rugby to sell the shares of RugbyPass Limited and RugbyPass UK Limited (The RugbyPass Entities) for $11.0 million (refer note 13).
2. At the request of the Group, RugbyPass Asia Pte Ltd was struck off the Register of Companies on 10 January 2022.

3. Significant Accounting Policies and Critical Judgements and Estimations

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Intangible assets and goodwill

Management and the Directors have considered whether there are any events or changes in circumstances since the signing of the 2022 financial statements that may be an impairment indicator as at 31 December 2022, having considered factors such as:

- The Group's half year results;
- The increase in market interest rates;
- The premium of net assets to market capitalisation, noting that this market capitalisation excludes any control premium.

We have concluded that there are no material adverse events or changes in circumstances that would suggest there are any impairment indicators as at 31 December 2022.

Capital structure

As at 31 December 2022 the Group had positive working capital of $18.3 million (31 December 2021: $19.0 million; 30 June 2022: $90.2 million).

The directors are satisfied that there will be adequate cash flows generated from operating and financing activities to meet the obligations of the Group for the foreseeable future from approving the consolidated interim financial statements, after taking into consideration the current trading results and that the Group has available cash of $56 million and an undrawn banking facility of $150 million at 31 December 2022 (refer note 6).

Environmental, Social and Governance (ESG) Reporting

The Group as part of its enterprise risk management framework continues to monitor its exposure to risk, including climate related risk and related regulatory reporting requirements. Sky intends to specifically review and report on exposure to climate related risk, and potential opportunities in line with legislative requirements currently under development and likely to reflect the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) requirements. Emissions measurement systems are in place, and these will continue to be further refined with a view to initiating reporting in the 2023 financial year.

We do not at this stage consider there to be any significant financial impact for the Group from climate change but will continue to monitor as our strategic framework, systems and processes evolve and as regulatory frameworks are finalised and introduced.

4. Segment and Revenue Information

The table below shows the disaggregation of the Group's revenue from contracts with customers based on when revenue is recognised for its principal revenue streams.

In NZD 000	Sky Box subscriptions	Broadband subscriptions	Streaming subscriptions	Commercial revenue	Advertising	Other revenue	Total revenue from contracts with customers
For the six months ended 31 December 2022							
Revenue from customers	255,001	8,922	51,855	26,527	26,323	9,962	378,590
Total revenue	**255,001**	**8,922**	**51,855**	**26,527**	**26,323**	**9,962**	**378,590**
Timing of revenue recognition							
At a point in time	2,742	160	-	-	26,323	3,696	32,921
Over time	252,259	8,762	51,855	26,527	-	6,266	345,669
	255,001	**8,922**	**51,855**	**26,527**	**26,323**	**9,962**	**378,590**
For the six months ended 31 December 2021							
Revenue from customers	259,934	2,452	48,468	22,513	23,491	14,813	371,671
Total revenue	**259,934**	**2,452**	**48,468**	**22,513**	**23,491**	**14,813**	**371,671**
Timing of revenue recognition							
At a point in time	3,014	-	-	-	23,491	3,221	29,726
Over time	256,920	2,452	48,468	22,513	-	11,592	341,945
	259,934	**2,452**	**48,468**	**22,513**	**23,491**	**14,813**	**371,671**
For the year ended 30 June 2022 (audited)							
Revenue from customers	514,029	8,782	93,266	47,379	47,592	25,063	736,111
Total revenue	**514,029**	**8,782**	**93,266**	**47,379**	**47,592**	**25,063**	**736,111**
Timing of revenue recognition							
At a point in time	5,195	366	-	-	47,592	7,467	60,620
Over time	508,834	8,416	93,266	47,379	-	17,596	675,491
	514,029	**8,782**	**93,266**	**47,379**	**47,592**	**25,063**	**736,111**

Operating segments are reported in a manner consistent with the internal reporting provided to Sky's executive team who are the chief operating decision-makers. Sky's executive team is responsible for allocating resources and assessing performance of the operating segments. Sky operates in a single operating segment comprising the provision of sport, entertainment media and telecommunications services in New Zealand.

Prior to disposal of the RugbyPass Entities on 10 October 2022, RugbyPass was identified as a separate operating segment and formed a separate cash generating unit. For financial reporting purposes and with reference to the aggregation criteria in the accounting standards RugbyPass was aggregated with the Sky business operating segment for the purposes of reporting segment disclosure.

5. Related Party Transactions

There were no loans to directors by the Group or associated parties at any of the reporting dates.

In NZD 000	31-Dec-22	31-Dec-21	30-Jun-2022 (audited)
Income statement			
Remuneration of key personnel	2,722	2,501	5,762
Directors' fees	404	346	716
My Wave Limited (included in subscriber related costs)	-	942	1,692
Total Related Party transactions included in the income statement	**3,126**	**3,789**	**8,170**
Balance Sheet			
My Wave Limited (included in prepayments)	-	750	-
Dividends paid to directors and key management personnel	36	-	-
Total Related Party transactions through consolidated balance sheet	**36**	**750**	**-**

The gross remuneration of directors and key management personnel during the period was $3,126,000 (31 December 2021: $2,847,000; 30 June 2022: $6,478,000).

During the 2021 financial year Sky entered into a commercial agreement with My Wave Limited, a software company that provides interactive device solutions, as disclosed above. Geraldine McBride was a Director of the Group (until 2 November 2022) as well as a Director of My Wave Limited.

6. Interest Bearing Loans and Borrowings

	31-Dec-2022			31-Dec-2021			30-Jun-2022 (audited)		
In NZD 000	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Borrowings	458	-	458	1,149	458	1,607	1,035	-	1,035
	458	**-**	**458**	**1,149**	**458**	**1,607**	**1,035**	**-**	**1,035**

Bank loans

The Group has a revolving credit bank facility of $150 million expiring 31 July 2025 from a syndicate of banks comprising Bank of New Zealand, Commonwealth Bank of Australia, and Westpac NZ Limited.

The facility arrangements (together with certain hedging arrangements) take the benefit of shared security granted by certain members of the Group, including:

- a general security deed granted by each of Sky Network Television Limited, Sky Network Services Limited and Sky Investment Holdings Limited;
- real property mortgages granted over certain real property interests of Sky Network Television Limited; and
- a spectrum mortgage granted over certain spectrum.

As is customary for facilities of this nature, the loan facility is subject to certain covenant clauses whereby the Group is required to meet certain key financial ratios and other performance indicators.

There have been no breaches of covenant clauses in the 6 month period to 31 December 2022 and no breaches are anticipated within the next 12 months.

Bank overdrafts of $961,000 (31 December 2021: $1,842,000; 30 June 2022; $825,000) have been set off against cash balances.

7. Capital Expenditure

The Group acquired the following property, plant and equipment (PPE) and intangibles during the period:

In NZD 000	31-Dec-2022 (6 months)	31-Dec-2021 (6 months)	30-Jun-2022 (1 year) (audited)
Capital projects in progress (includes PPE & Intangibles)	6,927	4,693	14,080
Land and buildings	509	-	948
Broadcasting and studio equipment	79	262	1,027
Plant and equipment and other	738	248	2,677
Subscriber equipment	15,204	427	977
Installation costs	6,348	5,873	11,605
Intangibles	10,351	6,982	13,369
Cash outflow in the period	**40,156**	**18,485**	**44,683**

8. Programme Rights Inventory

In NZD 000	31-Dec-2022	31-Dec-2021	30-Jun-2022 (audited)
Opening balance	121,407	103,154	103,154
Acquired during the period	178,443	142,818	329,888
Written off during the period	-	(1,080)	(1,152)
Charged to profit or loss	(167,636)	(149,599)	(310,483)
Balance at end of period	**132,214**	**95,293**	**121,407**

9. Assets and Liabilities Held for Sale

In May 2022, the group commenced negotiations to sell the RugbyPass Entities to Rugby World Cup Ltd and World Rugby Tournaments Limited (World Rugby) as part of a wide ranging multi-year partnership.

On 10 October 2022 Sky entered into an agreement with World Rugby to sell the shares of RugbyPass Limited and RugbyPass UK Limited (The RugbyPass Entities) for $11.0 million. The consideration was part of the media rights agreement for exclusive rights to premium competitions, including Rugby World Cups, for seven years with World Rugby (the licence period being from 1 January 2023 to 31 December 2029).

The assets and liabilities classified as held for sale on 30 June 2022 relate to the sale of the RugbyPass Entities.

The assets classified as held for sale at 31 December 2021 were the Mt Wellington properties known as Studio 1, 2 and 3.

The assets classified as held for sale have been reported at their book value.

In NZD 000	31-Dec-2022	31-Dec-2021	30-Jun-2022 (audited)
Assets			
Property, plant and equipment (net)	-	36,626	-
Trade and other receivables	-	-	1,737
Other intangible assets	-	-	2,064
Goodwill	-	-	8,981
Assets held for sale	**-**	**36,626**	**12,782**
Liabilities			
Trade and other liabilities	-	-	1,612
Deferred tax liability	-	-	363
Liabilities associated with assets held for sale	**-**	**-**	**1,975**

10. Fair Value Measurement of Financial Instruments

The Group's activities expose it to a variety of financial risks that include market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual financial statements as at 30 June 2022. There have been no changes in any risk management policies since 30 June 2022.

Financial assets of the Group include cash and cash equivalents, trade and other receivables and financial assets at fair value through other comprehensive income (OCI). Financial liabilities of the Group include trade and other payables, interest bearing loans and borrowings, lease liabilities and derivative financial liabilities. The Group does not hold or issue financial instruments for trading purposes.

The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs), for example discounted cash flow.

Sky's financial assets and liabilities carried at fair value are valued on a level 2 basis.

Classification of financial instruments

The following table presents the Group's financial assets and liabilities according to classifications.

