



Appendix 4D Release to ASX under rule 4.2A

Half Year Information for Sky Network Television Limited for the six months to 31 December 2023

*To be read in conjunction with Sky Network Television Limited financial statements for the year
ended 30 June 2023*

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Sky New Zealand
PO Box 9059
Newmarket
Auckland 1149
New Zealand

10 Panorama Road
Mt Wellington
Auckland 1060
New Zealand
T +64 9 579 9999
Sky.co.nz

22 February 2024

Sky delivers strong first half result, increases interim dividend

Sky Network Television Limited (Sky) announces another period of growth, delivering increases in all key metrics through a strong focus on execution.

Key results¹:

- +3.7% growth in Revenue to \$392.7 million, driven by strong growth in Sky Sport Now, Advertising and Broadband
- +11.1% growth in EBITDA² to \$81.7 million
- +10.5% growth in NPAT to \$29.0 million
- Increased Interim dividend of 7 cents per share, 100% imputed (from 6 cents per share, +16.7%)
- Full Year dividend guidance increased to at least 17.5 cents per share (from at least 15 cents per share, +16.7%)
- New share buyback programme for up to \$15 million to be launched following the expiry of the current programme

Chief Executive Sophie Moloney said: “Sky has delivered a strong first half performance that demonstrates Management’s ability to execute on strategy to drive revenue and margin growth. The successful delivery of key initiatives such as the uplift in our advertising capability, the revitalised free-to-air channel Sky Open, and the launch of the Sky Pod, are all examples of this strategic execution.

“I’m particularly proud of the way we are evolving as a team. With greater clarity of purpose and stronger engagement, the investments we’ve made in our people are also showing through in what we’re achieving as a business.”

Chairman Philip Bowman commented: “Sky’s consistent performance over a sustained period has been achieved off the back of a clear strategic plan and a great deal of hard work. It is pleasing to see the determined execution delivering benefits for our customers, employees and partners, as well as investors with an increase in the first half dividend.”

Sophie added: “We delivered an exceptional array of content for sports fans with major events such as the ICC Cricket World Cup, Netball World Cup, Women’s FIFA World Cup, and of course the Men’s Rugby World Cup adding to the regular calendar of events and season-long competitions – including the Warriors’ phenomenal run to the NRL finals.”

¹ Comparative financials have been restated as outlined in note 14 of the Interim Financial Statements.

² EBITDA is a non-GAAP measure. Sky uses this measure when discussing financial performance as the Company believes it provides useful information on Sky’s performance.

“This contributed to record customer and revenue results for Sky Sport Now and saw more Sky Box and Sky Pod customers adding a sports package, with increased viewership across both services. Sky’s unrivalled sports offering was also enjoyed by many more New Zealanders at pubs, clubs, gyms, hotels and motels, and also through our free-to-air channel, Sky Open, which shared a number of these sporting moments throughout the country.”

Sky’s entertainment streaming service Neon faced challenges as a result of protracted industry (writers’ and actors’) strikes in the US. This delayed the delivery of new titles to support subscriber acquisitions and win-backs, adversely impacting customer numbers.

Sky Box and Sky Pod customers were significantly less impacted by content delays given the broader array of entertainment content, and news services, available as part of their subscription. While customer numbers and revenue did soften, we were pleased with the improvement in the level of disconnections and a consistent year-on-year churn that demonstrates the resilience of our offering during tougher economic times.

“We made the deliberate choice to slow the rollout of the new Sky Box to resolve some final teething issues. At the same time, we improved the service experience and began delivering on a programme of product enhancements. While the take up has been slower than we planned, we are already seeing much higher subscriber satisfaction levels. With 58 thousand new Sky Boxes now in use, feedback from customers is providing confidence the changes are resonating. We are now actively in market with a new Sky Box campaign that includes changes to the customer proposition to encourage take-up.”

“The decision to invest in advertising capability has already delivered returns. Innovative new formats to support advertisers have increased the value derived from our existing content investment. The impact was a 12% lift in revenue through a period where revenue for the sector fell by 16%. At the same time, the team developed new advertising capabilities in the digital space that were successfully launched in January.”

“While the advertising market is experiencing headwinds, our long-term confidence in pursuing this strategic growth initiative is increasing.”

Many Sky Business customers are benefitting from rising tourist numbers. Revenue grew, and the introduction of a premium product for accommodation providers and the launch of Sky Pod are providing new opportunities.

Sky Broadband continues to grow customers and delivered revenue growth of 45% whilst increasing margins.

As well as benefitting from the strong performance of Sky Sport Now, Advertising and Broadband, revenue growth of 3.7% included price increases that lifted average monthly customer revenues across every subscription product. The value of Sky’s content continues to support appropriate increases, with a further rise to sports pricing coming into effect early in the second half.

Operating expenses rose 1.5%, largely due to variable costs from the growth in Broadband, Advertising and Sky Sport Now. Programming cost increases were kept to within \$2m year on year, as known rights increases were largely offset, and with the savings targeted from FY23 initiatives achieved.

Sophie added: “As a result, Sky delivered 11.1% growth in EBITDA and 10.5% in Net Profit after Tax. Our track record of strong cash performance continued, with \$71.5 million generated from operations enabling investment in new products and a higher return for shareholders. Sky’s balance sheet remains strong, with cash on hand at 31 December of \$47.4 million and a \$150m undrawn bank facility.

“Capex investment is tracking in line with guidance as we invest at scale in new Sky Boxes and Pods, while at the same time we’re capturing efficiencies in development projects and through optimising self-install options that will begin to reduce capex intensity during FY25.”

Capital Management

Philip commented: “Sky’s strong financial position and cash generation continues to provide scope for additional capital management action. We retain our conviction that Sky’s shares are undervalued relative to its financial performance and have therefore resolved to initiate a new on-market buyback program immediately following the expiry of the current one. The Board has approved a new buyback program of up to \$15 million.”

Outlook

Sophie commented: “The execution momentum of the first six months is continuing, with the successful launch in January of Advertising on Neon already generating new digital revenues, and the launch of ‘live start’ Friday Night Footy and Super Rugby Saturday on Sky Open supporting our linear ad sales plans.”

We remain on track to deliver FY24 EBITDA of \$150 million to \$165 million and NPAT of \$45 million to \$55 million, in line with the full year guidance provided to the Market on 23 August 2023.

Sky has provided an update to FY24 Revenue guidance, which is now expected to be between \$765 million to \$780 million (from \$765 million to \$795 million), due to Neon impacts and increased economic headwinds.

Notwithstanding the near-term revenue pressures, the Board’s confidence in Sky’s cash generation has driven a 16.7% increase in FY24 dividend guidance to be at least 17.5 cents per share (up from at least 15 cents per share).

ENDS

Authorised by Kirstin Jones, Company Secretary

Sky will hold a webcast briefing at 10:00am (NZDT) to discuss the results. Details on how to participate are available here: <https://www.nzx.com/announcements/425050>

Investor queries to:

James Marsh

Interim Chief Financial Officer

James.Marsh@sky.co.nz

Media queries to:

Karina Healy

Head of Corporate Communications

Karina.Healy@sky.co.nz



Results for announcement to market

Name of issuer	Sky Network Television Limited	
Reporting Period	6 months to 31 December 2023	
Previous Reporting Period	6 months to 31 December 2022	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$392,687	3.7% increase
Net profit/(loss) from ordinary activities after tax attributable to security holders	\$28,848	10.6% increase
Total net profit/(loss)	\$28,966	10.5% increase
Interim Dividend		
Amount per security	\$0.07	
Franked amount per security	Not Applicable	
Record Date	8 March 2024	
Dividend Payment Date	22 March 2024	
	Current period	Prior comparable period
Net tangible assets per security	\$0.9379	\$0.7980
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 2023 (In NZD)

- **Control gained over entities**

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

- **Loss of control of entities**

There was no loss of control over entities during the half year.

- **Dividends or distributions**

Interim dividend payable: \$10,038,114

Prior comparable period: \$8,734,391

- **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
Belinda Rowe	Director

The image is a cover page for a report. It features a diagonal split: the top-left portion is a solid blue triangle, and the rest of the page is a landscape photograph of rolling hills at sunset. The sky is a gradient of orange and yellow, with the sun low on the horizon. The hills are silhouetted against the bright sky. The word 'sky' is written in a white, lowercase, sans-serif font, with a slight shadow effect, positioned on the blue background. To the right of the logo, the title '2024 Interim Report' is written in a white, sans-serif font. At the bottom right, there is a block of text providing the reporting period and the company name.

sky

2024 Interim Report

For the six months ended 31 December 2023
Sky Network Television Limited

HY24 at a glance

Financial

REVENUE – \$M

392.7

▲ 4%¹

EBITDA – \$M

81.7

▲ 11%¹

NPAT – \$M

29.0

▲ 10%¹

INTERIM DIVIDEND (CENTS PER SHARE)

7.0

▲ 17%

Customer

TOTAL CUSTOMER RELATIONSHIPS

1,020,609

▼ 3%

1. Comparative information has been restated as outlined in note 14 of the Interim Financial Statements on page 14.

Our Strategy

OUR PURPOSE

**Share stories.
Share possibilities.
Share joy.**

OUR AMBITION

**Aotearoa New Zealand's most engaging and
essential media company**

OUR ENDURING COMMITMENT

**A responsible and sustainably profitable,
Aotearoa-focused business**

Chairman and CEO Letter



Dear Shareholders,

We are pleased to share Sky's results for the first half of FY24 with you, and to provide some commentary on our business performance, sector trends and outlook.

We have chosen the word "strong" to describe the half year result, as Sky has delivered growth in Revenue, EBITDA and Net Profit after Tax, whilst also continuing to generate strong cash flows – all at a time when the economy and media sector have faced headwinds. This combination has enabled significant reinvestment in the business, as well as increased returns to you, our investors.

It is pleasing to report a total shareholder return of 31% in the 12 months to 31 December 2023, the 3rd highest of any NZX50 company during the period.

Having achieved a significant turnaround, the Sky team is focussed to build on this success. The Company remains well positioned with demonstrable competitive advantage within the media sector.

Performance overview

Our multi-product and platform strategy allow us to truly "meet New Zealanders where they are". We offer a portfolio of products that deliver a comprehensive range of premium sport, news and entertainment content to New Zealanders – a combination that should support sustainable delivery of consistent results. Alongside our full suite of subscription products, we revitalised our free-to-air offering with the launch of

Sky Open, timed to maximise the interest and opportunity generated by the Rugby World Cup.

In the half year we delivered an exceptional line up of sporting content, with multiple World Cup events adding to Sky's unrivalled customer proposition. This saw a record result for Sky Sport Now – with revenue 45% above the previous six month high – and more of our Sky Box customers adding a sports package to their subscription.

Customer relationships remained above 1 million, supported by the strong showing from Sky Sport Now and growth in Broadband relationships but with a lower result for Neon. While Sky Box numbers were down slightly, we were pleased with the improvement in the level of disconnections and a consistent year-on-year churn that demonstrates the resilience of our offering during tougher economic times.

Progressing FY24 Priorities

During the first half, Sky communicated an updated purpose and ambition which has served to galvanise our Sky crew and played a part in the significant 14-point uplift in employee engagement which is a key priority for FY24.

As in life, not all things went to plan. We made the deliberate choice to slow the rollout of our new Sky Box to resolve some final teething issues. At the same time, we improved the service experience and began delivering on a programme of product enhancements. While the take up has been slower than we planned, we are already seeing much higher subscriber satisfaction levels. With 58 thousand new boxes now in use feedback from customers is providing confidence that the changes are resonating. We are now actively in market with a new Sky Box campaign that includes changes to the customer offer to encourage take-up. We look forward to sharing our progress at the full year results in August.

