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21 February 2025

Sky releases half year financial results, with an emphasis on underlying results and dividend

Sky Network Television Limited (Sky) has today released Interim Results that reflect the challenging impact of the satellite migration project and prolonged economic headwinds. The results also include a number of one-off items (largely non-cash or expected to be cash neutral) that mask a more positive underlying result, noting that Sky's dividend is protected from one-offs.

Key points:

- Migration to a new satellite on an accelerated timeframe has been the main priority in the period and remains the main priority into H2. This has necessitated delaying planned projects, including some revenue-generating initiatives. Key migration milestones have been achieved, and Sky remains focused on delivering a successful migration this Financial Year, although this is still not without risk.
- Programming costs are heavily weighted towards the first half. This situation reverses in H2 2025, and Sky expects costs to be broadly flat year on year by the end of FY25.
- Reflecting the confidence of the Board and Management in Sky's financial outlook, Sky's Board has declared an Interim Dividend of 8.5 cents per share (fully imputed). Dividend guidance is unchanged at no less than 21 cents per share. Sky remains confident of progress towards the targeted dividend level of 30 cents per share in FY26.
- Consistent with previous advice regarding revenue softness, and given the weak economy and the necessary focus on satellite migration, Sky has provided updated guidance which narrows and slightly lowers the previously published FY25 ranges of Revenue, EBITDA and NPAT.
- Sky's underlying strategy and business model remain sound, with positive trends evident.

Chief Executive Sophie Moloney said: "This has been a difficult half year, due to both the interruptions flowing from Project Migrate and the ongoing economic pressures facing businesses and consumers. While there are some one-off factors impacting our results, the fundamentals of our strategy and progress against our priorities remain a cause for optimism."

"We are seeing positive signs in our revenue growth engines of Streaming, Advertising and Broadband. It is also very pleasing to report that over 30% of Sky Box customers have now upgraded to the new Sky Box, with all the advantages that brings for the customer experience. This now includes the game-changer of automatic failover to IP if there is a satellite signal interruption, including from rain fade."

"In an exciting development for Sky's cricket fans, we are delighted to announce a new partnership with New Zealand Cricket for all international matches played by the BLACKCAPS and WHITE FERNS in New Zealand, for six years from the 2026-27 cricket season."

“Discussions concerning the renewal of New Zealand Rugby and SANZAAR rights are ongoing, whilst noting that the appointment of the new NZR Board has impacted negotiation timelines. The financial terms of any renewal must make economic sense for our customers and our shareholders.”

Financial performance

Sky’s first half result includes several one-off items that mask a more positive underlying performance of the business. They include satellite migration (largely cash neutral by FY26), accelerated content amortisation and lease modification (both non-cash), and organisational transformation. It is therefore appropriate to discuss the underlying numbers when assessing Sky’s first half performance against H1 FY24.

Revenue at $385 million is 2% lower against a particularly strong comparator. While churn levels of Sky Box customers have reduced compared with H2 FY24, some softness in Sky Box revenues has continued into H1 FY25, with a partial revenue offset from growth in Streaming, Broadband, and Advertising (which delivered 6% growth YOY), and a solid contribution from Commercial.

Underlying Expenses (excluding the impact of one-off items) were heavily weighted to the first half at $325.6 million (Reported $347.9m), due to the timing of events such as the Paris Olympics. This situation will reverse in the second half, and Sky expects to report close to previous run-rates for the full year.

These reductions are readily achievable given the level of known commitments, and with no shortage of quality content already in the pipeline for the second half. This content includes the return of Super Rugby Pacific, the NRL and the ICC Champions Trophy, along with The White Lotus on Max, available across our platforms.

On an Underlying basis, EBITDA was $60.7 million (Reported $43.2m) with Net Profit After Tax of $10.9 million (Reported -$1.7m), largely reflecting the weighting of costs to the first half.

Free Cash Flow was $7.5 million, slightly ahead of last year.

Sophie Moloney commented: “At a high level, while the first half revenue miss is inconsistent with our strategic plan, driving improved margins through returning to a growth footing and continuing to manage the cost base remains firmly in focus.”