	31-Dec-2022		31-Dec-2021		30-Jun-2022 (audited)	
In NZD 000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets at amortised cost						
Cash and cash equivalents	56,597	56,597	73,946	73,946	138,916	138,916
Trade and other receivables	49,968	49,968	40,581	40,581	43,414	43,414
Financial assets at fair value through profit or loss						
Derivatives designated as hedging instruments (cash flow hedges)	5,633	5,633	4,255	4,255	13,546	13,546
Derivatives not designated as hedging instruments	397	397	1,007	1,007	5,263	5,263
	112,595	**112,595**	**119,789**	**119,789**	**201,139**	**201,139**
Financial liabilities at amortised cost						
Other loans	458	455	1,607	1,472	1,035	902
Lease liabilities	52,729	53,970	52,006	51,227	70,679	70,752
Trade and other payables	139,870	139,870	99,969	99,969	135,428	135,428
Financial liabilities at fair value through OCI						
Derivatives designated as hedging instruments (cash flow hedges)	1,259	1,259	424	424	-	-
Derivatives not designated as hedging instruments (fair value hedges)	4,281	4,281	331	331	-	-
	198,597	**199,835**	**154,337**	**153,423**	**207,142**	**207,082**

Prepaid expenses, deferred revenue, unearned subscriptions, tax payables and employee benefits do not meet the definition of a financial instrument and have been excluded from the "Trade and other receivables" and "Trade and other payables" categories above. Due to their short-term nature, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables is assumed to approximate their fair value.

The fair value of forward foreign exchange contracts is based on market forward foreign exchange rates at period end. Deferred hedging losses/gains in OCI result from the foreign currency exchange movement in the Groups' hedging of USD and AUD programme rights, capital expenditure and lease exposures.

The fair value of loans from banks and lease liabilities is estimated on a level 3 basis by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

11. Contracts for Future Programme Commitments

In NZD 000	31-Dec-2022	31-Dec-2021	30-Jun-2022 (audited)
Year 1	326,273	285,737	312,175
Year 2	263,502	250,847	273,287
Year 3	201,760	209,590	205,065
Year 4	58,570	173,391	113,832
Year 5	35,886	52,246	42,123
Later than 5 years	8,049	34,851	23,590
	894,040	**1,006,662**	**970,072**

12. Earnings Per Share

Basic and diluted profit per share

	31-Dec-22	31-Dec-21	30-Jun-22
Profit after tax attributable to equity holders of the parent (NZD 000)	26,074	28,292	62,145
Weighted average number of ordinary shares on issue (thousands)	168,324	174,688	174,688
Basic and diluted earnings per share (cents)	**15.49**	**16.20**	**35.57**

	31-Dec-22	31-Dec-21	30-Jun-22
Issued ordinary shares at the beginning of period/year	174,688,323	174,688,323	174,688,323
Ordinary shares returned on 21 November 2022	(29,115,132)	-	-
Total number of shares on issue	145,573,191	174,688,323	174,688,323
Weighted average number of ordinary shares on issue	**168,324,360**	**174,688,323**	**174,688,323**

The Group completed a capital return to shareholders on 21 November 2022, cancelling 1 share in every 6 held. The share cancellation reduced the share capital by 29,115,132 ordinary shares and shareholders received a cash sum of $2.40 for each share cancelled on 29 November 2022.

After the capital return the total number of ordinary shares on issue is 145,573,191.

13. Business Disposals

RugbyPass

On 10 October 2022 Sky entered into an agreement with World Rugby to sell the shares of RugbyPass Limited and RugbyPass UK Limited (The RugbyPass Entities) for $11.0 million. The consideration was part of the media rights agreement for exclusive rights to premium competitions, including Rugby World Cups for seven years with World Rugby (the licence period being 1 January 2023 to 31 December 2029).

The cost of the programming rights acquired (which are held at the lower of cost and net realisable value as per note 8) comprises both cash paid in the deal and the fair value of the shares in the RugbyPass Entities transferred to World Rugby as non-cash consideration.

The RugbyPass Entities accumulated losses remain with RugbyPass after disposal. No deferred tax asset had been recognised for those losses so no disposal adjustment to deferred tax is required

The RugbyPass Entities comprised a disposal group classified as held-for-sale at 30 June 2022, measured at fair value of $11.0 million. Control of these entities was transferred to World Rugby Limited on 10 October 2022.

The book values of the assets and liabilities derecognised as a result of the disposal are as follows:

Disposal consideration	In NZD 000
Contracted price	11,000
Less costs to sell	(547)
Net selling price	**10,453**

Assets and liabilities disposed of	In NZD 000
Cash	235
Trade receivables	777
Goodwill	8,981
Other intangible assets	1,765
Trade payables	(777)
Deferred tax	(309)
Net assets disposed of	**10,672**
Disposal price	**10,453**
Loss on sale	**219**

14. Share Capital

		31-Dec-22		31-Dec-21		30-Jun-22	
	Notes	Number of shares (000)	Ordinary shares (NZD 000)	Number of shares (000)	Ordinary shares (NZD 000)	Number of shares (000)	Ordinary shares (NZD 000)
Shares on issue at beginning of year		174,688	768,766	174,688	768,766	174,688	768,766
Return of Capital on 21 November 2022		(29,115)	(70,492)	-	-	-	-
		145,573	**698,274**	**174,688**	**768,766**	**174,688**	**768,766**

On 21 November 2022 the Group completed a capital return resulting in 29,115,132 ordinary shares being cancelled for a cash sum of $70.5 million (including transaction costs).

15. Contingent Liabilities

The Group is subject to litigation incidental to its business, none of which is expected to be material. No provision has been made in the Group's interim financial statements in relation to its ongoing litigation and claims. The directors believe that such litigation and claims will not have a significant effect on the Group's financial position, results of operations or cash flows.

16. Subsequent Events

Interim dividend

On 22 February 2023 the Board of Directors announced that it will pay a fully imputed dividend of 6.0 cents per share with the record date being 10 March 2023. A supplementary dividend of 1.0588 cents per share will be paid to non-resident shareholders subject to the foreign investor tax credit regime.

Share buyback

The Group intends to commence an on-market share buyback programme in March 2023 for up to $15 million and up to a maximum of 8,734,416 shares (approximately 6% of the Group's shares on issue).

Proposed restructuring

The Group has commenced a consultation process as part of an ongoing strategic review of organisational changes in the technology, customer care and content operations teams. The full extent of the financial impact will not be known until the conclusion of this process.

Impact of significant weather events

Subsequent to the reporting period, several regions across the North Island of New Zealand have been impacted by significant weather events and the Group provides services and has receivables from customers across these regions. As at the date these consolidated interim financial statements were signed, it was not possible to make a reliable estimate of the losses, if any, resulting from these events.

Independent auditor's review report

To the shareholders of Sky Network Television Limited

Report on the consolidated interim financial statements

Our conclusion

We have reviewed the consolidated interim financial statements of Sky Network Television Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated interim balance sheet as at 31 December 2022, and the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six month period ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these accompanying consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Our firm carries out other services in respect of Director fee benchmarking and agreed upon procedures and assurance services in the areas of regulatory reporting. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services has not impaired our independence.

Responsibilities of the Directors for the consolidated interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated interim financial statements

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of the consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain

assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Who we report to

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Keren Blakey.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
22 February 2023

Auckland

Directory

Directors

Philip Bowman (Chair)
Keith Smith (Deputy Chair)
Joan Withers
Michael Darcey
Mark Buckman

Officers

Sophie Moloney	Chief Executive
Tom Gordon	Chief Financial Officer
Jonny Errington	Chief Content and Commercial Officer
Daniel Kelly	Chief Customer Officer
Chris Major	Chief Corporate Affairs Officer
Antony Weldon	Chief Operations and People Officer
Kirstin Jones	Company Secretary

New Zealand Registered Office

10 Panorama Road, Mt Wellington,
Auckland 1060, New Zealand
Tel: +64 9 579 9999 Fax: +64 9 579 8324
Website: sky.co.nz

Australian Registered Office

c/- Allens Operations Pty Limited
Level 4, Deutsche Bank Place,
126 Philip Street,
Sydney, NSW 2000, Australia
Tel: +61 2 9230 4000 Fax: +61 2 9230 5333

Registrars

Shareholders should address questions relating to share certificates, notify changes of address or address any administrative questions to Sky's share registrar as follows:

New Zealand Ordinary Share Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road,
Takapuna, Auckland
Private Bag 92119
Auckland 1142

Freephone within New Zealand: 0800 222 065
Telephone New Zealand: +64 9 488 8777

Australian Branch Register

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
GPO Box 2975
Melbourne Vic 3000

Freephone within Australia: 1800 501 366
Telephone Australia: +61 3 9415 4083

Email: enquiry@computershare.co.nz
Website: www.computershare.com/nz

Auditors to Sky

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Level 27, PwC Tower
15 Customs Street West
Auckland 1010
Tel: +64 9 355 8000 Fax: +64 9 355 8001

Solicitors to Sky

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188 Quay Street
Auckland 1010, New Zealand
Tel: +64 9 358 2555 Fax: +64 9 358 2055

Chapman Tripp
Level 34, PwC Tower
15 Customs Street West, Auckland 1010
Tel: +64 9 357 9000 Fax: +64 9 357 9099

Baker McKenzie
Tower One - International Towers Sydney
Level 46, 100 Barangaroo Avenue,
Sydney NSW 2000, Australia
Tel: +61 2 9225 0200 Fax +61 2 9225 1595

Directors' Declaration

The directors declare that the consolidated financial statements:

(i) comply with New Zealand International Financial Reporting Standards

(ii) give a true and fair view of the financial position of Sky Network Television Limited and its subsidiaries as at 31 December 2022 and of their performance, as represented by the results of their operations and their cash flows for the half year ended on that date.

In the directors' opinion at the date of this declaration there are reasonable grounds to believe that Sky Network Television Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors and is signed for and on behalf of the Board of Directors.

Dated at Auckland this 22nd day of February 2023.