In parallel, we were pleased to launch to the wider market our online-only Sky Pod as another way for customers to experience Sky. It is great to now have this innovative product fully in market, and early customer feedback is encouraging.

Our focus on creating new revenue streams was advanced in the half through the expansion of our advertising capability. Despite clear challenges in the advertising market, we made the strategic choice to go after the significant revenue pool that exists in this market, and our initiatives are already delivering returns. We invested to strengthen the team and technical capability which has allowed us to rapidly expand the opportunities we offer to clients and introduce innovations in format and branded content.

Reaction from advertisers and agency buyers to the refreshed approach has been encouraging with a 12% increase in revenue for Sky in a period where revenue for the sector fell by 16%.

Sector trends

The local and global trends we spoke of at the November Annual Meeting continue to highlight the strength of Sky's strategy. The combination of our unrivalled content in the New Zealand market, multi-platform approach and 100% coverage across the country set us apart, at a time when global streaming companies have been forced to make significant changes as they strive to reshape their business models and attempt to reduce significant losses.

The impact of prolonged writers' and actors' strikes has been felt throughout our industry, although here again, our multi-product approach and depth of content that stretches far beyond scripted entertainment have provided some measure of insulation. Neon (along with other streaming services around the world) has been impacted, with customer numbers down due to the delayed arrival of acquisition and retention driving titles. While the strikes have now ended, Neon will continue to face headwinds in the near term before the gradual return to a more predictable release schedule of exciting titles that we expect to win back past customers and attract new audiences.

The latest results also reinforce the resilience of Sky's business even during a period of economic headwinds that have some sectors of the economy, and many households, under pressure. Whilst we are navigating these conditions well, we are mindful that these pressures will continue during the coming year.

Financial results

Revenue growth of 3.7% to \$392.7 million was driven by strong results for Sky Sport Now and Advertising, and continued growth in Broadband customer numbers. The earnings in these areas more than made up for a softer result in Sky Box and a relatively flat year on year result for Neon.

Carefully considered price rises contributed to higher average monthly customer revenues across all product categories, with the value of Sky's content continuing to support appropriate increases. A further rise to sports pricing and increase in Neon's Standard product came into effect in February 2024 and will contribute to the second half result.

Meanwhile operating expenses, including programming costs that were relatively consistent with the prior period, totalled \$311.1 million, up 1.5% compared to the prior half-year. While we took on new rights for World Rugby, and saw a full period impact from the return of Formula 1 and the renewal of NRL rights, these costs were largely offset by other savings. Most of the increase in expenses related to variable costs associated with growth in Broadband, Advertising and Sky Sport Now.

Pleasingly, the successful implementation of the cost out initiatives announced in FY23 has delivered the permanent savings we targeted while also creating a significantly enhanced customer service experience.

Sky delivered 11.1% growth in EBITDA and 10.5% in Net Profit after Tax, and our track record of strong cash performance continued, with \$71.5 million generated from operations. This enabled investment in new products and a higher interim dividend for shareholders.

Looking further ahead we remain confident in achieving the 3-year targets we set at the time of our FY23 results. The core of these targets involves growing revenue ahead of costs to deliver margin growth whilst reducing capex intensity.

Our FY24 capex investment is tracking in line with guidance including investment at scale to achieve the renewal of our boxes. As well as providing an enhanced customer experience, this investment is creating a technology platform that will deliver substantial opportunities for Sky through greater insights on customer preferences, enhanced attribution, and lower costs. We are already capturing efficiencies through optimising self-install options that will begin to reduce capex intensity during FY25.

The Board declared an increased half year dividend of 7.0 cents per share, fully imputed and 16.7% higher than the prior year. The record date for the dividend is 8 March, with payments direct credited to shareholder accounts on 22 March.

Sky's balance sheet remains very strong, with cash on hand at 31 December of \$47.4 million and a \$150 million undrawn bank facility.

Capital Management

Our share buyback programme in the half year was disrupted by receipt of a non-binding indicative offer (NBIO) which was subsequently rejected. As a result, we were able to transact on just 20% of the available trading days. The share buyback recommenced in November with the purchase of a further 450,868 shares, bringing the total

purchased under the programme to date to 2,171,563. The current 12-month programme will shortly recommence and is due to conclude on 31 March 2024.

The Board retains its conviction that Sky's shares are undervalued relative to its financial performance. The company is in a strong financial position and with cash generation providing scope for additional capital management action. Therefore, the Board has resolved to initiate a new programme to buy back shares for a consideration of up to \$15.0 million immediately following the expiry of the current buyback programme.

Guidance and outlook

We remain on track to deliver FY24 EBITDA and NPAT in line with the full year guidance provided to the Market on 23 August 2023. The impact on Neon of the ongoing disruption to studio release schedules combined with increased economic headwinds has however led to a revision of FY24 Revenue guidance, which is now expected to be between \$765 million to \$780 million (from \$765 million to \$795 million).

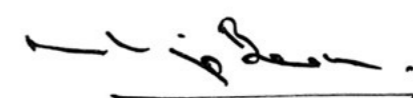
Notwithstanding the near-term revenue pressures, the Board's confidence in Sky's cash generation has allowed it to raise full year dividend guidance to at least 17.5 cents per share (previously at least 15 cents per share).

Looking further ahead we remain confident in achieving the 3-year targets we communicated at the time of our FY23 results. The core of these targets involves growing revenue ahead of costs to deliver margin growth whilst reducing capex intensity. Supporting these financial metrics are clear targets for lifting employee engagement and customer satisfaction. All are important, and in this first period of our three-year journey we're tracking well – and already ahead in some areas.

Thank you

In closing, we would like to extend our combined thanks to the Board for their collective wisdom and counsel, our network of key content and business partners, and to the wider Sky team who have worked so hard to deliver the results we report today.

To our shareholders, thank you for your ongoing support, and we look forward to updating you on progress at the full year.



Philip Bowman
Independent Chairman



Sophie Moloney
Chief Executive

Our 2024 Interim Financials

For the six months ended
31 December 2023

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2023 (unaudited)

In NZD 000	Notes	31-Dec-2023 (6 months)	31-Dec-2022 ¹ (6 months)	30-Jun-2023 ¹ (1 year audited)
Revenue	4	392,687	378,646	754,337
Other income		127	1,533	3,515
Expenses				
Programming	8	197,863	196,150	383,906
Subscriber related costs		39,763	44,019	93,163
Broadcasting and infrastructure		44,241	38,466	79,777
Depreciation, amortisation and impairment		41,204	36,037	74,098
Other costs		29,278	28,061	52,340
Total operating expenses		352,349	342,733	683,284
Finance income		2,495	2,401	2,639
Finance expense		2,515	2,719	6,152
Profit before tax		40,445	37,128	71,055
Income tax expense		11,479	10,907	19,928
Profit for the period		28,966	26,221	51,127
Attributable to				
Equity holders of the Company		28,848	26,084	50,868
Non-controlling interests		118	137	259
		28,966	26,221	51,127
Earnings per share				
Basic and diluted earnings per share (cents)	11	20.07	15.50	32.45
Other Comprehensive Income				
Profit for the period		28,966	26,221	51,127
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		-	(262)	(247)
Deferred hedging (losses)/gains transferred to operating expenses during the period		(7,584)	(13,385)	1,651
Income tax effect		2,124	3,748	(462)
Net other comprehensive (loss)/income to be reclassified to profit or loss, net of income tax		(5,460)	(9,899)	942
Items that may not be reclassified to profit or loss				
Deferred hedging losses transferred to non-financial assets during the period		(1,651)	(1,730)	(12,786)
Income tax effect		462	484	3,579
Net other comprehensive loss not being reclassified to profit or loss, net of income tax		(1,189)	(1,246)	(9,207)
Total comprehensive income for the period		22,317	15,076	42,862
Attributable to				
Equity holders of the Company		22,199	14,939	42,603
Non-controlling interests		118	137	259
		22,317	15,076	42,862

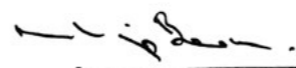
1. Comparative balances have been restated, refer to note 14.

Consolidated Interim Balance Sheet

As at 31 December 2023 (unaudited)

In NZD 000	Notes	31-Dec-2023	31-Dec-2022 ¹	30-Jun-2023 ¹ (audited)
Current assets				
Cash and cash equivalents	9	47,376	56,597	56,051
Trade and other receivables	9	57,648	53,380	55,716
Programme rights inventory	8	120,121	132,214	134,812
Derivative financial instruments	9	252	5,633	5,234
		225,397	247,824	251,813
Non-current assets				
Trade and other receivables		2,279	-	-
Property, plant and equipment		99,507	82,937	91,918
Intangible assets		61,573	57,910	61,282
Right of use assets		27,181	42,703	39,399
Deferred tax asset		7,092	6,645	3,549
Goodwill		244,264	244,264	244,264
Derivative financial instruments	9	71	397	1,474
		441,967	434,856	441,886
Total assets		667,364	682,680	693,699
Current liabilities				
Interest bearing loans and borrowings	6,9	-	458	-
Lease liabilities	9	19,301	31,262	25,665
Trade and other payables		109,377	142,048	137,718
Contract liabilities		55,431	54,021	57,532
Income tax payable		9,662	363	4,857
Derivative financial instruments	9	6,487	1,259	2,201
		200,258	229,411	227,973
Non-current liabilities				
Lease liabilities	9	15,050	21,467	23,648
Trade and other payables		412	1,135	601
Derivative financial instruments	9	2,979	4,281	697
		18,441	26,883	24,946
Total liabilities		218,699	256,294	252,919
Equity				
Share capital	13	692,483	698,274	693,720
Reserves		(5,403)	(1,692)	1,188
Retained deficit		(239,652)	(271,602)	(255,554)
Total equity attributable to equity holders of the Company		447,428	424,980	439,354
Non-controlling interest		1,237	1,406	1,426
Total equity		448,665	426,386	440,780
Total equity and liabilities		667,364	682,680	693,699

1. Comparative balances have been restated, refer to note 14.



Philip Bowman
Director and Chair

For and on behalf of the Board 21 February 2024



Keith Smith
Director and Chair of Audit and Risk Committee

Consolidated Interim Statement of Changes in Equity

As at 31 December 2023 (unaudited)