“On the revenue side, our full year forecast is largely impacted by the ongoing weak economic environment, coupled with the in-year impacts of Project Migrate. The latter has directly impacted revenue-generating activities planned for FY25 as resources were necessarily diverted. With migration on track for completion this FY our focus will return to delivering these opportunities in FY26.”

“Critically, on the cost front, this year is a turning point for Sky as we move from a previous pattern of high cost, low-to-no-margin historic rights deals, to a lower programming spend to revenue ratio during FY26. This in turn creates the flexibility to invest in ways that further enhance customer experience based on analysis of our rich data sets which increasingly allow us to identify opportunities for audience growth.”

Project Migrate

Sky’s update on 14 February provides information on the progress of the new satellite. Although no satellite transition is risk free, testing is underway and recent achievement of key milestones gives

Management confidence that the successful migration of hundreds of thousands of Sky Box customers to the new satellite should be completed in early April.

As outlined in the Chief Executive's letter accompanying the Results today, there have been impacts to some customers due to an unexpected reduction in signal strength resulting from the inclination of the current D2 satellite, coupled with scheduling difficulties with some technician visits. While technical fixes in recent weeks have improved the signal strength across the country and greatly reduced the level of demand on customer service areas, the disruption and frustration for around 5% of Sky Box customers is unacceptable. The Sky team, supported by business partners, is working hard to remedy these shortcomings.

While Sky will not have certainty regarding the final financial impact of the satellite migration project until the successful transition is achieved, Management continues to believe that the programme will be largely cash neutral by the end of FY26 thanks to support from Optus.

Capital Management

The current share buyback remains in place with $7.8 million remaining to deploy. As previously indicated, this was paused throughout H1 given the ongoing rights negotiations with NZR, and the buyback remains suspended at this time.

The Board maintains its view that Sky's shares remain under-valued, and once the satellite migration and negotiations with NZR have been concluded, further capital management initiatives, including the option to introduce a prudent amount of leverage to the balance sheet, will be considered by the Board.

Sky remains in a healthy fiscal position, with a strong balance sheet, including a $100m undrawn bank facility, and proven ability to generate free cash.

The Board remains confident in the longer-term trajectory of the business and its ability to deliver sustainable free cash flow, which is reflected in an increased interim dividend of 8.5 cents per share, fully imputed. This represents a year-on-year increase of 21.4%.

Outlook

Sky's multi-product, multi-platform strategy remains a key competitive advantage, providing customers with choice in the way they engage with Sky's unrivalled content. At the same time, notwithstanding the costs to serve, Sky's substantial, high value customer base is compelling for content partners and advertisers.

Against the focus of resources on the successful delivery of Project Migrate in H2, and with economic conditions expected to remain challenging in the near term, Sky has reviewed its full year 2025 guidance for Revenue, EBITDA and NPAT, and narrowed and slightly lowered the ranges[1]. Midpoints are now reset to the lower end of previous guidance.

- Revenue guidance is between $755 to $765 million
- EBITDA guidance is between $145m to $152.5 million
- NPAT guidance is between $35 to $42.5 million.

[1] Subject to no adverse change in operating conditions, including future economic headwinds. Guidance excludes one-offs associated with satellite migration, accelerated amortisation and transformation initiatives.

Sky's guidance for full year dividends has been held to at least 21 cents per share (fully imputed), and Sky remains confident of progress towards the targeted level of 30 cents per share by FY26.