Philip Bowman
Director and Chairman

Keith Smith
Director

SKY Network Television Limited
10 Panorama Road, Mt Wellington
PO Box 9059, Newmarket
Auckland, New Zealand
Tel: +64 579 9999
Fax: +64 525 8324
www.skytv.co.nz

Results Presentation

For the six months ended
31 December 2022

23 February 2023

Agenda

- HY23 Overview
- Operational performance
- Financial performance
- Looking ahead
- Questions

Results summary
Solid operational and financial performance

- Over 1 million customer relationships
- Revenue grew in all core categories against H2 FY22 as Sky Box returned to growth
- Strong track record of delivering permanent savings
- $83m returned to shareholders through cash return and dividend – balance sheet strength and zero debt provide optionality for further capital management
- Dividend in-line with full year guidance and intention to pay approximately 40% as an interim distribution

CUSTOMER RELATIONSHIPS
1,053,287
(HY22: 994,120)

REVENUE
$379m
(HY22: $372m)

EBITDA
$74m
(HY22: $85m)

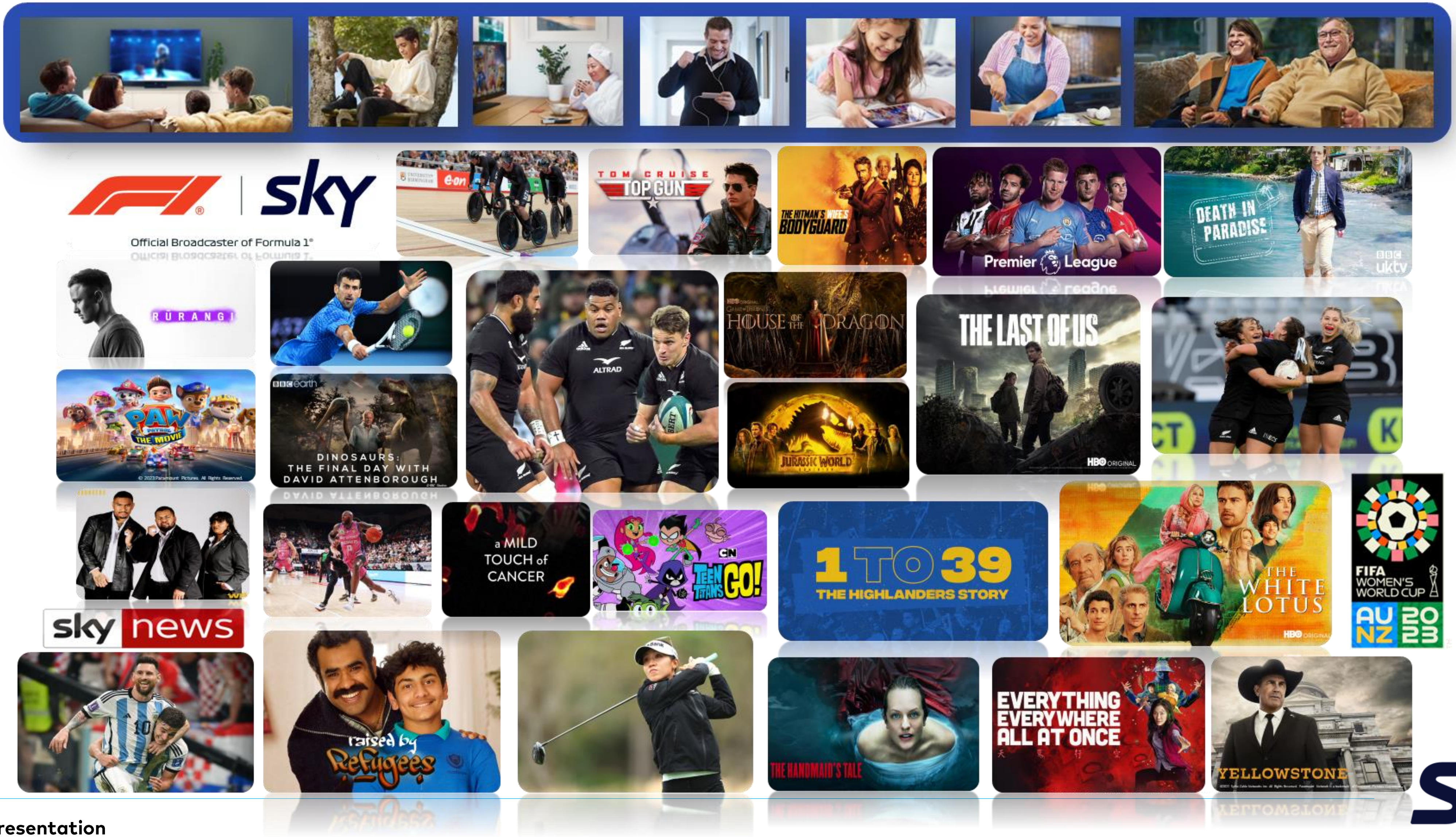
NPAT
$26m
(HY22: $28m)

RETURNED TO SHAREHOLDERS
$83m
(In H1 2023)

+

INTERIM DIVIDEND
6.0cps
($8.7m)

We connect New Zealanders with the sport and entertainment they love

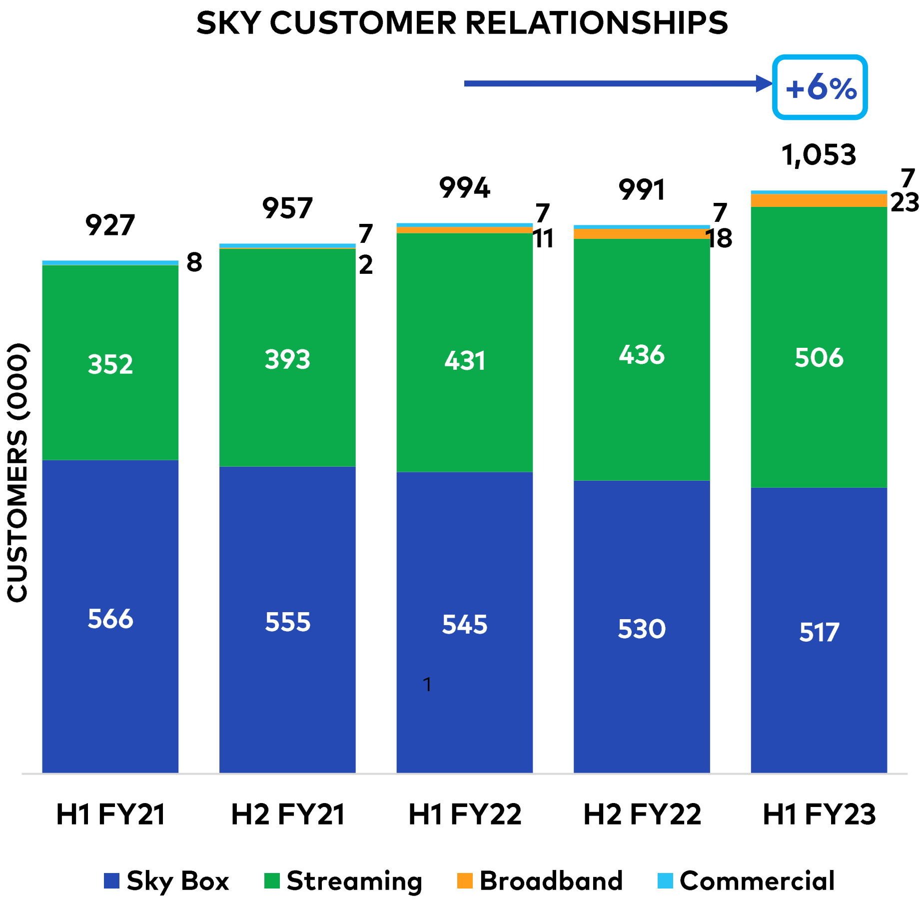


In ways that work for them, right across the country

Operational Performance

Customer Relationships

Over 1 million customers as growth trend continues

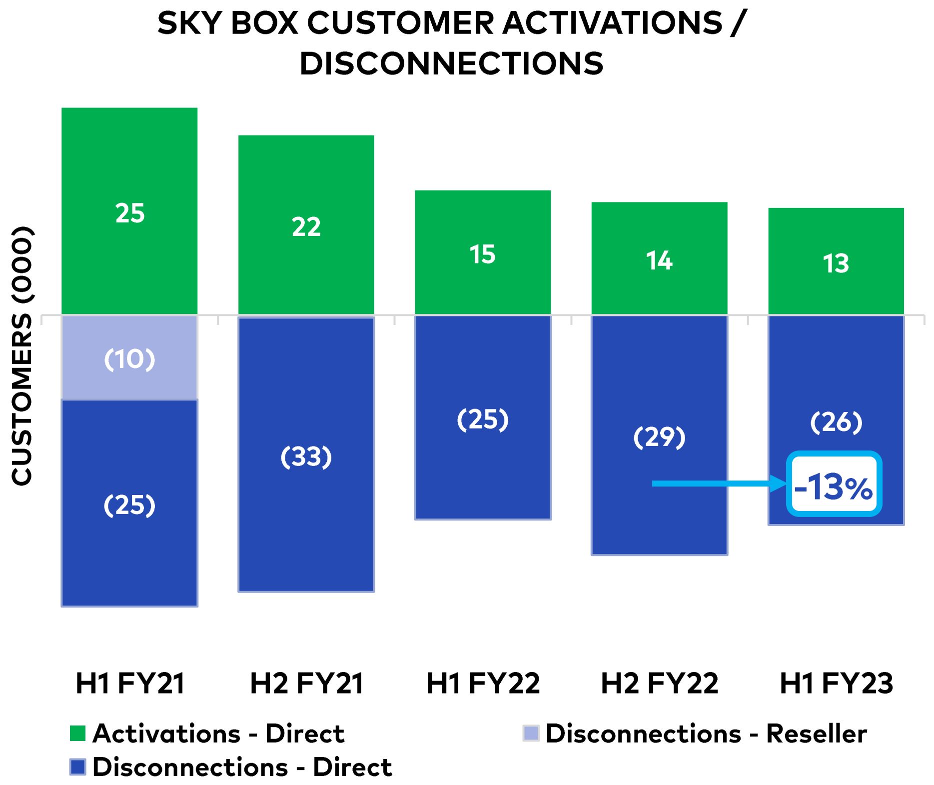


- 6% increase in customer relationships year on year as more New Zealanders join Sky
- 17% growth in streaming customers, rising to 24% when adjusted for the sale of RugbyPass to World Rugby in October 2022
- Sky Box decline of 5.1% year on year slowed to 2.4% in H1 FY23
- Sky Broadband relationships more than doubled to over 23,000 (+119%)
- Commercial customer relationships remained stable

1 Streaming customers include Neon, Sky Sport Now, Retransmission (and RugbyPass in prior periods). Excludes free trials.

Sky Box Customer Movements

Acquisition strategy reset improves quality outcomes



- Evidence supports the value of Sky's acquisition strategy reset
  - Reduction in foregone revenue[1] improved to 38% year on year, compared to a 20% reduction in FY 2022 vs FY 2021
  - 11% broadband attachment at acquisition
  - Average cost to acquire reduced through greater use of efficient lower-cost channels
  - Sales outreach activity has been timed for new Box release.
- The expected positive impact from the new Sky Box and Pod is still to come. A fresh approach to Sky packages later in calendar 2023 is expected to increase addressable market
- Disconnections were relatively flat year on year as we near the end of the deeper discount cohort

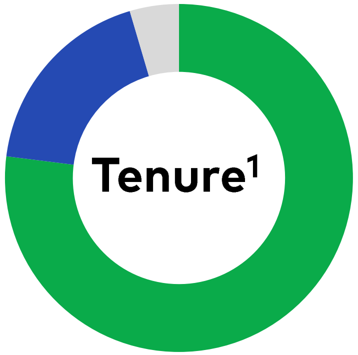
1. Foregone revenue is discounts provided that have been recognised in the financial period. The benefit is realised as the term of the discounts roll off and fewer discounts are applied across the base.