In NZD 000	Attributable to owners of the parent				Non-controlling interest	Total equity
	Share capital	Reserves	Retained deficit	Total		
For the six months ended 31 December 2023						
Balance at 1 July 2023	693,720	1,188	(255,554)	439,354	1,426	440,780
Profit for the period	-	-	28,848	28,848	118	28,966
Cash flow hedges, net of tax	-	(6,649)	-	(6,649)	-	(6,649)
Total comprehensive income/(loss) for the period	-	(6,649)	28,848	22,199	118	22,317
Transactions with owners in their capacity as owners						
Share Buyback ¹	(1,235)	-	-	(1,235)	-	(1,235)
Transaction costs	(2)	-	-	(2)	-	(2)
Dividend paid ²	-	-	(12,946)	(12,946)	(307)	(13,253)
Supplementary dividends	-	-	(1,009)	(1,009)	-	(1,009)
Foreign investor tax credits	-	-	1,009	1,009	-	1,009
Share based compensation reserve	-	58	-	58	-	58
	(1,237)	58	(12,946)	(14,125)	(307)	(14,432)
Balance at 31 December 2023	692,483	(5,403)	(239,652)	447,428	1,237	448,665
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
Prior period restatement ³	-	-	60	60	-	60
Restated balance at 1 July 2022	768,766	9,453	(284,935)	493,284	1,269	494,553
Profit for the period	-	-	26,084	26,084	137	26,221
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)	26,084	14,939	137	15,076
Transactions with owners in their capacity as owners						
Share capital returned ⁴	(69,876)	-	-	(69,876)	-	(69,876)
Transaction costs	(616)	-	-	(616)	-	(616)
Dividend paid ⁵	-	-	(12,751)	(12,751)	-	(12,751)
Supplementary dividends	-	-	(1,041)	(1,041)	-	(1,041)
Foreign investor tax credits	-	-	1,041	1,041	-	1,041
	(70,492)	-	(12,751)	(83,243)	-	(83,243)
Balance at 31 December 2022	698,274	(1,692)	(271,602)	424,980	1,406	426,386
For the year ended 30 June 2023 (audited)						
Balance at 1 July 2022	768,766	9,453	(284,995)	493,224	1,269	494,493
Prior period restatement ³	-	-	60	60	-	60
Restated balance at 1 July 2022	768,766	9,453	(284,935)	493,284	1,269	494,553
Profit for the period	-	-	50,868	50,868	259	51,127
Exchange difference on translation of foreign operations	-	(247)	-	(247)	-	(247)
Cash flow hedges, net of tax	-	(8,018)	-	(8,018)	-	(8,018)
Total comprehensive income for the year	-	(8,265)	50,868	42,603	259	42,862
Transactions with owners in their capacity as owners						
Share capital returned ⁴	(69,876)	-	-	(69,876)	-	(69,876)
Share Buyback ⁶	(4,490)	-	-	(4,490)	-	(4,490)
Transaction costs	(680)	-	-	(680)	-	(680)
Dividend paid ^{5,7}	-	-	(21,487)	(21,487)	(102)	(21,589)
Supplementary dividends	-	-	(1,727)	(1,727)	-	(1,727)
Foreign investor tax credits	-	-	1,727	1,727	-	1,727
	(75,046)	-	(21,487)	(96,533)	(102)	(96,635)
Balance at 30 June 2023	693,720	1,188	(255,554)	439,354	1,426	440,780

1. Sky recommended the on-market share buyback on 13 November 2023, refer to note 13.

2. Sky paid a dividend of 9.0 cents per ordinary share on 22 September 2023.

3. Comparative balances have been restated, refer to note 14.

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

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

6. On 31 March 2023 Sky commenced an on-market share buyback, refer to note 13.

7. Sky paid a dividend of 6.0 cents per ordinary share on 24 March 2023.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2023 (unaudited)

In NZD 000	Notes	31-Dec-2023 (6 months)	31-Dec-2022 ¹ (6 months)	30-Jun-2023 ¹ (1 year audited)
Cash flows from operating activities				
Profit before tax		40,445	37,128	71,055
Adjustment for:				
Depreciation, amortisation and impairment		41,204	36,037	74,098
Unrealised foreign exchange loss/(gain)		(1,175)	942	3,055
Interest expense ²		2,515	3,198	5,110
Interest income		(948)	(1,667)	(2,639)
Bad debts and movement in provision for doubtful debts		841	1,221	1,351
Other non-cash items		80	(564)	(1,092)
Movement in working capital items:				
(Increase)/decrease in receivables		(5,052)	785	(1,640)
(Decrease)/increase in payables		(22,034)	4,478	(15,032)
Decrease/(increase) in programme rights		15,581	(11,960)	(4,574)
Cash generated from operations		71,457	69,598	129,692
Interest paid		(2,374)	(3,072)	(5,085)
Interest received		948	1,667	2,639
Bank facility fees paid		(141)	(126)	(25)
Income tax paid		(7,000)	(10,200)	(10,200)
Net cash from operating activities		62,890	57,867	117,021
Cash flows from investing activities				
Acquisition of property, plant and equipment		(28,341)	(28,116)	(42,010)
Acquisition of intangibles		(13,070)	(12,040)	(29,370)
Net cash (used in)/from investing activities	7	(41,411)	(40,156)	(71,380)
Cash flows from financing activities				
Capital returned to shareholders	13	-	(69,876)	(69,876)
Acquisition of ordinary shares through on-market share buyback		(1,235)	-	(4,490)
Transaction costs incurred		(2)	(616)	(680)
Payments for lease liability principal		(14,655)	(15,168)	(29,109)
Repayment of other borrowings		-	(577)	(1,035)
Dividend paid to shareholders	13	(13,956)	(13,793)	(23,214)
Dividend paid to minority shareholders		(306)	-	(102)
Net cash used in financing activities		(30,154)	(100,030)	(128,506)
Net (decrease)/increase in cash and cash equivalents		(8,675)	(82,319)	(82,865)
Cash and cash equivalents at the beginning of the period		56,051	138,916	138,916
Cash and cash equivalents at the end of the period	9	47,376	56,597	56,051

1. Comparative balances have been restated, refer to note 3 and 14.

2. Interest expense has been grossed up for the 6 months to 31 December 2022 and interest income reported separately.

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2023 (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 2023 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 21 February 2024.

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 2023. 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 2023. 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 2023	Jun 2023	Dec 2022
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%
Lightbox New Zealand Limited	Streaming services	New Zealand	Sky	100.00%	100.00%	100.00%
Sports Analytics Pty Limited ¹	Data analytics for sports	South Africa	Sky Investment Holdings Limited	81.00%	81.00%	81.00%

1. In April 2023, Sports Analytics (Pty) Limited commenced a Business Rescue Process, a statutory procedure under South African Law, which facilitates the winding up of company structures. This process remained ongoing at 31 December 2023.

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 2023. 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 2023 financial statements that may be an impairment indicator as at 31 December 2023, having considered factors such as:

- The Group's half year results;
- Changes 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 2023.

Capital structure

As at 31 December 2023 the Group had positive working capital of \$25.1 million (31 December 2022: \$18.4 million; 30 June 2023: \$23.8 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 \$47.4 million and an undrawn banking facility of \$150 million at 31 December 2023, refer to 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 those relating to ESG matters, on at least an annual basis. Sky's assessment of exposure to climate related risk has been captured within the company's detailed enterprise risk assessment framework. The Group is undertaking a thorough review to document the key physical and transitional risks and opportunities associated with climate change and is moving to complete scenario analysis to understand the range of short, medium and longer term implications for Sky's business under various scenario settings. At this point in its assessment, the directors and management consider that the potential financial impact from near term physical and transitional risks arising from climate change is unlikely to be significant to Sky's business. The Group is working towards publishing its first climate disclosure under the Aotearoa New Zealand Climate Standards (NZCS) framework. That work is ongoing and has not resulted in significant changes to the judgements made to date.

Equity-settled share based payments

Certain executives of the Company receive part remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the options are assessed at grant date, using an appropriate valuation model, and recognised as an expense, over the vesting period of the options, with a corresponding entry to the 'equity-settled share-based payment reserve'.

The amount recognised as an expense is adjusted at each reporting date to reflect the extent to which the vesting period has completed, and management's best estimate of the number of share options that will ultimately vest (for non-market based vesting conditions).

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Comparatives

Certain comparative amounts have been adjusted to better reflect consistency with the current period, refer to note 14.

The Group had identified that costs relating to the creation of promotional material have been incorrectly disclosed within Programming expenses in the prior periods while they should have been disclosed as Subscriber related costs. To correct this, Sky has adjusted Programming expenses (30 June 2023: \$2,708,000; 31 December 2022 \$1,422,000) and Subscriber related costs (30 June 2023: \$2,708,000; 31 December 2022 \$1,422,000).

The Group has adjusted the Statement of Cash Flows for the six months ended 31 December 2022 to reflect an increase in payments for lease principal of \$1,752,000 and an increase in payables of \$1,752,000.

The Group has restated contracts for future Programme Commitments at 30 June 2023, refer to note 10.

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 2023							
Revenue from customers	253,034	12,922	59,675	27,195	29,360	10,501	392,687
Total revenue	253,034	12,922	59,675	27,195	29,360	10,501	392,687
Timing of revenue recognition							
At a point in time	1,772	-	-	-	29,360	4,313	35,445
Over time	251,262	12,922	59,675	27,195	-	6,188	357,242
	253,034	12,922	59,675	27,195	29,360	10,501	392,687
For the six months ended 31 December 2022¹							
Revenue from customers	255,001	8,922	51,855	26,527	26,323	10,018	378,646
Total revenue	255,001	8,922	51,855	26,527	26,323	10,018	378,646
Timing of revenue recognition							
At a point in time	2,742	160	-	-	26,323	3,752	32,977
Over time	252,259	8,762	51,855	26,527	-	6,266	345,669
	255,001	8,922	51,855	26,527	26,323	10,018	378,646
For the year ended 30 June 2023 (audited)¹							
Revenue from customers	509,771	19,623	103,174	53,465	48,087	20,217	754,337
Total revenue	509,771	19,623	103,174	53,465	48,087	20,217	754,337
Timing of revenue recognition							
At a point in time	4,507	162	-	-	48,087	9,892	62,648
Over time	505,264	19,461	103,174	53,465	-	10,325	691,689
	509,771	19,623	103,174	53,465	48,087	20,217	754,337

1. Comparative balances have been restated, refer to note 14.

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.

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-23	31-Dec-22	30-Jun-2023 (audited)
Income statement			
Remuneration of key personnel ¹	3,082	2,722	4,959
Directors' fees	441	404	803
Total Related Party transactions through consolidated income statement	3,523	3,126	5,762
Balance Sheet			
Dividends paid to directors and key management personnel	76	36	83
Share based compensation reserve	58	-	-
Total Related Party transactions through consolidated balance sheet	134	36	83

1. The 6 months ending 31 December 2023 includes the cost of termination benefits paid to key personnel of \$208,334.

In August 2023 the Group approved a long-term incentive plan and granted 408,415 share rights to executives of the Group under the incentive plan. Each share right converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the share right. The share rights carry neither rights to dividends nor voting rights.

The share rights are separated into two tranches, one tranche which vests over a three-year measurement period based on achieving certain total shareholder returns. The second tranche vests over a three-year measurement period based on achieving total shareholder returns relative to other market participants on the NZX50. The executives must remain employed by the Group over the vesting period.

The share rights represent an equity-settled share-based payment with market-based vesting conditions. The share rights approved in August 2023 had an estimated fair value of \$547,276. The fair value was determined using a Monte-Carlo simulation model and encompasses the market-based vesting criteria. The key valuation assumptions are set out below:

Share based compensation valuation assumptions	
Grant date share price	\$2.70
Exercise price	-
Expected volatility	33.70%
Maturity vesting date	4th September 2026
Dividend yield (over vesting period)	9.00%
Risk free rate	4.46%

The actual number of shares which ultimately vest will depend on performance over the measurement period. In the event performance conditions are not met (or only partially met) then there is the potential for no share rights (or less than the total allocated share rights) to ultimately vest. In such circumstance the total day one fair value would still be recognised over the vesting period.

6. Interest Bearing Loans and Borrowings

In NZD 000	31-Dec-2023			31-Dec-2022			30-Jun-2023 (audited)		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Borrowings ¹	-	-	-	458	-	458	-	-	-
	-	-	-	458	-	458	-	-	-

1. Borrowings include third party loans only.

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 New Zealand 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.

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 2023 and no breaches are anticipated within the next 12 months.