ENDS

Authorised by: Kirstin Jones, Company Secretary

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Media queries to:
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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Sky Network Television Limited	
Reporting Period	6 months to 31 December 2024	
Previous Reporting Period	6 months to 31 December 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$384,761	2.0% decrease
Total Revenue	$384,761	2.0% decrease
Net profit/(loss) from continuing operations	$(1,958)	106.8% decrease
Total net profit/(loss)	$(1,750)	106.0% decrease
Interim Dividend		
Amount per Quoted Equity Security	$0.08500000	
Imputed amount per Quoted Equity Security	$0.03305556	
Record Date	7 March 2025	
Dividend Payment Date	21 March 2025	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.95283	$0.93792
A brief explanation of any of the figures above necessary to enable the figures to be understood	For further explanation refer to the Interim Report.	
Authority for this announcement		
Name of person authorised to make this announcement	Andrew Hirst	
Contact person for this announcement	Andrew Hirst	
Contact phone number	+64 21 621 114	
Contact email address	Andrew.Hirst@sky.co.nz	
Date of release through MAP	21/02/2025	

Interim financial statements accompany this announcement.

NZX NEW ZEALAND'S EXCHANGE TE PAEHOKO O AOTEAROA

Distribution Notice

Updated as at June 2022

Please note: all cash amounts in this form should be provided to 8 decimal places, including zeros (ie 0.01001000)

Section 1: Issuer information				
Name of issuer	Sky Network Television Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	SKT			
ISIN (If unknown, check on NZX website)	NZSKTE0001S6			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	07/03/2025			
Ex-Date (one business day before the Record Date)	06/03/2025			
Payment date (and allotment date for DRP)	21/03/2025			
Total monies associated with the distribution	$11,702,376			
Source of distribution (for example, retained earnings)	Retained Earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	$0.11805556			
Gross taxable amount	$0.11805556			
Total cash distribution	$0.08500000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	$0.01500000			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	**Fully imputed** X			
	Partial imputation			
	No imputation			
If fully or partially imputed, please state imputation rate as % applied	28%			
Imputation tax credits per financial product	$0.03305556			
Resident Withholding Tax per financial product	$0.00590278			

Section 5: Authority for this announcement	
Name of person authorised to make this announcement	Andrew Hirst
Contact person for this announcement	Andrew Hirst
Contact phone number	+64 21 621 114
Contact email address	Andrew.Hirst@sky.co.nz
Date of release through MAP	21/02/2025

sky

2025 Interim Report

For the six months ended
31 December 2024

Chairman's Letter

Dear Shareholders,

It has been a challenging half year for Sky. When I addressed you at the Annual Shareholder Meeting in November, I reminded you of the two key priorities for the company to successfully navigate during FY25, namely: satellite migration and the renewal of the NZR rugby rights.

Dealing first with the latest on our migration to a new satellite, this remains the overarching priority for Sky over the next six months. This reflected advice from Optus, our satellite provider, that the current D2 satellite would need to be taken out of service significantly earlier than previously advised. Sky progressed a complex dual path satellite migration plan until the end of January 2025 when it became clear that the preferred satellite option, Koreasat 6, could be successfully inverted and drifted to the same orbital slot as the current D2 satellite. As announced on 14 February, this complex process is now complete, initial tests have been positive, and migration is on track for early April. However, some risk still exists in completing the migration to the new satellite.

As we have shared, a decision was made by Optus to put the existing D2 satellite into an inclined orbit to conserve fuel. Although significant modelling of the impact on signal strength of this inclined orbit was prepared by Optus, the signal strength on the ground, particularly in certain parts of the country, latterly did not behave as had been modelled resulting in an increasing number of customers losing reception for several hours each day, or in some cases completely. Sophie explains in her letter the customer service issues that this created. At the same time, working closely with Optus, a number of technical adjustments were developed and implemented. These improved signal strength from the satellite resulting more recently in a significant reduction in customers affected.

That said, and despite tireless efforts by the Management team and our partner, Downer, we fell short of the customer service levels to which we aspire. For this I apologise to all affected customers. Put simply, our call centres and field engineering resources were overwhelmed by the sheer volume of calls. Following the technical adjustments referenced above, the number of incoming calls and daily technician visits have now returned to more normal levels.

As previously advised, existing agreements with Optus provide for financial support to Sky to meet the necessary investment to transition to the new satellite. We are in constructive discussions to agree additional financial support for the incremental revenue and cost impacts resulting from the events described above. Whilst we will not have certainty regarding the final cost of the satellite migration project until the transition in early April, Management continues to believe given the anticipated level of compensation from Optus that the programme will be largely cash neutral by the end of FY26.