Sky Box Tenure and Churn

Significant proportion of customers with high tenure and ARPU

0-1 Year
5% of base
25% churn

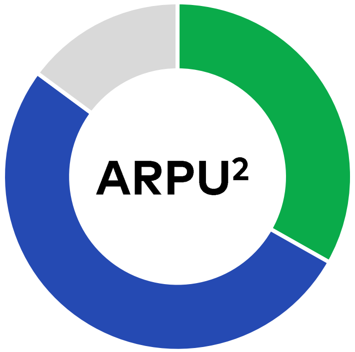
1-4 Years
18% of base
20% churn



5 Years+
77% of base
6.8% churn

<$50 ARPU
15% of base
-8% YoY

$50 - $89 ARPU
52% of base
+1% YoY



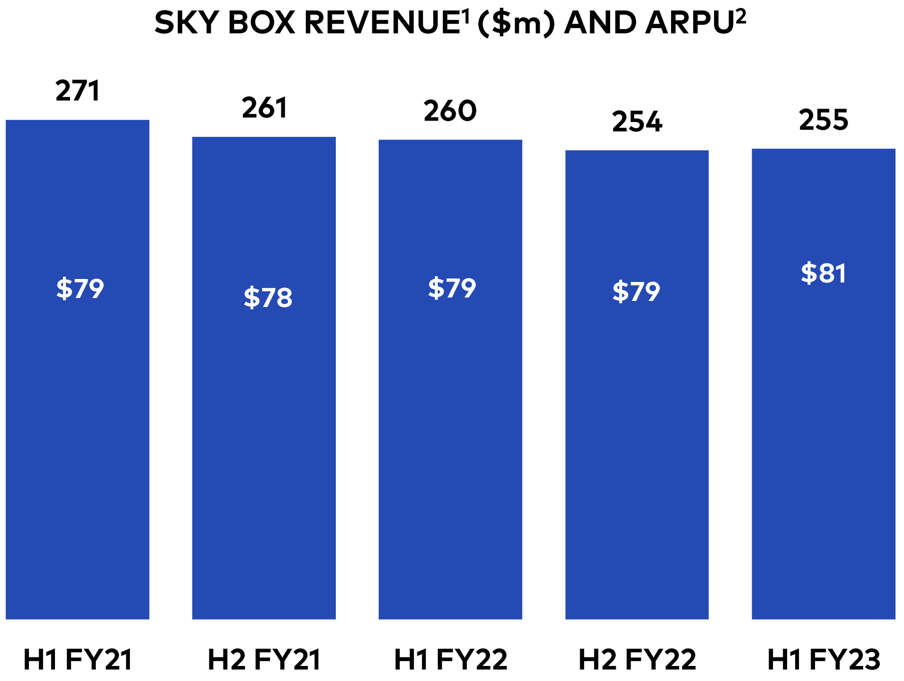
$89+ ARPU
33% of base
+3% YoY

- Annualised Sky Box churn of 9.8% (compared to 9.1% in H1 FY22 and 10.9% at H2 FY22) reflects the high proportion of stable customers with over five years tenure
- 77% of customers have been with Sky for more than five years, up from 75% in H1 FY22, and with very low churn of 6.8%
- One year churn (impacting 5% of the total base) increased slightly as the impact of past discounting washes through
- One third of customers are now in the $89+ monthly ARPU tier

1. HY22 and HY23 numbers include former Reseller customers migrated to a direct relationship with Sky, based on the original date of subscribing for Sky's service. 2. Sky Box subscription ARPU is the monthly average revenue for residential customers, calculated as the average for the period. Excludes GST.

Sky Box Revenue and ARPU

Strong ARPU lift as Box revenue returns to half on half growth

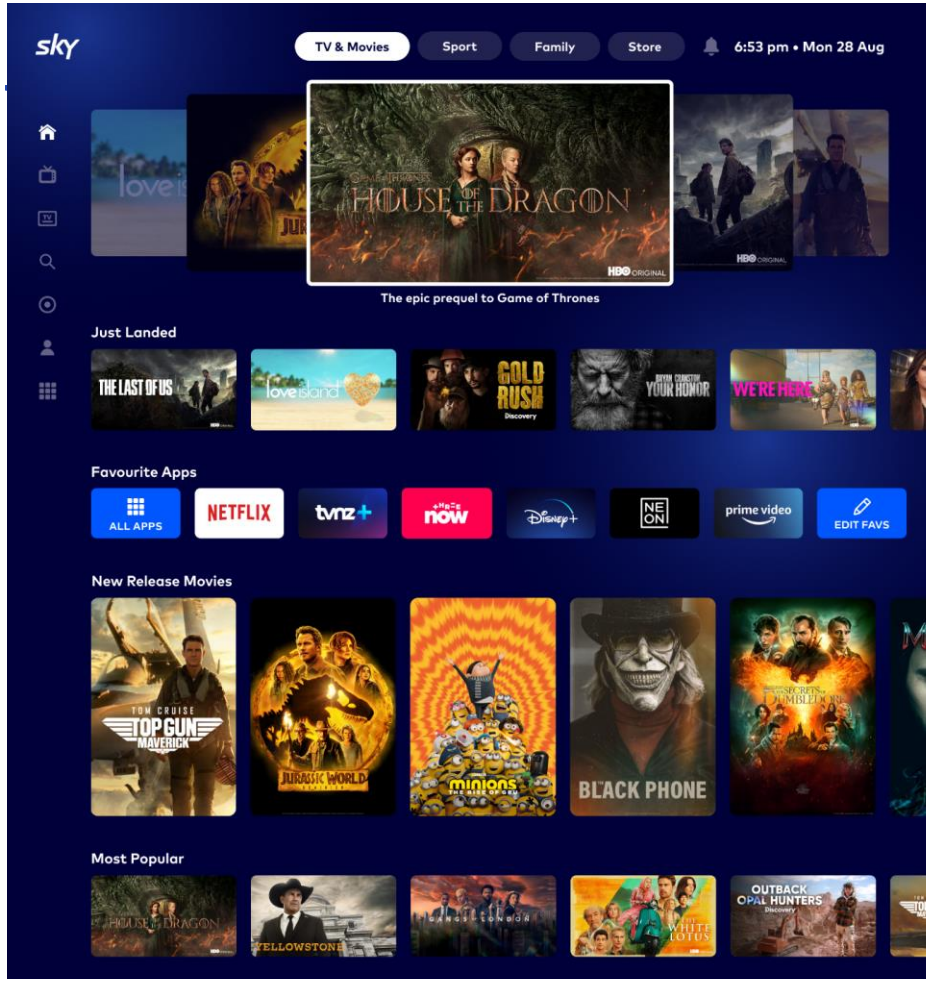


	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23
Sky Box Revenue Change	-4.4%	-3.4%	-0.6%	-2.2%	0.4%

- Half on half revenue returned to growth for the first time since H2 FY14
- ARPU increased by $2.33 or 3% year on year (to $81.09 from $78.76) driven by:
  - — six month impact of the $3 sports pack price increase in May 2022
  - — sports penetration remaining at c. 70% within the period
  - — reduction in foregone revenue as discounts roll off
- New $3 price increase on sports pack to take effect from 1 March

1. Sky Box revenue and ARPU data previously presented at H1 FY22 included contribution from Sky Broadband which is now reported separately. 2. Sky Box ARPU is the monthly average revenue for residential customers including Vodafone Reseller customers, calculated as the average for the period. Excludes GST.

New Sky Box & Sky Pod update
Targeted selling now underway



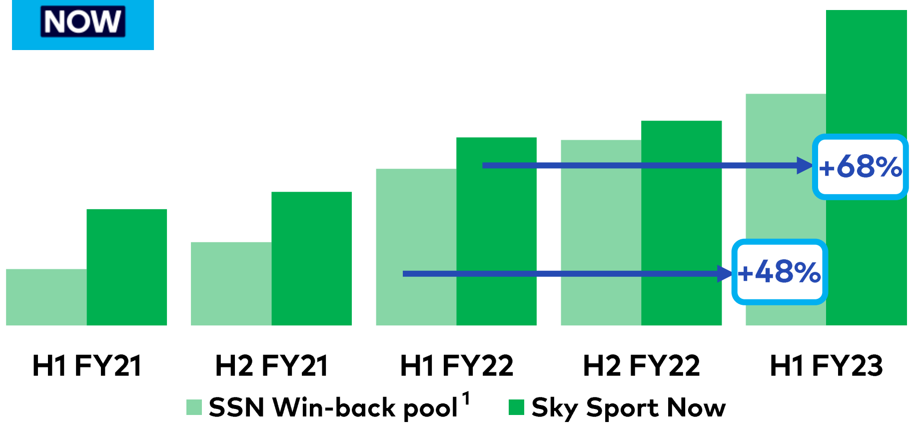
- Sales of the new Sky Box have begun with Sky Pod commencing soon. Prioritising Vodafone TV (VTV) customer migration to their chosen Sky product (given VTV platform closure 31 March)
- Positive customer feedback coming in, including praise for the ease of content discovery
- Sky Pod initially prioritised for VTV customers before moving to wider release, including new market opportunities
- One-off fee to access[1] new Sky Box ($200) and Sky Pod ($100), with tiered loyalty-based offers available for Sky Rewards customers.
- Lower-cost to serve through easy self-install, and with logistics handled by our partner Pacificomm
- No forced migration, with some customers expected to choose to retain their existing Sky Box

1. Sky retains ownership. One-off fee revenue will be recognised as Other Revenue.

Streaming Customers – Sky Sport Now

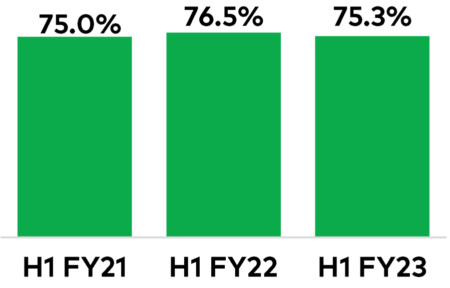
68% customer growth captures value of strong content