Bank overdrafts of \$576,000 (31 December 2022: \$961,000; 30 June 2023: \$771,000) 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-2023 (6 months)	31-Dec-2022 (6 months)	30-Jun-2023 (1 year audited)
Capital projects in progress (includes PPE & intangibles)	8,366	6,927	2,039
Land and buildings	19	509	1,587
Broadcasting and studio equipment	-	79	1,031
Plant, equipment and other	75	738	1,904
Subscriber equipment	17,061	15,204	28,659
Installation costs	6,054	6,348	12,034
Intangibles	5,335	10,351	30,140
	36,910	40,156	77,394
Movement in capital expenditure creditors	4,501	-	(6,014)
Cash outflow in the period	41,411	40,156	71,380

8. Programme Rights Inventory

In NZD 000	31-Dec-2023 (6 months)	31-Dec-2022 (6 months)	30-Jun-2023 (1 year audited)
Opening balance	134,812	121,407	121,407
Acquired during the period	159,315	178,443	343,365
Charged to profit or loss	(174,006)	(167,636)	(329,960)
Balance at end of period	120,121	132,214	134,812

9. 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 2023. There have been no changes in any risk management policies since 30 June 2023.

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) (unquoted investments held for disposal and derivative financial assets). Financial liabilities of the Group include trade and other payables, interest bearing loans and borrowings, lease liabilities, contingent consideration 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.

In NZD 000	31-Dec-2023		31-Dec-2022 ¹		30-Jun-2023 ¹ (audited)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost						
Cash and cash equivalents	47,376	47,376	56,597	56,597	56,051	56,051
Trade and other receivables	42,736	42,736	41,049	41,049	42,920	42,920
Financial assets at fair value through profit or loss						
Derivatives designated as hedging instruments (cash flow hedges)	316	316	5,633	5,633	5,369	5,369
Derivatives not designated as hedging instruments	7	7	397	397	1,339	1,339
	90,435	90,435	103,676	103,676	105,679	105,679
Financial liabilities at amortised cost						
Other loans	-	-	458	455	-	-
Lease liabilities	34,351	34,346	52,729	53,970	49,313	48,989
Trade and other payables	95,189	95,189	127,491	127,491	124,257	124,257
Financial liabilities at fair value through OCI						
Derivatives designated as hedging instruments (cash flow hedges)	7,901	7,901	1,259	1,259	2,770	2,770
Derivatives not designated as hedging instruments (fair value hedges)	1,565	1,565	4,281	4,281	128	128
	139,006	139,001	186,218	187,456	176,468	176,144

1. Comparative balances have been restated, refer to note 14.

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 resulting from the foreign currency exchange movement in the Group's 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.

10. Contracts for Future Programme Commitments

In NZD 000	31-Dec-2023	31-Dec-2022	30-Jun-2023 (audited)
Year 1	312,462	326,273	337,318
Year 2	239,467	263,502	278,785
Year 3	79,201	201,760	153,636
Year 4	67,631	58,570	85,953
Year 5	19,383	35,886	49,138
Later than 5 years	13,507	8,049	33,428
	731,651	894,040	938,258

The reduction in commitments from 30 June 2023 is primarily due to the expiry of sports content rights. The 30 June 2023 comparative figures have been increased by \$48 million to better reflect the full contract periods.

11. Earnings Per Share

Basic and diluted profit per share

	31-Dec-23	31-Dec-2022 ¹	30-Jun-2023 ¹
Profit after tax attributable to equity holders of the parent (NZD 000)	28,848	26,084	50,868
Weighted average number of ordinary shares on issue (thousands)	143,746	168,324	156,778

Basic and diluted earnings per share (cents)

	20.07	15.50	32.45
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	31-Dec-23	31-Dec-2022	30-Jun-2023
Issued ordinary shares at the beginning of period/year	143,852,496	174,688,323	174,688,323
Ordinary shares returned on 21 November 2022 ²	-	(29,115,132)	(29,115,132)
Ordinary share buyback ³	(450,868)	-	(1,720,695)
Total number of shares on issue	143,401,628	145,573,191	143,852,496
Weighted average number of ordinary shares on issue	143,745,617	168,324,360	156,778,235

1. Comparative balances have been restated, refer to note 14.

2. On 21 November 2022 Sky cancelled 29,115,000 ordinary shares as part of a capital return, refer to note 13.

3. On 6 April 2023 Sky commenced an on-market share buyback. At 30 June 2023 1,720,695 shares had been acquired at an average price of \$2.61 and a total consideration of \$4,490,000. For the six months to 31 December 2023 a further 450,868 shares were acquired at an average price of \$2.74 and total consideration of \$1,236,840.

12. 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 Business) 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 (with a licence period from 29 June 2023 to 30 June 2030).

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 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 in the comparative period 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

13. Share Capital

	31-Dec-23		31-Dec-22		30-Jun-23	
	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	143,852	693,720	174,688	768,766	174,688	768,766
Return of Capital on 21 November 2022 ¹	-	-	(29,115)	(70,492)	(29,115)	(70,547)
Share Buyback ²	(451)	(1,237)	-	-	(1,721)	(4,499)
	143,401	692,483	145,573	698,274	143,852	693,720

1. Capital return included \$671,000 of transaction costs.

2. The share buyback includes \$9,000 of transaction costs for 30 June 2023 and \$2,000 for 6 months to 31 December 2023.

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).

On 13 October 2023 the Group announced to the market it had received a non-binding indicative offer (NBIO) from a third party to acquire all of the shares in Sky and would therefore continue to pause the on-market share buyback following the release of the full year results on 24 August 2023.

On 8 November 2023 the Group announced that it had received an updated NBIO from the third party, which the Board did not accept, and terminated discussions in respect of the NBIO. On the same day the Board resolved to recommence the on-market share buyback programme.

At 31 December 2023 450,868 shares had been acquired at an average price of \$2.74 and a total consideration of \$1,234,371. Shares bought back have been cancelled upon acquisition so the number of shares on issue has reduced accordingly.

14. Prior Period Restatements

Non-returned Equipment Charges

During the half year period, the Group has discovered that customer payments for non-returned equipment charges remained in the Trade Receivables balance and were not recognised as revenue. This has led to unrecognised revenue and an understatement of Trade Receivables in the previous periods. To correct this error, Sky has adjusted the customer payments previously offsetting trade receivables (30 June 2023: \$3,593,000; 31 December 2022: \$3,412,000) to Other Revenue for the comparative periods (30 June 2023: \$237,000; 31 December 2022: \$56,000) and Retained Earnings for the periods prior (30 June 2023: \$2,587,000; 31 December 2022: \$2,456,000). This adjustment also results in a decrease to Deferred Tax Assets (30 June 2023: \$1,006,000; 31 December 2022: \$956,000).

Customer Credits

As part of its review of customer account management, the Group has identified inactive customer credits that have previously been written off to the statement of comprehensive income. Accordingly, the Group has become aware that these credits should have been remitted under the Unclaimed Money Act 1971 once these have not been interacted with for 5 years.

As a result, the Group has recognised a provision in Trade Payables for unclaimed money payable by Sky (30 June 2023: \$3,351,000; 31 December 2022: \$3,313,000) that had previously been recorded against subscriber related costs for the comparative periods (30 June 2023: \$79,000; 31 December 2022: \$41,000) and against Retained Earnings for the prior periods (30 June 2023: \$2,413,000; 31 December 2022: \$2,385,000). This adjustment also results in an increase to Deferred Tax Assets (30 June 2023: \$938,000; 31 December 2022: \$928,000).

These two restatements have a combined impact on basic and diluted earnings per share (in cents) by increasing it from 32.37 to 32.45 at 30 June 2023 and increasing from 15.49 to 15.50 at 31 December 2022.

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 21 February 2024 the Board of Directors resolved to pay a fully imputed dividend of 7.0 cents per share with the record date being 8 March 2024. A supplementary dividend of 1.2353 cents per share will be paid to non-resident shareholders subject to the foreign investor tax credit regime.

Share buyback

On 21 February 2024, the Board resolved to initiate a new on-market share buyback programme for up to \$15 million of consideration. The new buyback will commence following the completion of the current programme on 31 March 2024.



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 2023, 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 notes, comprising material accounting policy information 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 2023, and its financial performance and cash flows for the 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. In addition to our role as auditor, our firm carries out other services for the Company in the areas of a non-audit assurance engagement in relation to the Telecommunications Development Levy and agreed upon procedures in relation to the Broadcasting Standards Authority Levy. 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 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:

Chartered Accountants
21 February 2024

Auckland

Directory

Directors

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

Officers

Sophie Moloney	Chief Executive
James Marsh	Interim Chief Financial Officer
Jonny Errington	Chief Content and Commercial Officer
Daniel Kelly	Chief Customer Officer
Chris Major	Chief Corporate Affairs Officer
Lauren Quaintance	Chief Media and Data Officer
Antony Welton	Chief Operations and People Officer and Interim Chief Technology 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](https://www.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

Auditors to Sky

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

Solicitors to Sky

Buddle Findlay
 Level 18, HSBC Tower
 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 2023 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 21st day of February 2024.



Philip Bowman
Director and Chair



Keith Smith
Director and Chair of Audit and Risk Committee

Sky Network Television

Results Presentation

For the six months ended 31 December 2023



22 February 2024

Agenda

- ▶ HY24 Overview
- ▶ Operational Performance
- ▶ Financial Performance
- ▶ Capital Management
- ▶ Outlook and Guidance
- ▶ Questions



Results Summary

Delivering on our growth plans

REVENUE

\$392.7m

HY23: \$378.6m¹ **+4%**

EBITDA

\$81.7m

HY23: \$73.5m **+11%**

CUSTOMER RELATIONSHIPS

1,020,609

HY23: 1,053,287 **-3%**

NET PROFIT AFTER TAX

\$29.0m

HY23: \$26.2m¹ **+10%**

INTERIM DIVIDEND

7.0cps

HY23 6.0cps **+17%**

CAPEX

\$36.9m

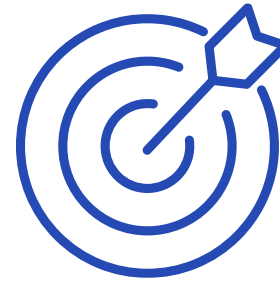
HY23: \$40.2m **-8%**

Key Achievements

... as execution momentum builds



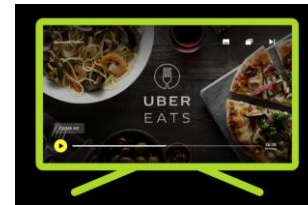
Delivered exceptional sporting content



Delivered targeted savings from FY23 initiatives



Significantly lifted employee engagement



Expanded Advertising capability



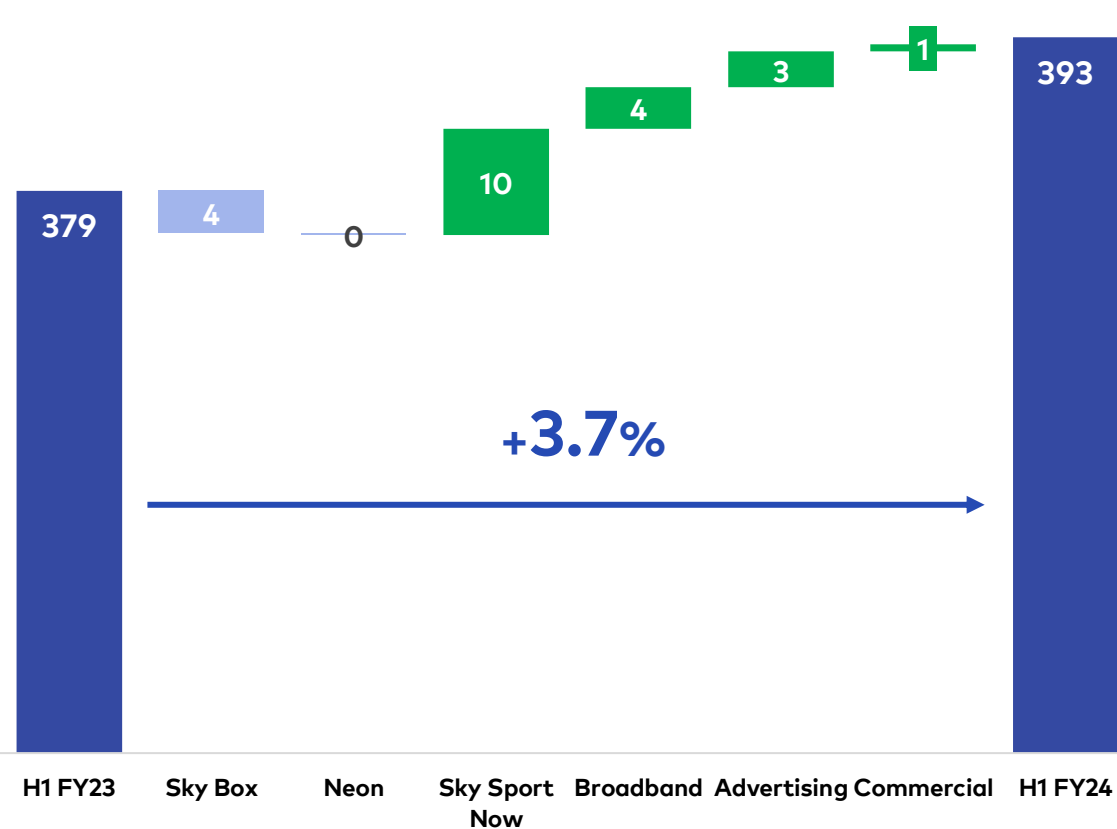
Market launch of Sky Pod and **Rebrand** of Sky Open