New Zealand Rugby

The second key priority for Sophie and her team that I mentioned at the Annual Shareholder Meeting was the negotiation of a new rights agreement with New Zealand Rugby and SANZAAR, to replace the current 5-year contract which runs until the end of this calendar year. It is disappointing that I have no substantive news on this to report, but we acknowledge that governance changes at NZR, including the appointment of a new Board with effect from 1 February, have necessarily slowed down the process. Whilst the agenda for the new NZR board is doubtless wide ranging, we will continue to discuss renewal options in good faith, against the backdrop that the financial terms of any renewal must make economic sense for our customers and our shareholders.

Wider content landscape

The Content Rights Committee of the Board has worked hard over the half year, providing challenge and counsel to Management on a number of rights transactions. Pleasingly, we concluded a number of successful renegotiations during the first half, including the announcement that Sky is the exclusive home of Max content in New Zealand, through an expanded agreement with Warner Bros. Discovery. Alongside the expanded BBC agreement, this was another example of the strength of our offering for content partners and contributes to an enhanced entertainment portfolio that delivers the best of international content alongside an increasingly strong Sky Originals slate of quality local content.

Business performance in context

The Half Year results that we present to you today show a small net loss after tax of $1.7m reflecting the weak economy and the priority that has been placed on Project Migrate at the expense of pursuing other revenue-generating opportunities. This result also includes a number of one-off items within our financial results that mask a more positive underlying performance of the business.

In addition to presenting our usual financial results, in this instance we believe it is also important to share adjusted numbers to allow shareholders to understand the underlying trend from the FY24 to FY25. To assist, we have provided a table of adjustments on page 6.

On an adjusted basis the net profit after tax was $10.9m. The adjusting items are predominantly non-cash (in the case of content amortisation) or potentially cash neutral (in the case of satellite migration). Some reflect investment that should facilitate improved operational or financial outcomes in future years.

Management always budgeted for a much stronger H2 than H1 in FY25 due primarily to the timing of certain costs (for example the quadrennial rights to the Olympic Games falling into H1). Whilst the first months of H2 will continue to be disrupted by the satellite migration, Management is confident that the financial results in H2 will be significantly stronger. In late 2025 or early 2026 commentators expect that the economy, widely regarded as having suffered the worst downturn since the early 1990s, will finally strengthen and provide further support to Sky's profitability.

Looking ahead to the full year, the Board has reviewed our guidance ranges published in August 2024, and consistent with our earlier advice on revenue softness given the weak economy, combined with the distraction of the satellite migration, has concluded when approving these Interim Results that it is appropriate that guidance ranges should be adjusted. Further details are included in Sophie's letter.

Once the satellite transition is behind us and with the eventual improvement in the current economic cycle, we look forward to demonstrating the benefits of the actions that Management has taken, and the investment we have made for the future.

Strong Balance Sheet

In the meantime, Sky remains in a healthy fiscal position, with a strong balance sheet, including a $100m undrawn bank facility, and proven ability to generate free cash.

On this basis, your Board remains confident in the longer-term trajectory of the business and its ability to deliver sustainable free cash flow, which is reflected in an increased interim dividend of 8.5 cents per share, fully imputed. This represents a year-on-year increase of 21%.

Our full year dividend guidance of at least 21 cents per share remains unchanged, as does Management's confidence in delivering the targeted dividend of 30 cents per share next year.

Capital Management

The current buyback remains in place with $7.8 million remaining to deploy. However, as previously indicated this was paused throughout H1 given the ongoing rights negotiations with NZR. Given these negotiations remain ongoing, the buyback will remain suspended for the time being. That said, your Board maintains its view that Sky's shares remain under-valued, a view supported by the EBITDA multiple disclosed in DAZN's acquisition of Foxtel. As previously stated, once the satellite migration and negotiations with NZR have been concluded, further capital management initiatives, including the option to introduce a prudent amount of leverage to the balance sheet, will be considered by the Board.