SKY SPORT NOW CUSTOMERS

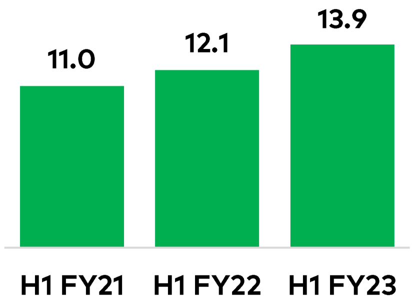


- Strong customer growth across all pass categories with committed and casual fans able to choose a package and price point that works for them
- Acquisitions driven by exceptional content, including Premier League from August 2022. 44% of PL acquisitions were new to Sky Sport Now. FIFA World Cup also attracted new customers and higher sales of weekly passes. 58% of FIFA acquisitions were new to Sky Sport Now with pleasing retention rates post event
- Strong recurring base supported by mix of week-in, week-out competitions across multiple sporting codes

ENGAGEMENT[2]



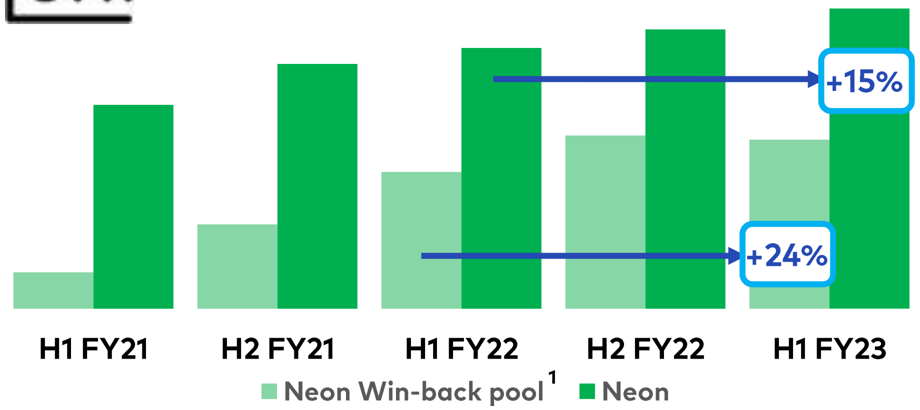
TENURE[3] (mths)



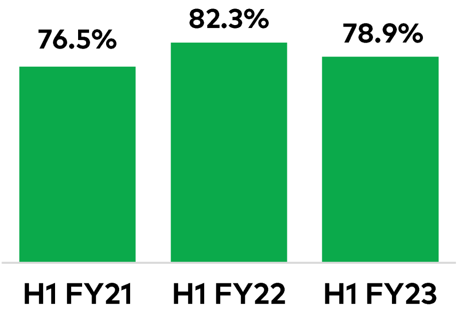
1. The win-pack pool includes customers that have subscribed to Sky Sport Now in the past 18 months but were not included in the active base at the end of the period. 2. Engagement is defined as customers that viewed content during a month, using a 12-month weighted average. 3. Tenure is defined as the cumulative average total tenure of the active subscription base excluding all transactional passes. Paid passes only and includes current and previous subscriptions.

Streaming Customers - Neon
15% growth in customers and positive tenure trends

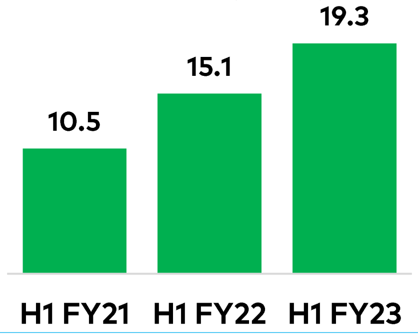
NEON CUSTOMERS



ENGAGEMENT[2]



TENURE[3] (mths)

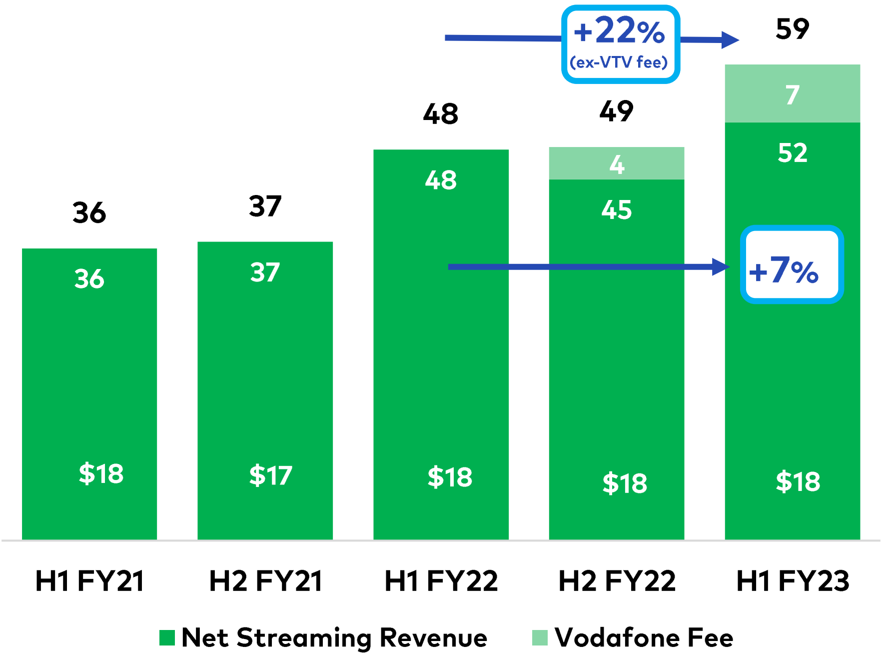


- Neon growth continued, including following the 12.5% price rise on 15 August 2022 to $17.99 monthly / $179.99 annual pass. 78% now subscribing direct (from 75% YoY) and with higher uptake of annual passes
- New 'basic' tier introduced at the same time (at $12.99 monthly) provides customers with pricing flexibility and choice with positive impact on win-back pool and expands addressable market
- Acquisition and retention driven by 'always on' and strong 'tent-pole' content, including: House of the Dragon (HBO – Aug), The Handmaid's Tale (MGM - Sept), The White Lotus (HBO - Oct), Yellowstone (Paramount - Nov)

1. The win-pack pool includes customers that have subscribed to Neon as a direct customer in the past 18 months but were not included in the active base at the end of the period. 2. Engagement is defined as customers that viewed content during a month, using a 12-month weighted average. FY21 and FY20 have been restated in line with this change. 3. Tenure: Average total tenure of the active subscriber base.

Streaming Revenue
Strong growth of 22% net of VTV fees

STREAMING REVENUE ($m) & ARPU[1]



48%

Sky Sport Now Revenue

19%

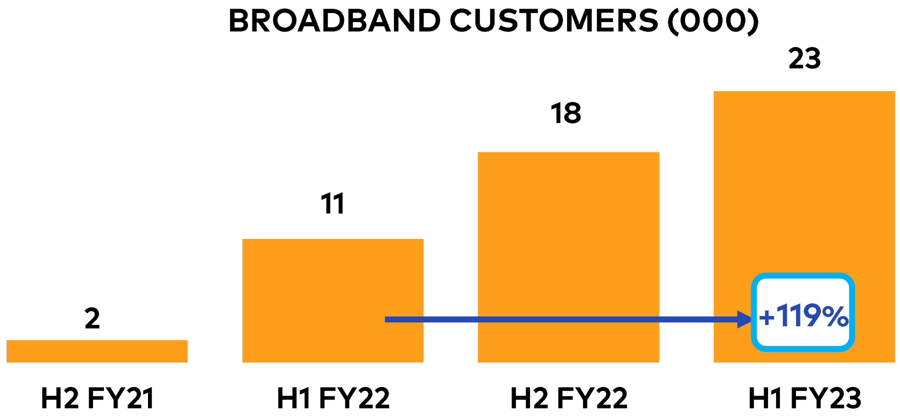
Neon Revenue

- Revenue uplift of 7% would be 22% if the cost of extending the operation of VTV is excluded (with revenue recorded net of fees)
- 48% increase for Sky Sport Now reflects customer growth, keeping customers for longer, and strong weekly pass sales. A $5 (+12.5%) increase for monthly pass takes effect from 1 March (to $44.99)
- Neon revenue increased 19% driven by customer growth, higher tenure, 12.5% price increase on 15 August 2022, and a higher proportion of customers subscribing direct
- Both Sky Sport Now and Neon ARPU increased, with a combined rise of 8% year on year.

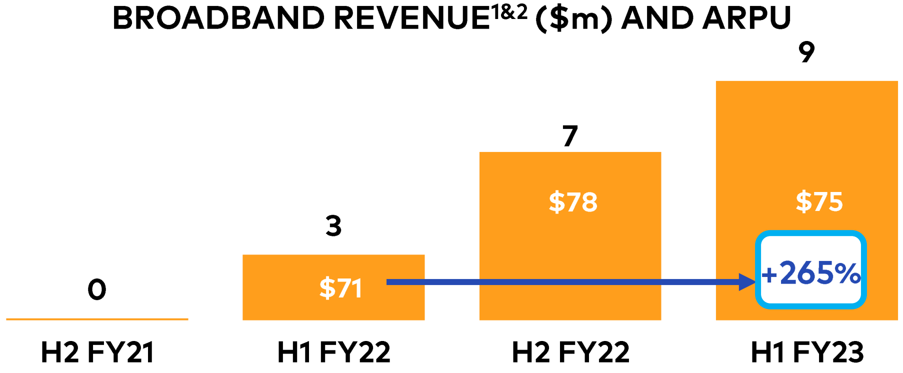
1. Streaming subscription ARPU is the blended rate across Neon, Sky Sport Now, Retransmission (and in prior years RugbyPass), calculated as the average for the year. Excludes GST.