Optimised capex, shortening period of higher investment

Revenue Bridge

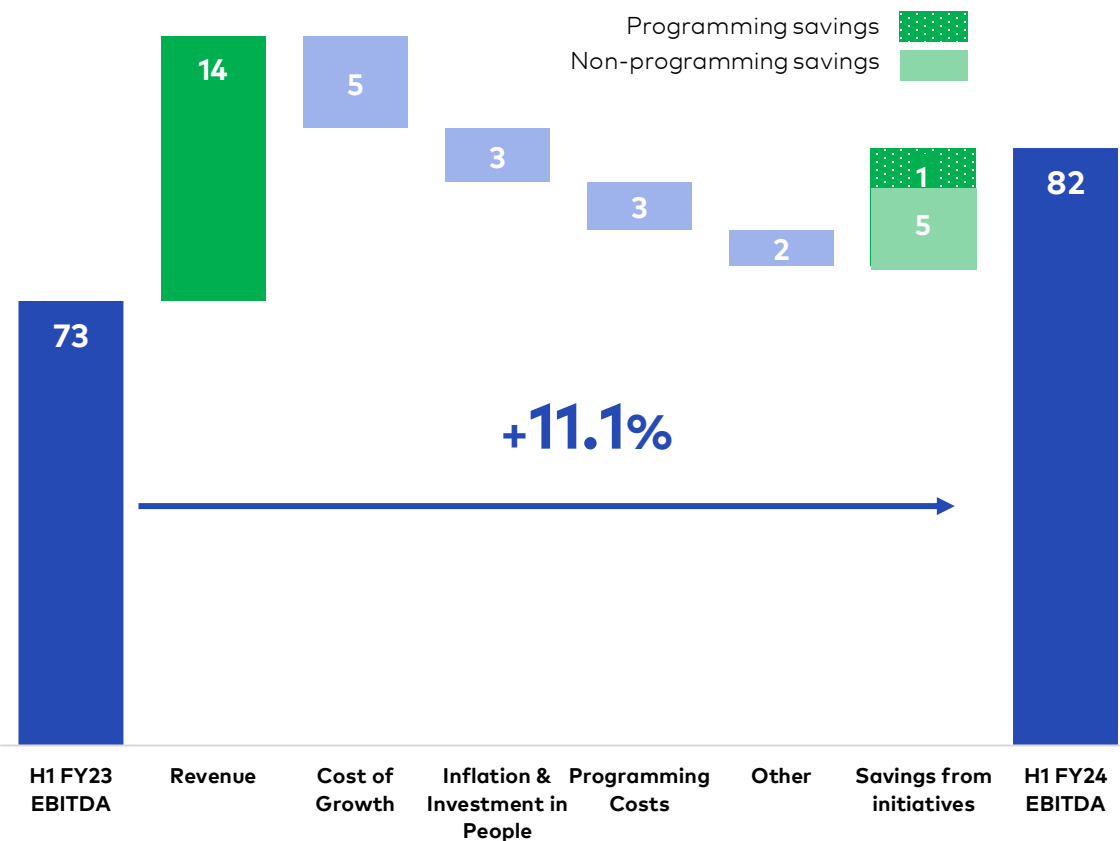
Key growth engines driving revenue increase



- Revenue growth of 3.7% driven by:
 - Significant increase from Sky Sport Now (+45%)
 - Strong growth in Advertising in a challenging market (+12%)
 - Continued growth in Broadband (+45%) at an increased margin
- Sky Box and Sky Pod revenue softened, with some benefit from the migration of VTV customers. Neon revenue on par with prior period despite challenges from content delays

EBITDA Bridge

Cost increases largely linked to revenue growth; savings delivered



- Cost of growth reflects largely variable costs related to revenue growth in Broadband, Advertising and Sky Sport Now
- Some inflation impact on salary and other costs. Positive decision to invest in people
- Known step-ups in content costs partly offset by savings from rights and production decisions, under-delivery of acquisition-driving content, and impact of one-off events in the prior period
- Key initiatives delivered significant ongoing savings:
 - \$3m in net savings from FY23 organisational change, and on target for \$6m annually
 - Additional permanent savings from outsourced logistics partnership, lower property costs and procurement efficiencies

Executing on FY24 Priorities

1 Lift employee engagement

- Deep investment in leadership and cultural capability
- Greater focus through development of Sky's Purpose
- Robust planning and prioritisation

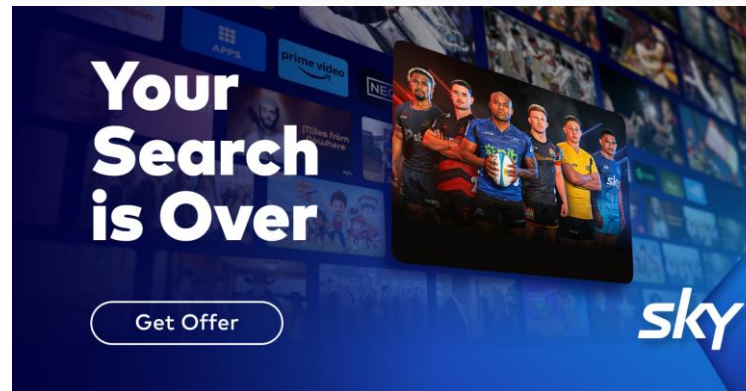
Double digit lift in engagement



2 Roll out new Sky experience

- Launched Sky Pod to wider market
- Deliberately slowed rollout of new Sky Box to focus on enhancements
- Significantly improved features, performance and customer care

Confident in new rollout settings



3 New revenue streams

- Strengthened Advertising
- Created new integration formats and added new customers
- Developed digital revenue capability

Unlocking new revenue opportunities









Multi-platform strategy a key competitive advantage

OUR AMBITION: Aotearoa NZ's most engaging and essential media company

Largest
Media company

Reaching 4 in 5
New Zealanders each month¹

1 million+
Paid customer relationships

Sky Box & Sky Pod	Sky Sport Now	Neon	Commercial	Broadband	Sky Open
<p>501k households</p> <p>Valuable, high ARPU², long tenure base</p> <p>New products providing opportunity</p> 	<p>206k customers</p> <p>Unrivalled #1 in sports streaming</p> <p>High ARPU with strong growth</p> 	<p>277k customers</p> <p>Only locally-curated SVOD³</p> <p>Digital advertising opportunities</p> 	<p>6.5k businesses</p> <p>#1 provider to commercial premises</p> <p>High ARPU and significant market share</p> 	<p>30k households</p> <p>Growing fibre broadband business</p> <p>Positive contribution from FY23</p> 	<p>3.3m reach⁴</p> <p>Free to access</p> <p>Showcasing Sky content and maximising its value</p> 



Delivering unrivalled content to a significant audience

OUR PURPOSE: Share stories. Share possibilities. Share joy.

Leading

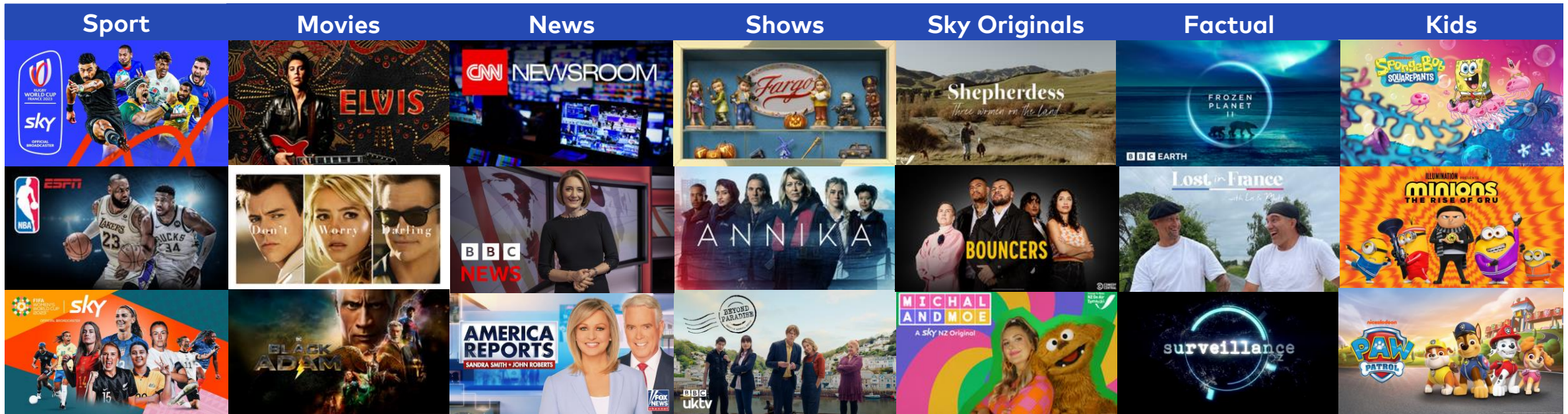
content aggregator for customers and partners