Conclusion

I would like to thank the Board for their support and counsel during this challenging period. This involved a number of unscheduled meetings to receive updates on the satellite migration programme and the rising customer service challenges after D2 was placed into an inclined orbit.

On behalf of the Board I would also like to thank Sophie, her Leadership Team, and every member of the Sky team for their hard work on the challenges that faced the business. Without their dedication and hard work, we would not be where we are today.

As always, our thanks to you, our shareholders, for your continued support. I look forward to updating you again when we announce our full year results towards the end of August.

Finally you have my commitment that all the Sky team will continue to work tirelessly with our partners, Optus and Downer, to make the remaining weeks of this satellite transition as smooth as possible for every one of our customers.

Philip Bowman
Independent Chairman

CEO's Letter

Dear Shareholders,

As Philip has shared in his letter, our satellite migration project (Project Migrate) remains our number one priority to deliver in this Financial Year (FY). Despite the recent challenges faced by some of our Sky Box customers, we are on target to complete this migration by early April. I will touch on the key impacts of this business-critical project, along with the continued delivery of our four other priorities as your company continues to deliver on its strategic plan for FY25.

H1 Financial Performance

Before doing so, I want to focus on the performance of the business. Given the one-off adjustments in the period, it is appropriate to consider underlying numbers when assessing Sky's first half results.

As signalled at our Annual Shareholder meeting, Revenue was $385 million, 2% lower against a particularly strong comparator. In addition, the economic headwinds of H2 FY24 meant we started the current period with lower Sky Box customers and thereby revenues, with a partial revenue offset by growth in Streaming, Broadband, and Advertising, and a solid contribution from Commercial.

As we've previously advised, Underlying Expenses were heavily weighted to H1 at $325.6 million. This essentially flows from the Programming line, due to timing of events such as the Paris Olympics, and we expect this to reverse in the second half, meaning we will be close to previous run-rates for the full year. These reductions are readily achievable given the level of known commitments, and with no shortage of quality content already in the pipeline for the second half, such as the return of Super Rugby Pacific, the NRL and the ICC Champions Trophy, along with The White Lotus on Max, available across our platforms.

On an Underlying basis EBITDA was $60.7 million with Net Profit After Tax of $10.9 million (but again, reflecting the weighting of costs to the first half), and therefore down from $81.7 million and $29.0 million respectively in the prior year.

Free Cash Flow was $7.5 million, slightly ahead of last year.

At a high level, while the first half revenue miss is inconsistent with our strategic plan, driving improved margins through returning to a growth footing and continuing to manage the cost base remains firmly in focus.

On the cost front, critically, this year is a turning point for Sky as we move from a previous pattern of costly, low-to-no margin historic deals to a lower programming spend to revenue ratio during FY26. This in turn creates the flexibility to invest in the way that makes sense for our customers, this business and our investors based on our rich data sets and where we see opportunities for audience growth.

On the revenue side, our full year forecast is largely impacted by the ongoing weak economic environment coupled with the impacts of Project Migrate. The latter has directly impacted revenue-generating activities planned for FY25 as resources were necessarily diverted. This market context reinforces the importance of our free-to-air coverage via Sky Open supported by our advertising partners, along with the access our commercial customers provide to our full suite of premium sport at their premises right across the country.

Turning then to specific customer impacts of Project Migrate before considering our four other strategic priorities.

Project Migrate – Customer Impacts

Project Migrate is a one-off impact during this half year and we have needed to deal with the project's complexity and speed given the significantly accelerated timeframes unexpectedly placed upon us at the start of the financial year.

In terms of the customer impacts, the cause of the significant uplift in calls into the contact centre and resultant increase in technician call-outs was the unexpected reduction in signal strength due to the inclination of the current D2 satellite. This signal strength reduction resulted in pixelation of content for some customers, with others simply getting a 'no-satellite signal' or T100 message. The technical fixes Philip mentioned have improved the signal strength across the country and thereby greatly reduced the demand into our customer service areas in recent weeks.