Sky Broadband
Ongoing customer and revenue growth; positive NPS impact

sky BROADBAND



	H2 FY21	H1 FY22	H2 FY22	H1 FY23
Sky Box Attachment %	0.3%	1.9%	3.3%	4.3%

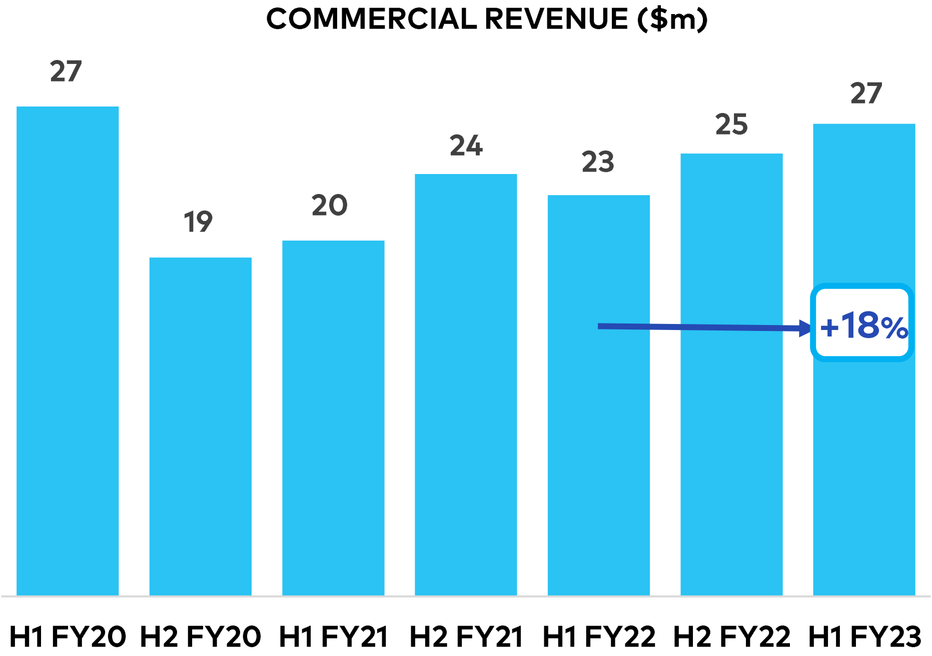


- Ongoing growth in customer numbers despite increased competition and with customer consideration increased to 32% from 22% a year ago
- Attachment rate rise to 4.3% (and 11% on Sky Box acquisitions).
- Customer satisfaction scores remain high (81% CSAT on joining and 82% after the first 100 days). Positive experience contributing to 33ppt higher average NPS for Sky Box customers with Sky Broadband
- $6 line fee price rise passed on in full from November 2022. ARPU change reflects increased penetration in 300 and 50/10 packages

1. Includes add-ons such as land line, calling plans, Wi-Fi boosters and static IP fees. 2. Broadband calculations here include the normalisation of a catch-up adjustment posted in H2 FY22 to reflect what would have been recognised in H1 FY22

Commercial Revenue
Revenue recovery achieved; growth opportunities ahead

sky BUSINESS

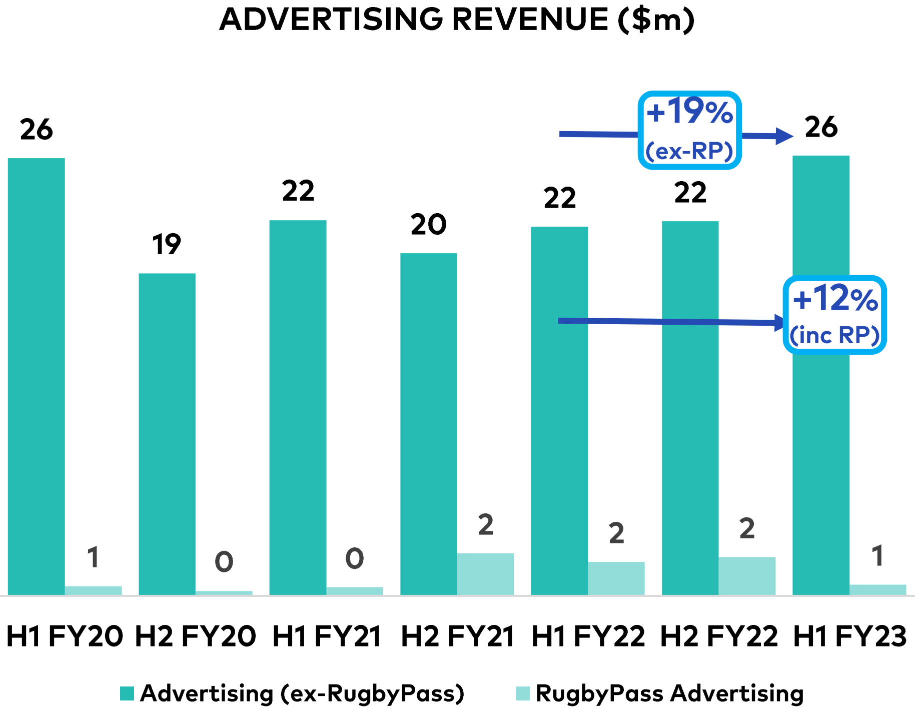


- Commercial revenue in H1 FY23 matched pre-Covid levels due to:
  - progressive impact of value-based tiered pricing strategy for licensed premise customers, including the most recent step-up on 1 June 2022. The next round of increases effect from 1 March
  - return to normal billing for Covid-impacted accommodation customers from 1 July 2022 (following the reopening of international boarders)

Advertising Revenue

12% growth returns advertising to pre-Covid run-rate

SKY ADVERTISING



- Revenue returned to pre-covid levels, despite a softening market and the change to Discovery channel revenue from Feb 2021[1]
- Sky's H1 revenue market share rose to 9.5% from 7.9% a year ago against a decline in total market spend of 1.0%[2], supported by strong sport and entertainment schedules and one-off events
- While the wider market may face short-term headwinds, Sky sees a longer-term opportunity to grow market share

1. Discovery related revenue transitioned to Discovery in February 2021. 2. Source: Quarterly Performance Comparison Report from PWC

Financial Performance

Financial Performance
On track for guidance while investing for growth

REVENUE
$378.6m
HY22: $371.7m (+2%)

OPERATING EXPENSES
$306.4m
HY22: $287.2m (-6%)

EBITDA
$73.7m
HY22: $85.3m (-14%)

NPAT
$26.2m
HY22: $28.3m (-7%)

FREE CASH FLOW[1]
$2.5m
HY22: $32.7m [2] (-92%)

CAPEX
$40.2m
HY22: $18.5m (+117%)

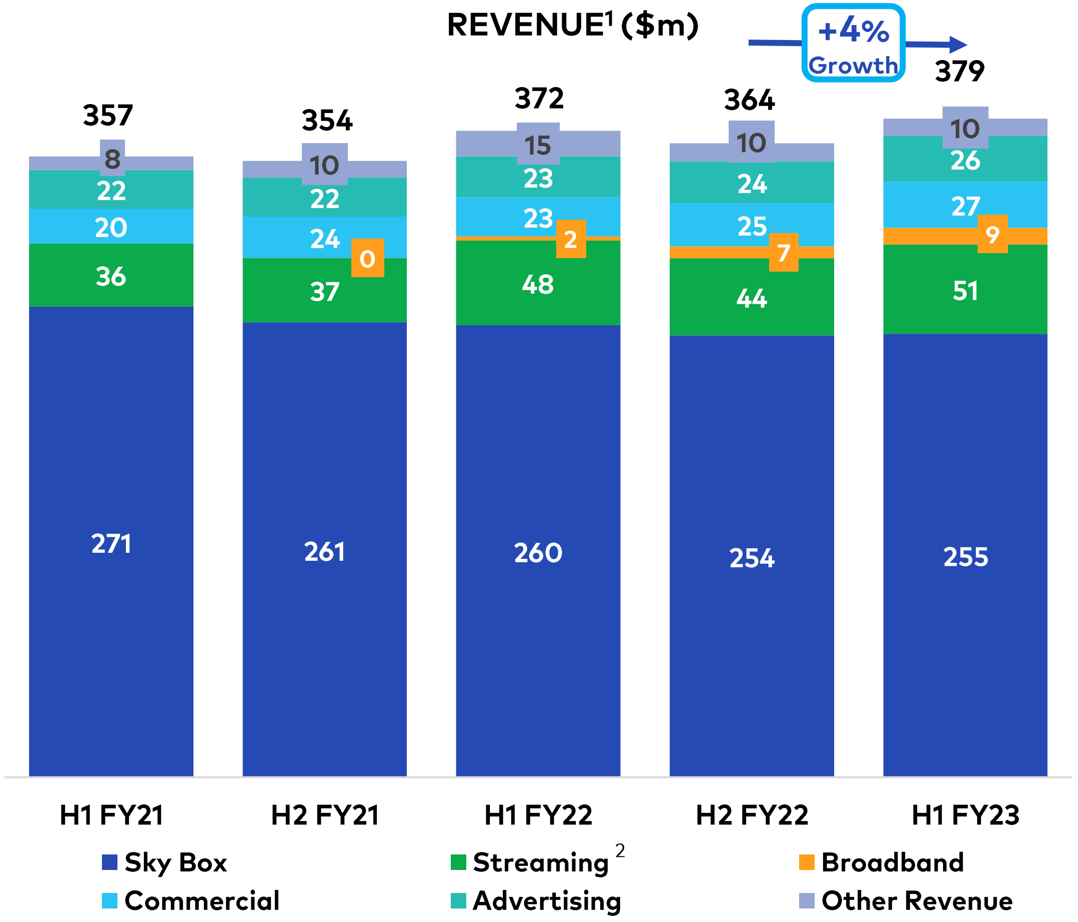
DIVIDEND
6.0cps
HY22: Nil

- Continued revenue growth is driven by strong ARPU across all products and continued growth in streaming customer numbers, despite the one-off impact from the delayed product launch
- Operating cost increased in-line with expectations due to anticipated programming cost increases and costs of growth, partly offset by savings across all cost lines
- Underlying EBITDA grew year on year after normalising for one-offs relating to a provision release for Holidays Act ($3m), unwinding of Covid impacts from H1 FY22 ($5m) and VTV fees ($7m)
- H1 FY23 free cash flow is lower year on year due to upfront capex investment for Sky Box and Sky Pod launch of $16m and the one-offs noted above

[1] Free Cash Flow is defined as net cash from operating activities, less capex, less payments for lease liability principal. One off items includes material acquisition or disposal of assets. [2] Normalised for one-off proceeds from OSB sale, in-line with Sky's definition of Free cash flow