#1 in Sport

across Box/Pod, Streaming & Free-to-Air

Most

global and local partners in sport and entertainment



Operational Performance

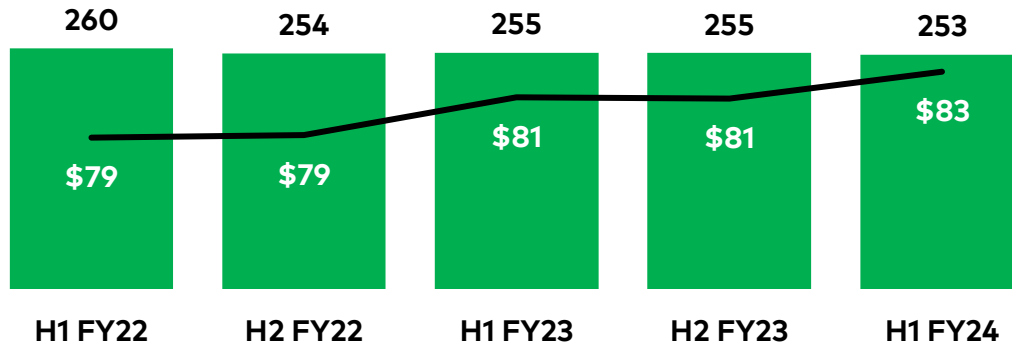


Sky Box and Sky Pod

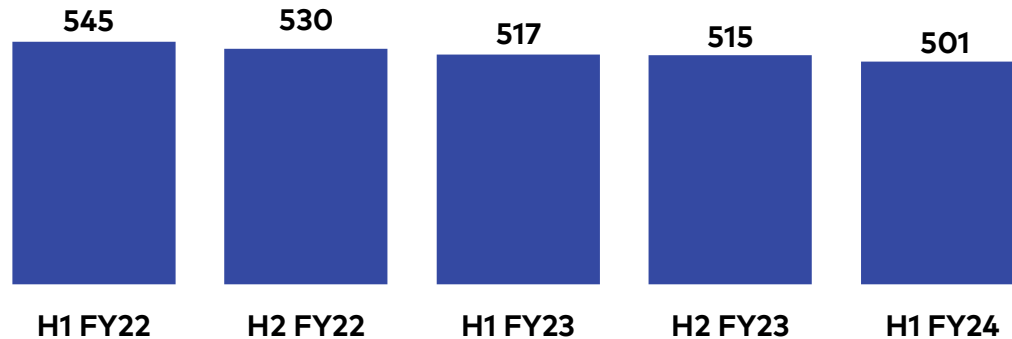
High value base generating significant revenue



SKY BOX REVENUE¹ (\$m) AND ARPU²



SKYBOX/POD CUSTOMER RELATIONSHIPS (000)



- Revenue softened 0.8% year on year with stronger ARPU and positive impact from migrating VTV customers largely compensating for lower customer numbers
- Average revenue per customer rose 1.8% (to \$82.56) driven by:
 - Impact of 9% sports pack increase (Mar 23) and 10% increase in entertainment pack (Oct 23)
 - Higher average sport penetration
 - Positive impact of reduced discounting
 - Despite some spin down from non-sport packages
- H2 will benefit from 11% increase in sports pack pricing (Feb 24)



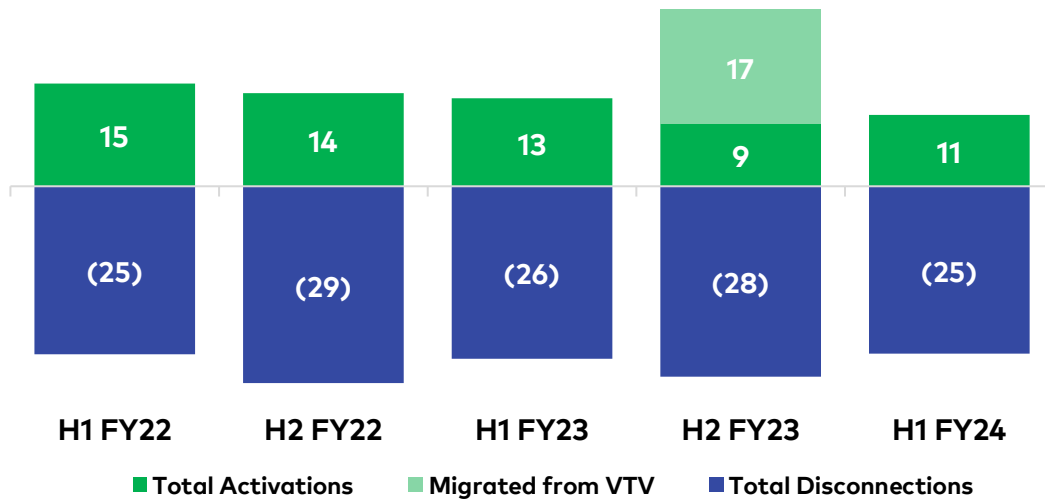
1. Sky Box and Sky Pod access fee is included in Sky Box revenue but excluded from ARPU. Sky Box revenue and ARPU data previously presented at H1 FY22 included contribution from Sky Broadband, now reported separately. 2. Sky Box ARPU is the monthly average revenue calculated as the average for the period.

Sky Box and Sky Pod

Marketing recommenced; strong focus on margin continues

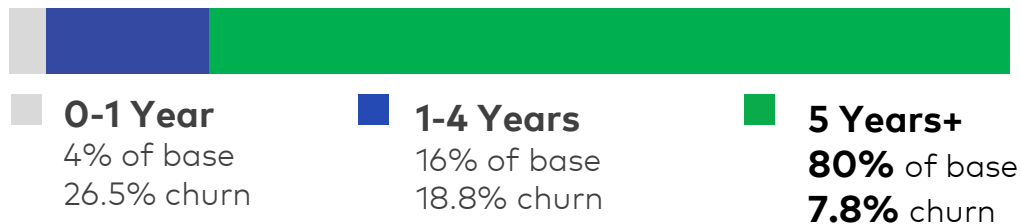


SKY BOX CUSTOMER ACQUISITIONS / DISCONNECTIONS (000)



- Continued focus on margin, with acquisition and retention discounts 45% lower than H1 FY23 and 67% lower than H1 FY22
- 58k Sky Boxes in use by existing and new customers at 31 Dec 2023
- Deliberate decision to slow the rollout of the new Sky Box
- Disconnections in line with the prior H1 run rate showing continued resilience
- Annualised churn of 9.8%, consistent with prior period, with a 4ppt improvement in year one retention

SKY BOX TENURE

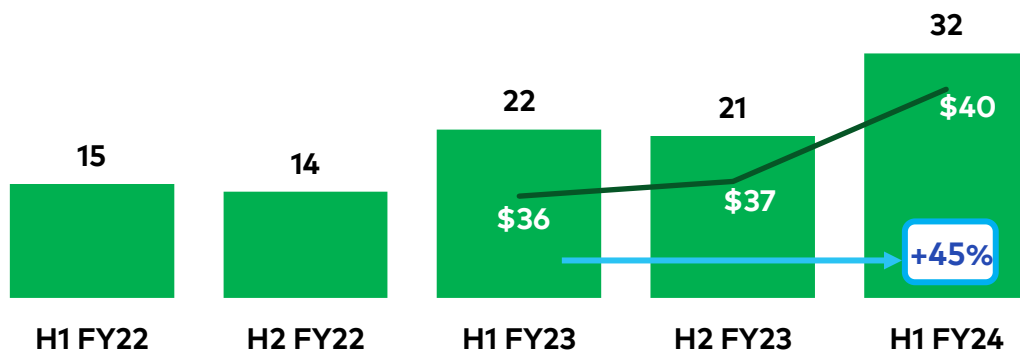


Streaming – Sky Sport Now

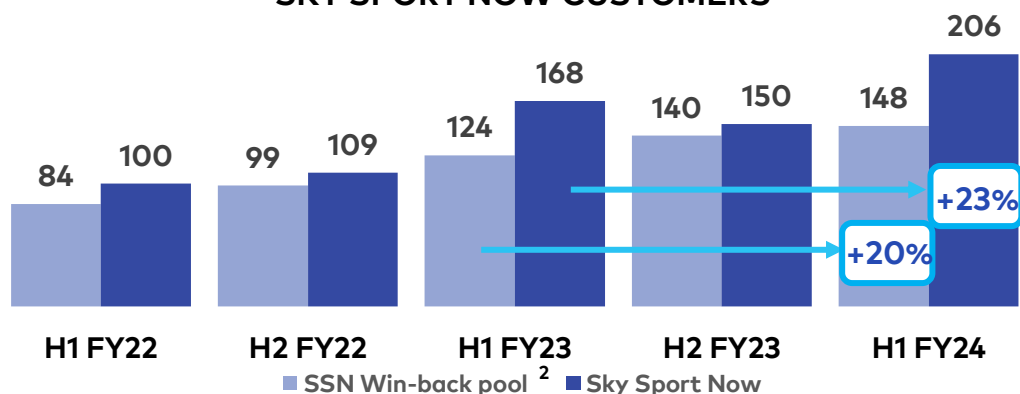
Substantial, 45% increase in revenue as fan base builds



SKY SPORT NOW REVENUE (\$m) AND ARPU¹



SKY SPORT NOW CUSTOMERS



- Significant customer and revenue growth driven by strong content line-up throughout H1, including high value events such as Rugby World Cup
- Strong engagement³ rising to 81% (from 75% in H1 FY23) including a record weekly high of 96%
- 25% of year end customers were new to Sky Sport Now, with strong retention and win-backs
- Revenue and ARPU growth included full period impact of 12.5% increase for monthly and annual passes and part-period impact of 25% rise in weekly passes (Aug 23).
- H2 will benefit from 11% increase in monthly pass to \$49.99 (Feb 24)



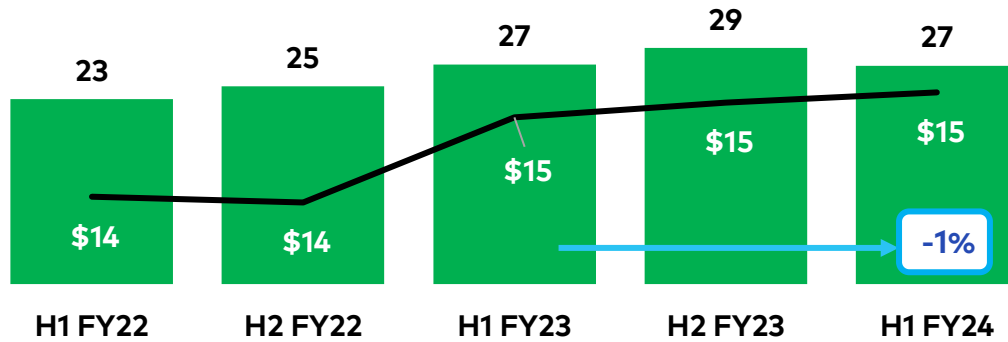
1. ARPU is based on recurring subscribers (removing the impact of transactional passes), includes PPV 2. The win-back pool includes customers that have subscribed to Sky Sport Now in the past 18 months but were not included in the active base at the end of the period. 3. Engagement is defined as customers that viewed content during a month, using a 6-month weighted average

Streaming - Neon

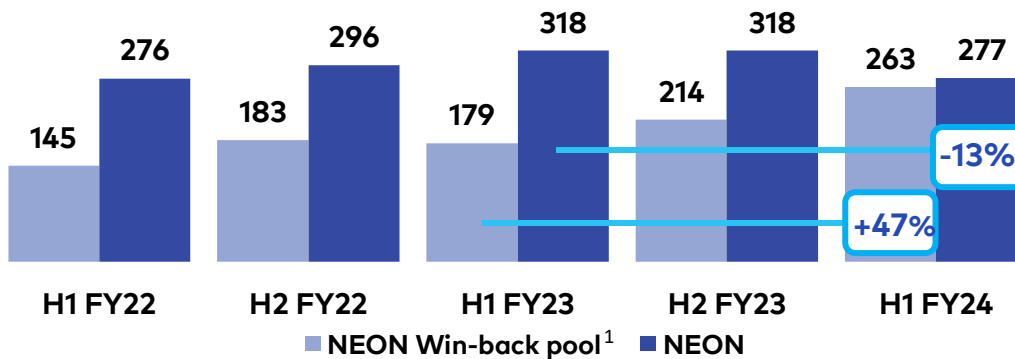
Strong retention focus ahead of content returning



NEON REVENUE (\$m) AND ARPU



NEON CUSTOMERS (000)



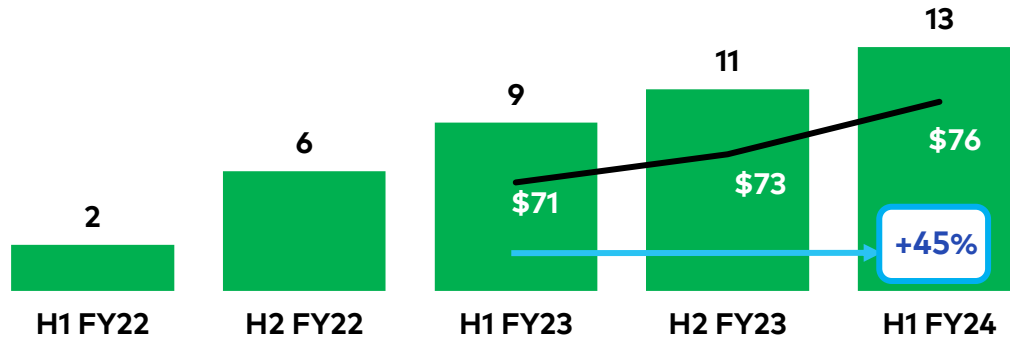
- Customer numbers impacted by reduced delivery of acquisition and retention driving content, due to industry strikes
- Gradual return of key titles will provide significant win-back opportunity
- Two tier product strategy enabled repositioning/launch of Neon as NZ's first SVOD to offer Advertising (from Jan 2024): Neon Basic (now Basic with Ads) moved to HD delivery and light, non-interrupting ad load; Neon Standard moved to static ads on pause

Sky Broadband

Margin expansion continues; attachment on sales reaches 14%

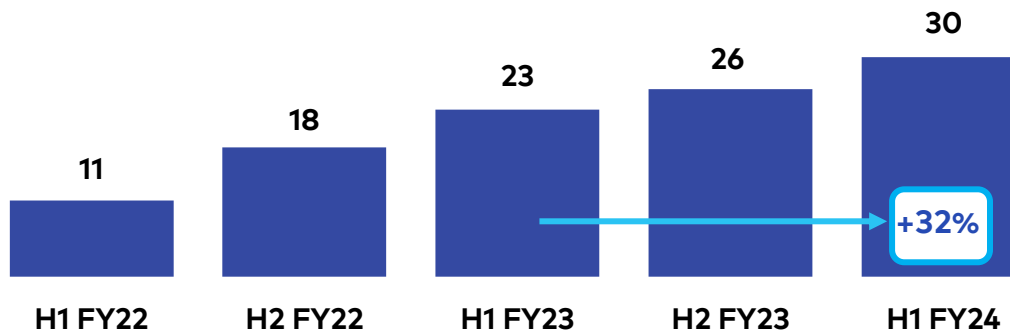
skyBROADBAND

BROADBAND REVENUE¹ (\$m) AND ARPU¹



- Revenue uplift of 45% delivered alongside margin improvement
- Attachment to Sky Box increased to 6%, and to 14% for new customer acquisitions. Achieving positive NPS impact for Sky Box customers
- 1 Gbps plan remains popular at over 50% of base with Fibre 50 option now at 9%

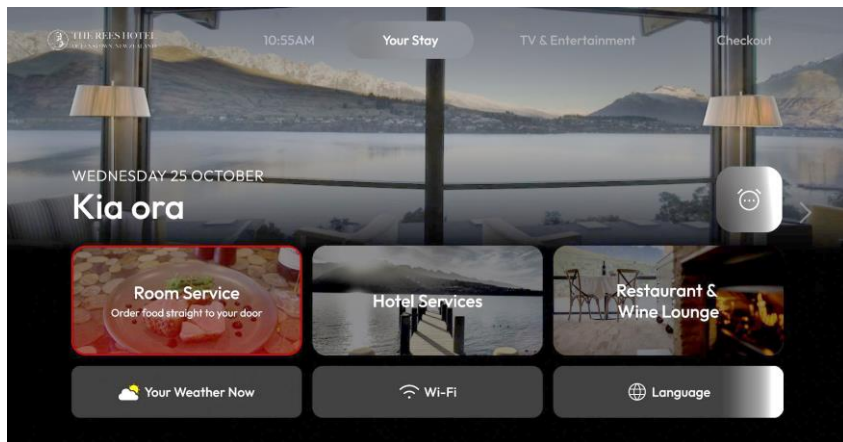
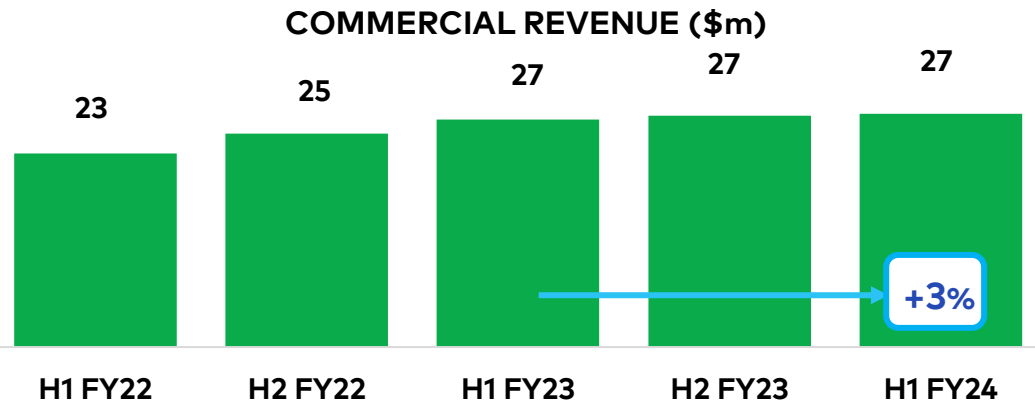
BROADBAND CUSTOMERS (000)



1. Includes add-ons such as land line, calling plans, Wi-Fi boosters and static IP fees.

Commercial

Innovation and positive sector trends providing opportunity



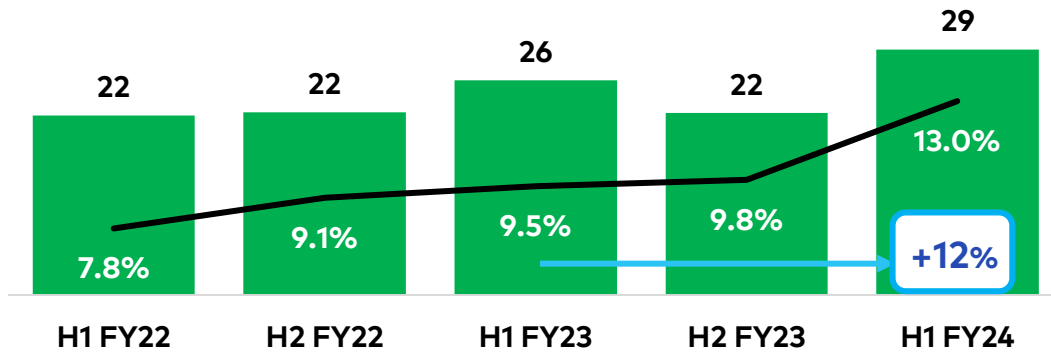
skyBUSINESS

- Accommodation segment benefitted from rising tourist numbers
- Opportunities include launch of Sky's premium accommodation solution through exclusive partnership with Hibox, digital upgrades and strengthening build rate
- Licensed premise segment delivered higher ARPU, including impact of value-based price rise (Mar 23)
- Small price increase for Retail customers (Mar 23). New market opportunity available through a commercial Sky Pod offer

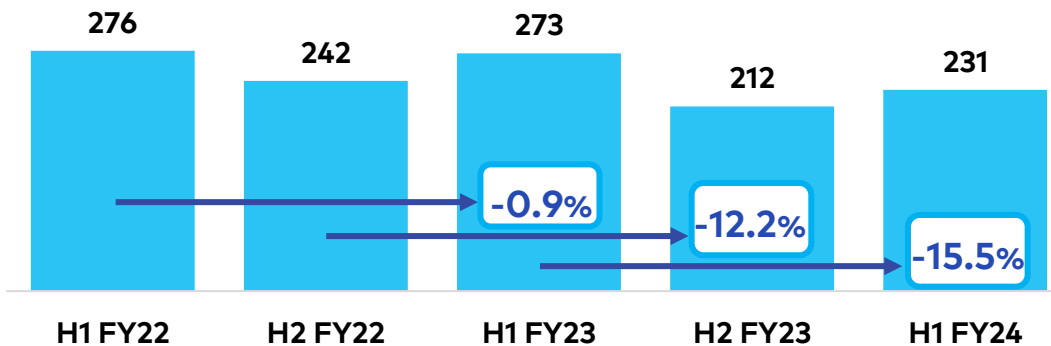
Advertising

Growing market share as H1 revenue expands

ADVERTISING REVENUE¹ (\$m) and REVENUE SHARE² (%)



TOTAL MARKET REVENUE AND HY CHANGE² (%)



sky SALES

- Revenue market share grew 37% (+3.5ppts) compared to a 15.5% fall in total TV (linear) advertising spend
- Revitalised offering generated additional value from content by creating new integration opportunities and formats e.g. UBER Rugby World Cup campaign
- Neon digital opportunity developed at pace in H1 and launched in Jan 2024. Attracting over 50 top-tier brands to the first SVOD opportunity in New Zealand



Financial Performance



Financial Performance

Positive performance across all key metrics

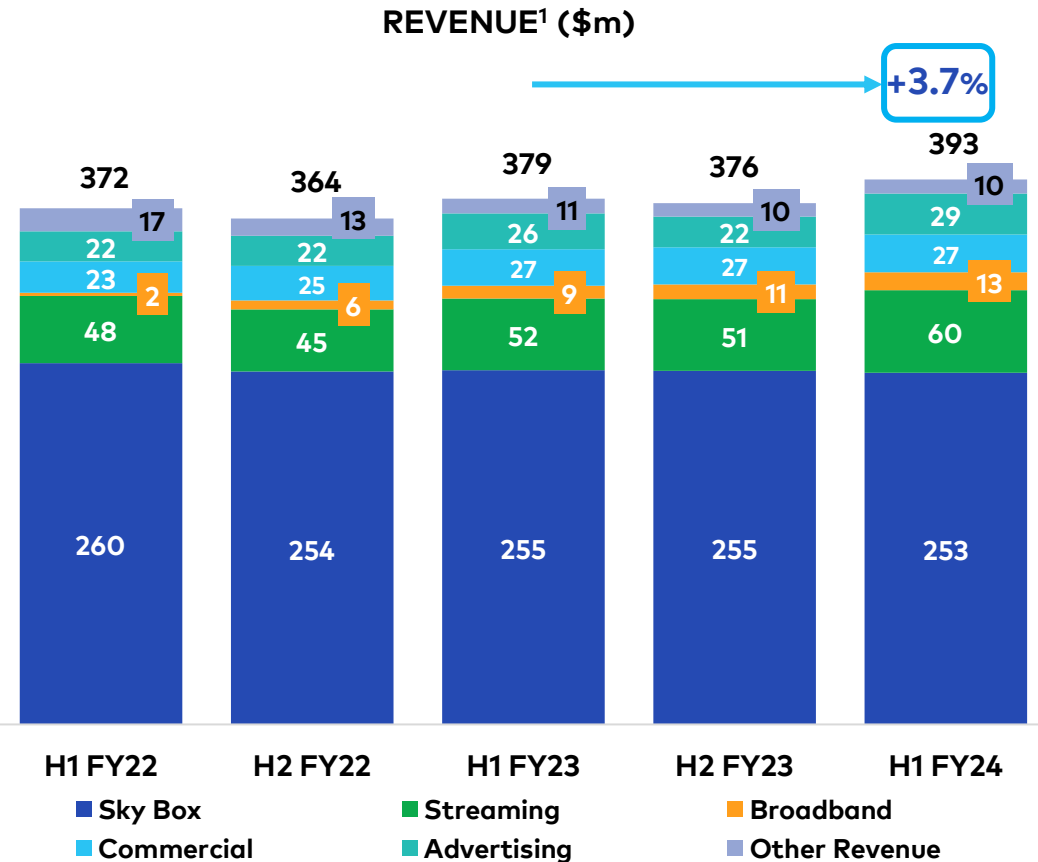
\$m	H1 2024	H1 2023 ¹	% change
Revenue	392.7	378.6	↑ 3.7%
Operating Expenses	311.1	306.7	↔ 1.5%
EBITDA	81.7	73.5	↑ 11.1%
Depreciation & Amortisation	41.2	36.0	↑ 14.3%
Net Profit after Tax	29.0	26.2	↑ 10.5%
Capex	36.9	40.2	↓ (8.1%)
Free cash flow before distributions	6.8	2.0	↑ 247.1%