Revenue

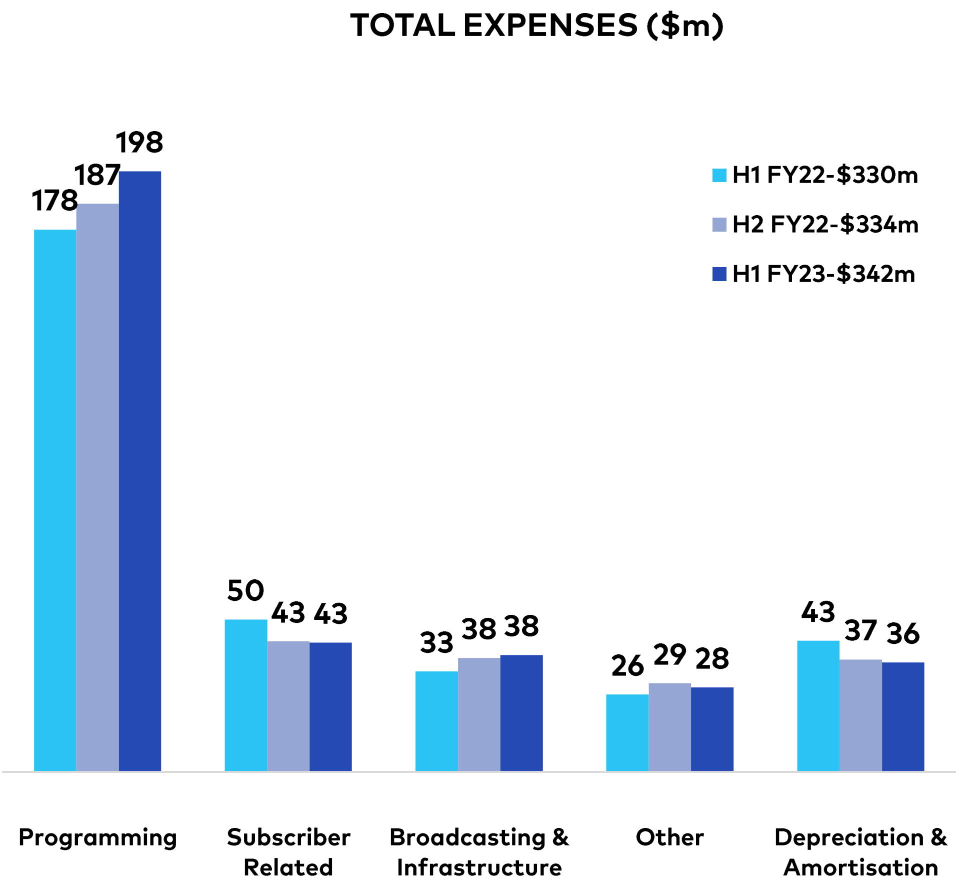
Growth achieved across all core revenue lines since H2 FY22



- Every subscriber revenue line is in growth, delivering 4% revenue growth against H2 FY22
  - 2% growth year on year, with increases in all core revenue lines other than Sky Box which returned to growth against H2 FY22
  - 4% growth year on year when adjusted for VTV fee impact on Streaming revenue in H1 FY23

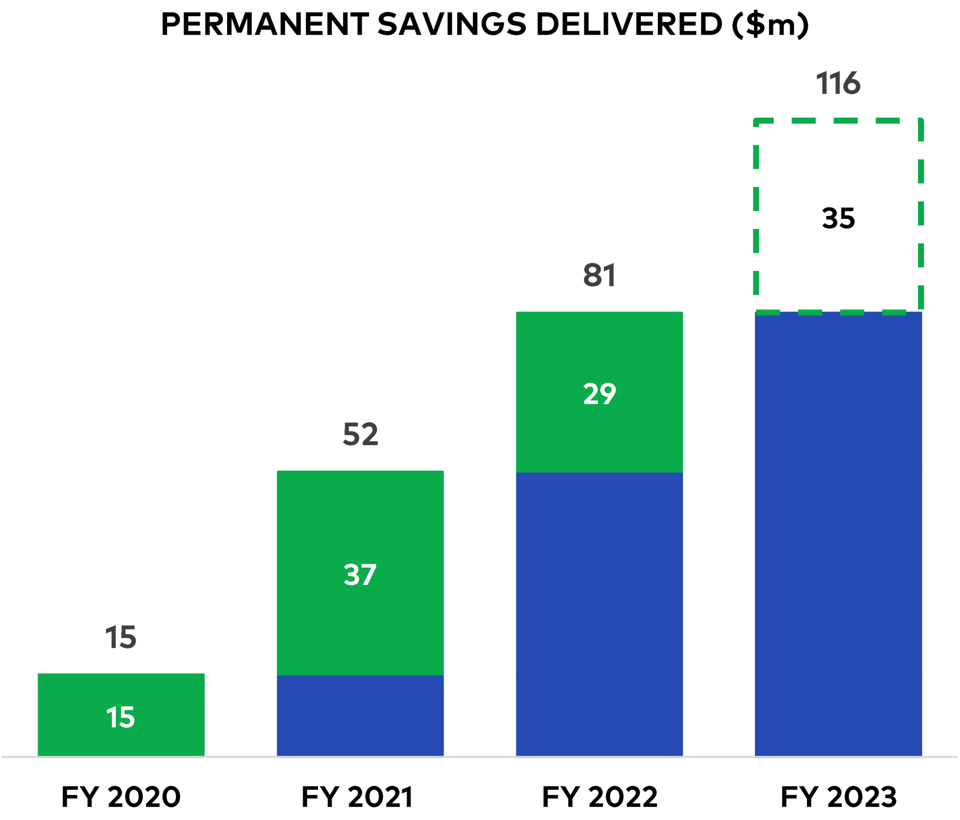
1. Revenue excludes Other Income. 2. Streaming revenue includes Neon, Sky Sport Now, Retransmission and RugbyPass subscriptions in prior years.

Expenses
Rights inflation partially offset by cost management as planned



- Increased Programming costs reflects known rights inflation in existing sport and entertainment contracts, Premier League rights acquisition and increased production costs as NZ teams returned home post-Covid (Warriors, Phoenix, Sky Sport Breakers), as well as COVID reductions in prior year. Offset by $5m in cost management
- Subscriber Related costs reduced with underlying savings of $9m, following permanent savings delivered in FY 2022 (from acquisition strategy reset, reduced discretionary spend, and vendor efficiencies). Further reductions to be delivered in H2 FY23 including through a new logistics partnership.
- Broadcasting & Infrastructure included $7m for cost of growth in Broadband and Streaming, partially offset by $1m in savings
- Other costs would have been lower year on year if adjusted for the H1 FY22 release of Holidays Act provisioning ($2.7m). Underlying savings in H1 FY23 were ~$1m
- D&A reduced $7m year on year through a revaluation and credit for the Optus lease (in Dec 2021 and Nov 2022 respectively), SaaS adjustment at the end of FY 2022 and lower capital intensity in FY 2022 compared to prior years

Look back at costs savings
A consistent track record of delivering permanent cost savings



$81 million

in permanent annual savings delivered over the past three years with a further $35 million expected in FY 2023

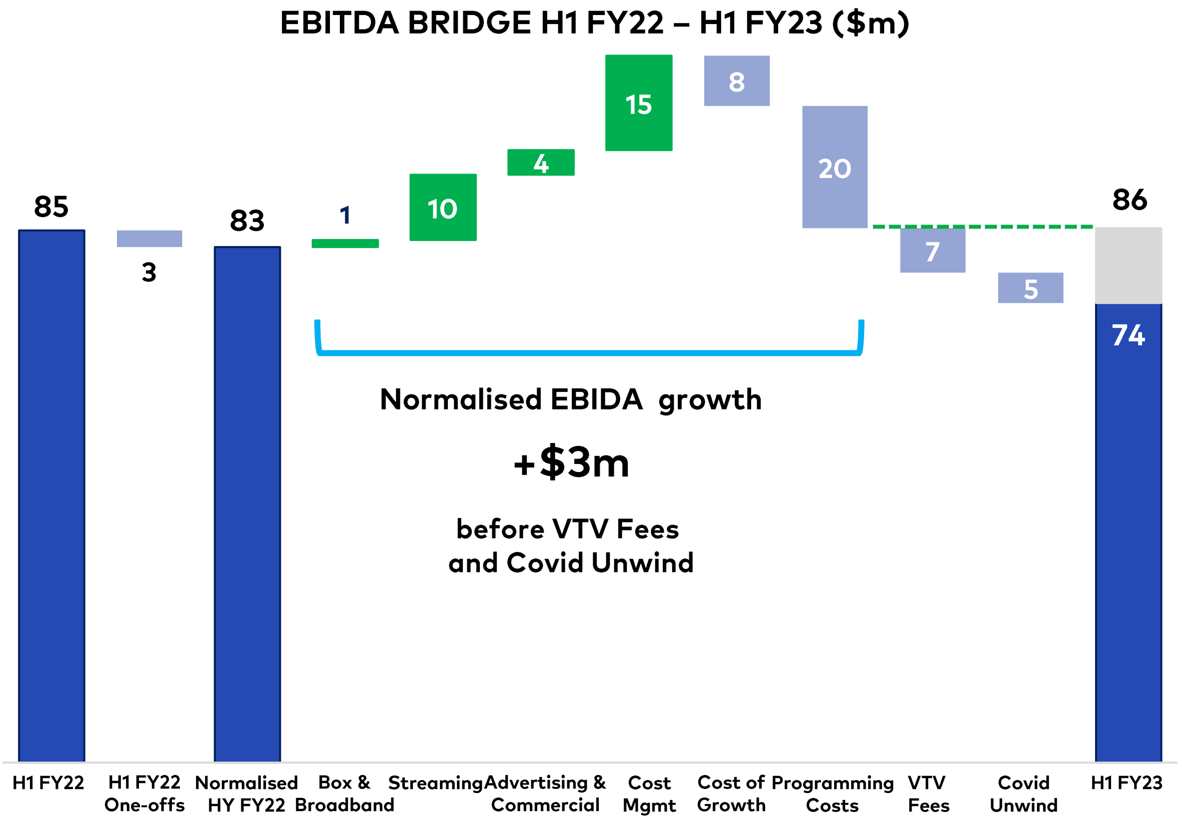
So far we've: Rationalised content, aligned production spending with its value, streamlined procurement, driven efficiencies through 3PL logistics, reduced discretionary spend, reduced discounting and negotiated fee reductions – with more opportunities ahead

Reinvestment choices:

Securing targeted content
Growing new revenue streams
Developing and enhancing products
Investing in data capability