- Positive financial performance, with Revenue, EBITDA, NPAT and CAPEX tracking in-line within guidance
- Continued revenue growth included price rise impact on ARPU and strong performance in Sky Sport Now, Advertising and Broadband in the current half year and VTV fee impact in the prior period
- EBITDA growth of 11.1% largely driven by revenue growth and delivery of targeted savings
- NPAT growth at a slightly lower rate than EBITDA due to increased depreciation
- Two small adjustments made to prior half numbers, with minimal net impact to P&L (<\$0.1m)



Revenue

Strategy execution delivers continued growth trajectory



- Strategic focus on growing revenue is delivering sustained positive trajectory - 3-year CAGR of 3.5%
- Strong growth in newer revenue categories (Streaming, Broadband and now Advertising) broadening revenue base
- Consistent performance in Sky Box underpinning revenue strength

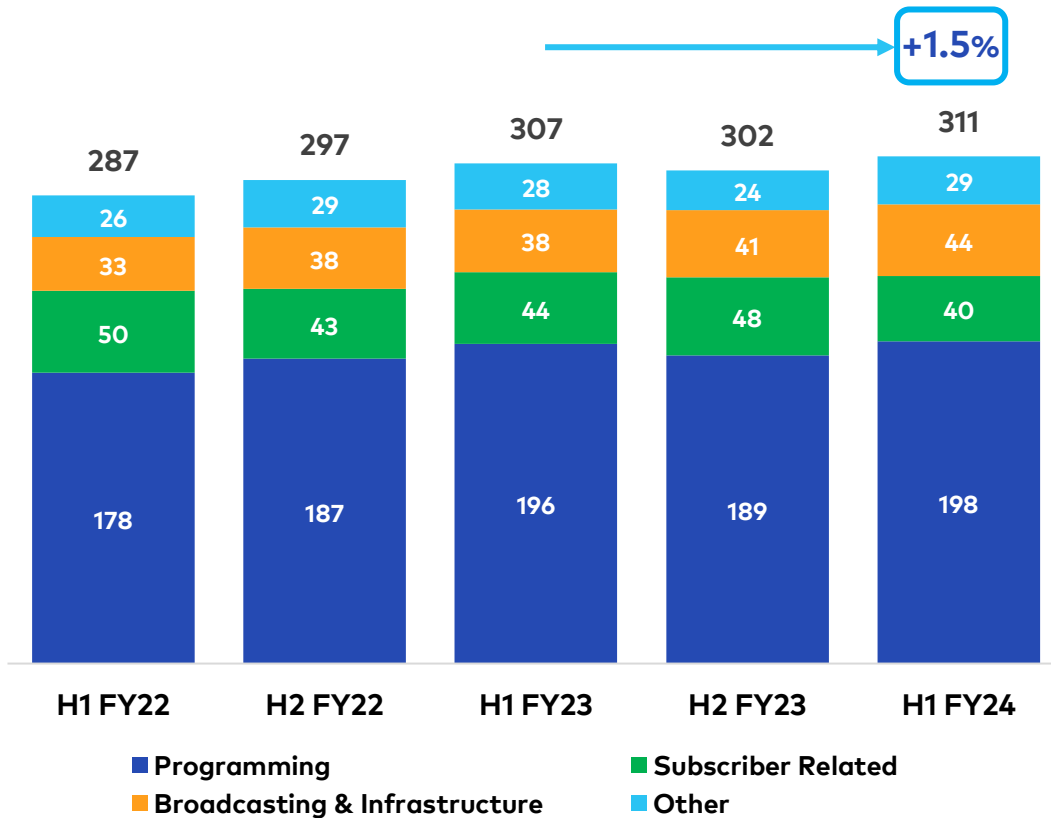
1. Comparative balances have been restated as set out in note 14 of the Interim Financial Statements.



Expenses

Targeted savings delivered as planned

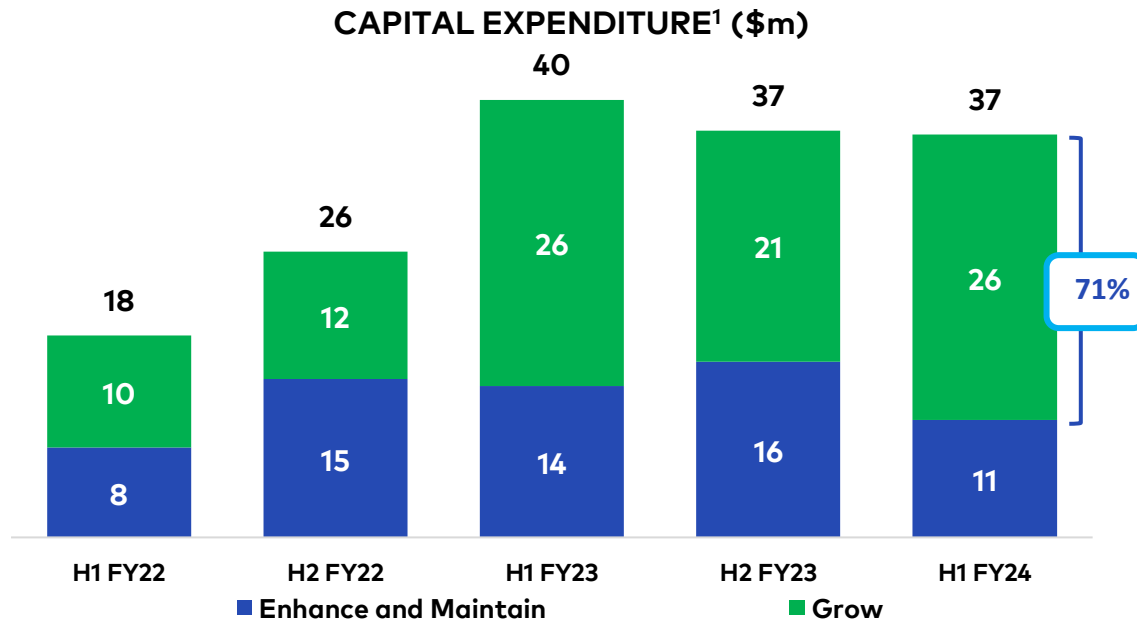
OPERATING EXPENSES¹ (\$m)



- Programming costs increase of \$1.7m year on year included full period impact of known rights wins and renewals (NRL, World Rugby, Formula 1) and one-off events (e.g. ICC World Cup) largely offset by:
 - data driven content choices
 - optimisation of programming operations
 - lower entertainment costs due to content delays, and
 - non-repeated events in the prior period (e.g. Commonwealth Games, FIFA Men’s World Cup)
- Subscriber related costs significantly reduced through partial outsourcing of customer care and fully outsourced logistics
- Broadcasting and infrastructure includes cost of growth in Broadband, Streaming and new Sky Box
- Other includes increase related to growth in Advertising and investment in people

Capital Expenditure

Growth focused investment accelerates



- Investing at scale to enable rollout of new products to customers through increased spend in growth focused capex
- Capturing efficiencies through optimising new Sky Box logistics. 95% self-install rate achieved in H1 benefits FY24 spend and will lead to reduced capex intensity during FY25
- Other growth category spend includes development for new product features and advertising technology

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24
CAPEX / Revenue %	5%	7%	11%	10%	9%
Growth Spending %	55%	45%	65%	57%	71%

Free Cash Flow

\$71.5m of cash from operations enabling investment and returns

\$m	H1 2024	H1 2023 ¹	Impact on FCF %
EBITDA	81.7	73.5	11.1%
Adjustment for non-cash items	0.8	1.2	(31.1%)
Other	0.5	1.6	(71.6%)
Movement in working capital	(11.5)	(6.7)	71.8%
Cash generated from operations	71.5	69.6	2.7%
Net financing	(1.6)	(2.1)	(25.7%)
Tax	(7.0)	(10.2)	(31.4%)
Capex	(41.4)	(40.2)	3.1%
Leasing	(14.7)	(15.2)	(3.4%)
Free cash flow before distributions	6.8	2.0	247.1%
Net capital return and share buyback ²	(1.2)	(70.5)	(98.2%)
Dividends ³	(14.3)	(13.8)	3.4%
Free cash flow after distributions	(8.7)	(82.3)	(89.5%)
Opening cash and cash equivalents	56.1	138.9	(59.7%)
Closing cash and cash equivalents	47.4	56.6	(16.3%)

- 2.7% growth in cash generated from operating activities
- Working capital movement largely reflects prior period content payments. Expected to stabilise into FY25
- Higher capex cashflow in H1 2024 relates to timing of payments
- Total distribution to shareholders and other capital management of \$15.5m included \$14.3m final FY23 dividend payment and \$1.2m used to purchase Sky shares
- Cash balance remains strong at \$47.4m with an undrawn facility of \$150 million



Looking Ahead



Capital Management Update

Dividend uplift and confidence in cash generation driving additional capital management action

Dividend Policy	<p>Interim dividend increased to 7.0 cps (+17%)</p> <p>FY24 guidance increased to at least 17.5 cps (+17%)</p>
Share Buyback	<p>New on-market buyback for up to \$15 million (immediately following the completion of the current programme)</p> <ul style="list-style-type: none">• Current buyback programme to recommence shortly with scheduled close date of 31 March 2024• Sky's strong financial position and cash generation provide scope for additional capital management

Outlook and FY 2024 Guidance

\$m	FY 2024 guidance ¹ (24 Aug 2023)	FY 2024 guidance ¹ (updated 22 Feb 2024)
Revenue	765 - 795	765 – 780
EBITDA	150 – 165	unchanged
NPAT	45 – 55	unchanged
Capex ²	75 - 90	unchanged
Dividend	at least 15 cps	at least 17.5 cps

- Updated FY24 Revenue guidance reflects a gradual return of acquisition driving content for Neon and increased economic headwinds
- FY24 EBITDA and NPAT expectation remain in line with earlier guidance
- As signaled, FY24 capex guidance excludes one-off satellite mitigation costs (now expected to be \$8m), with further spend in FY25. Equivalent Optus rebates will flow through leasing line in FY25 and FY26
- While capex will remain elevated, the impact of optimisation initiatives will begin to reduce capex intensity during FY25
- FY24 dividend guidance increased by 17% to at least 17.5 cents per share

3-year Targets (to FY26)

Revenue growth
+3% - 4% p.a.

EBITDA Margin
21% - 23%

Programming
47% - 49%
of revenue

Capex returned to
7% - 9% of revenue

Employee engagement
+14pts

Customer NPS
+19pts

Double the FY23 dividend

Questions



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