EBITDA Bridge

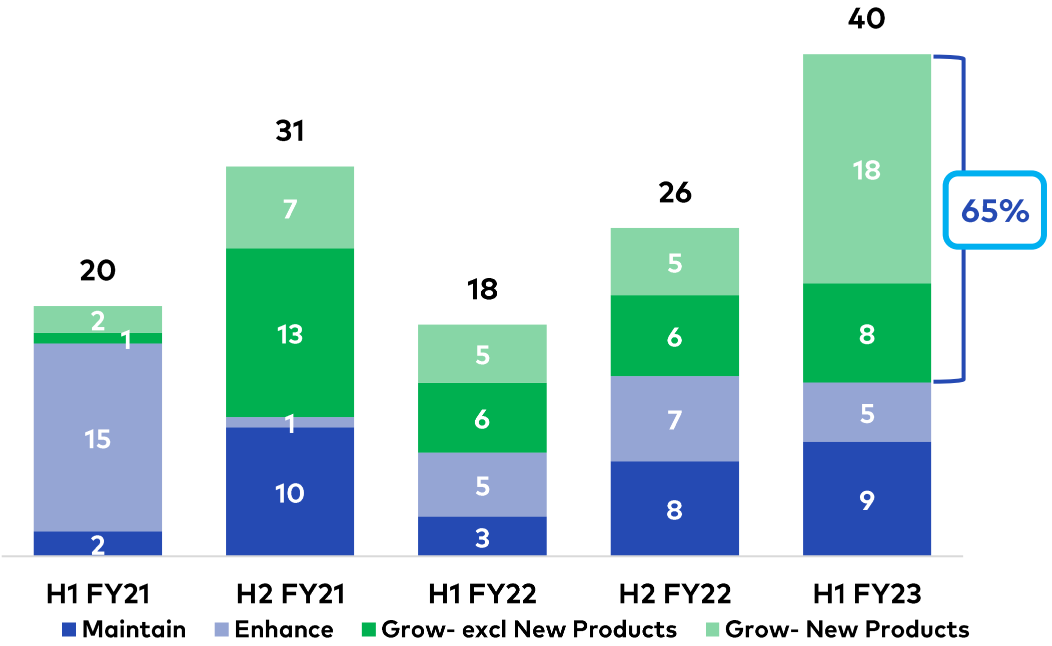
Revenue and savings outpace cost of growth and programming



- $15m growth in Core business, Streaming & Advertising revenue
- Cost Management of $15m includes $5m of programming and $10m of non-programming cost out
- Cost of growth includes increases in broadband due to customer growth together with variable costs of streaming growth
- As expected, Programming costs include Premier League rights win, rights inflation on some renewals and increased production costs associated with more home-based events for returning sports teams
- Extending the availability of VTV has led to additional fees
- FY 2022 net Covid impacts through Commercial revenues and programming cost credits not repeated in FY 2023

Capital Expenditure
Capex rise reflects increased investment for growth initiatives

CAPITAL EXPENDITURE[1] ($m)



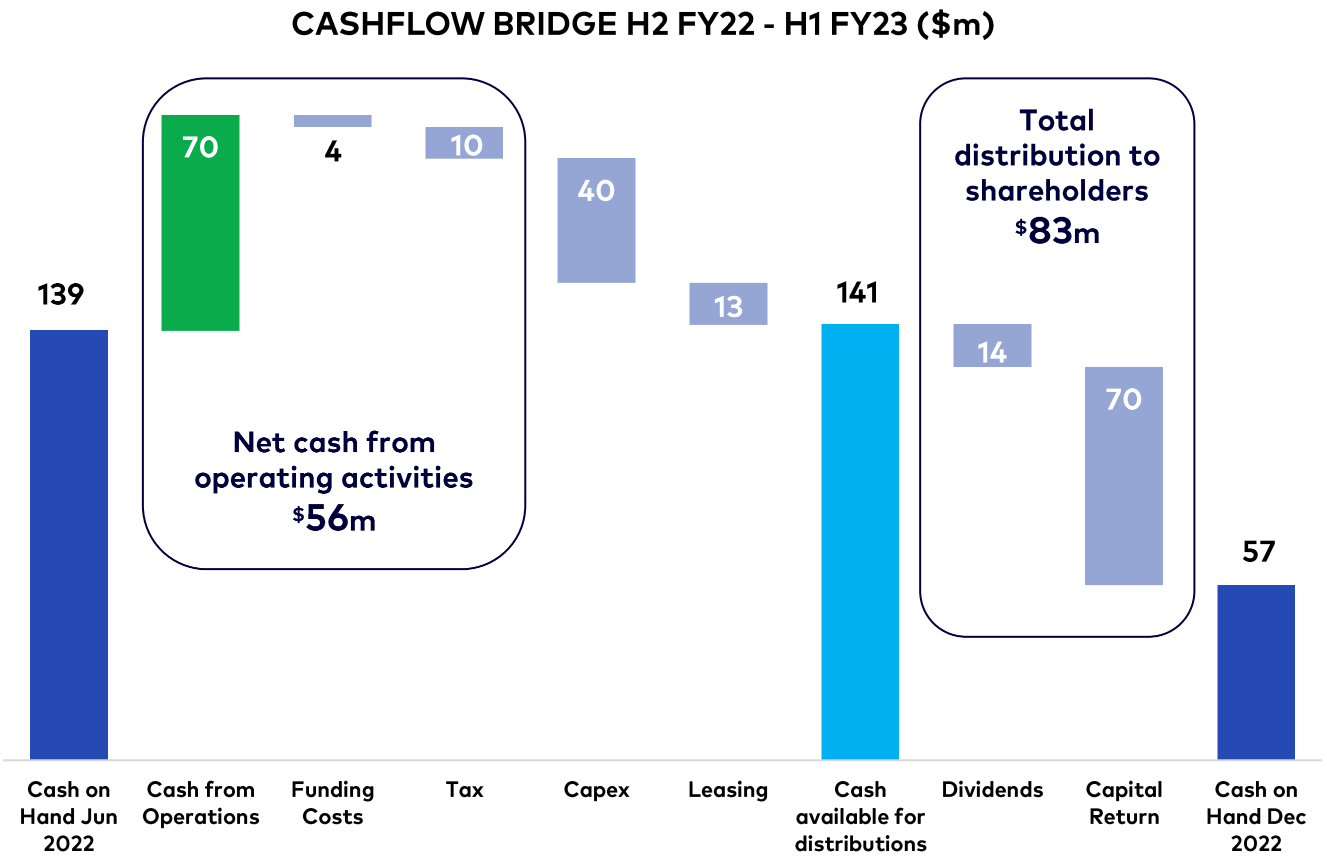
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23
CAPEX / Revenue %	6%	9%	5%	7%	11%
Growth Spending %	15%	64%	55%	45%	46%

- Capex spend is weighted to H1 FY23 as we build inventory ahead of new product launch. On target for new full year guidance range of $65 - $75m and expect to be towards the top end of the 6% - 9% of revenue target range
- Continued capital investment focus on growth projects (65%, up 10ppts year on year)
- Full year Depreciation & Amortisaton is expected to be lower than in FY 2022

1. SaaS adjustment has only been reflected for the FY 2022 period. FY 2021 adjustment in the Financial Statement relates to prior periods, hence has not been reflected.

Free Cash Flow

$83m returned to shareholders during H1 FY23[1]



- $56m of cash was generated from operating activities in the period, compared to $67m in the six months to December 2021. On an underlying basis (excluding one-offs), H1 FY23 is in line with prior year performance
- Capex was front-loaded to the first half of FY 2023 to accommodate investment in new Sky Box & Sky Pod inventory before product launch
- Leasing was $3m lower year on year, reflecting the benefit of the renegotiation and credit from the Optus lease
- Total distribution to shareholders of $83m included a capital return of $70m and final dividend for FY 2022

1. $14m dividend includes $1m of supplementary dividends paid to overseas shareholders.

Looking Ahead

Capital Management

Additional capital management action via $15m buyback

Balance Sheet Cash Reserves	→	**Capital Return** $**70m** **Buyback** up to$**15m**
Free Cash Flow	→	**FY 2022** $**12.8m / 7.3 cps** **HY 2023** **$8.7m / 6.0 cps**
Debt Facility	⇢	**$150m (undrawn)**

Buyback

- The Board believes Sky's shares are significantly under-valued, and are yet to reflect the company's improved results and outlook
- Sky's balance sheet remains strong with a positive cash balance and earnings momentum providing optionality beyond the decisive action already taken
- Sky's Board therefore intends to initiate an on-market share buyback for up to $15 million and a maximum of 8,734,416 shares (approx. 6% of current shares on issue)
- Sky intends to initiate the buyback in March, and assuming the full capacity is utilised, at the 21 February 2023 share price of $2.56 it would be expected to deliver a 3.3% uplift in Earnings Per Share

Dividends

- Positive outlook for sustainable levels of future cash generation allowed a confident return to paying dividends from FY 2022
- Subsequent lift in the pay-out range to between 60% to 90% of free cash flow[1] announced at the November 2022 ASM
- Sky is committed to returning surplus cash and expects to grow shareholder dividends through delivering growth in free cash flow

[1] Free Cash Flow is defined as net cash from operating activities, less capex, less payments for lease liability principal. One off items includes material acquisition or disposal of assets.

Outlook and Guidance
FY 2023 guidance range narrowed

$m	FY 2023 guidance (24 Aug 2022)	FY 2023 guidance[1] (updated 23 Feb 2023)
Revenue	$750m - $770m	$750m - $760m
EBITDA	$150m – $170m	$150m – $160m
NPAT	$50m - $60m	$55m - $60m
Capex	$60m - $75m	$65m - $75m
Dividend[2]	$17m - $23m	$20m - $23m

- Updated guidance for FY 2023 reflects the current outlook prior to any potential impact following the current consultation process on potential organisation changes (announced 21 February 2023) and any changes in external factors
- Sky considers the proposed organisation changes, if implemented in full, will deliver multi-million dollar benefits within two years. An update will be provided to the market once the consultation process has concluded and final decisions have been made. Our first priority is to hear from our people
- Sky expects further growth in customer relationships and revenue in H2 FY23, including from the deployment of the new Sky Box and Sky Pod
- The focus on costs will continue and Sky remains on track to deliver additional permanent savings of $35 million in FY 2023

1. Subject to the impact of the current consultation process, no adverse change in operating conditions, including future economic headwinds, and the impacts of significant climatic events. Excludes RugbyPass contribution as held for sale. 2. Guidance range increased at Sky's AGM on 2 November 2022 (to $18m - $24m, from $17m - $23m).

Questions

- Over 1 million customer relationships
- Unmatched 'biggest content bundle'
- Clear #1 in Sport and broadest range in paid entertainment - accessible across Sky Box, Streaming and Free-to-Air
- Revenue growth across all core categories
- Strong track record of delivering permanent savings
- Committed to returning surplus cash to shareholders

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