While around 95% of our customers have not experienced any issues, for those who have been impacted it has been a very frustrating experience, especially for those customers who encountered several rescheduled technician visits without sufficiently clear communication of the rescheduled dates. This communication issue was primarily driven by the unplanned uplift in volumes, and credits have been offered to those customers directly impacted.

We are keenly attuned to the poor customer experience but to provide context on the scale of the demand, the inbound technical calls into our Customer Care centre rose during January by 61%, and service call-outs more than doubled (to 500 per day).

Notwithstanding these justifiable customer concerns, I am immensely proud of the team's efforts to date, noting that there remain a number of key milestones in front of us to ensure a smooth transition to the new satellite in early April, which we will keep proactively communicating with customers about in the coming weeks.

The fundamentals remain strong

Shifting gears again to the strategy of your company, while the combination of the 'market and migrate' has interrupted our progress from a half year results perspective, the fundamentals of our strategy and progress against our four other priorities remains a cause for optimism. In this FY, we are:

- deploying the new Sky experience at pace (now attached to 30% of the Sky Box base) to deliver the NPS and operational benefits of this new experience for our customers, which now includes the game-changer of automatic failover to IP if there is a satellite signal interruption, including from rain-fade;
- accelerating our advertising capability to further diversify our revenue base, with a focus on digital and our data that includes the H1 launch of dynamic ad insertion (DAI) on Sky Sport Now, which is another game-changer meaning no additional ads but simply making them more targeted. It is the same underlying digital technology that will also power DAI on Sky GO, Sky Pod and the new Sky Box;
- deepening our customers' engagement in our content and our understanding of what content to renew, let go or go after based on our rich data insights; and
- investing in our leaders and our people to grow their engagement at work, while partnering with experts to extend our teams' capabilities, with increased capacity at scale.

At a higher level, our multi-product, multi-platform strategy remains a key competitive advantage, providing customers with choice in the way they engage with Sky's unrivalled content. At the same time, notwithstanding the costs to serve as referenced in the customer call numbers mentioned above, our substantial, high value customer base is compelling for content partners and advertisers.

OUR PURPOSE

Share Stories. Share Possibilities. Share Joy.

OUR AMBITION

To be Aotearoa NZ's most engaging and essential media company

FY25 PRIORITIES

Successful delivery of Project Migrate

Grow engagement together	Accelerate advertising	Deepen content engagement	Supercharge new Sky experience

OUR ENDURING COMMITMENT

A responsible and sustainably profitable, Aotearoa-focused business

Looking ahead

Against the focus of resources on the successful delivery of Project Migrate in H2, and with economic conditions expected to remain challenging in the near term, we have reviewed our full year 2025 guidance for Revenue, EBITDA and NPAT. The ranges have been narrowed and lowered, with midpoints now reset to the lower end of previous guidance.

This sees Revenue guidance moving to between $755 million to $765 million, EBITDA guidance of between $145 million to $152.5 million, and NPAT guidance of between $35 million to $42.5 million. We note satellite migration, accelerated amortisation and transformation one-offs are excluded. Capex guidance, which excludes satellite migration spending and associated cash support from Optus that comes through our leasing line, remains unchanged.

As Philip shared, our guidance for full year dividends has been held to at least 21 cents per share (fully imputed), and we remain confident of progress towards the targeted level of 30 cents per share by FY26.

Thank you

In closing, I would like to acknowledge the additional support and helpful challenge provided by the Board during the period, no matter the time of day or night. This has been invaluable, and I am grateful for the combined experience of our Directors and the care demonstrated in their stewardship of Sky.

I want to thank my team for their extraordinary hard work in this very busy period. The leadership, collaboration, agility and resilience being displayed on a daily basis has been very impressive and inspiring.

In terms of my Executive team, we have welcomed Kym Niblock as Chief Digital and Technology Officer. Kym is a highly experienced and innovative digital leader with over 30 years of experience in the media sector both here and abroad, and she is already making a positive impact at Sky as an enterprise leader with deep technical expertise.

We also recently welcomed Andrew Hirst who returns to Sky as Interim CFO following a handover from Ciara McGuigan. Ciara leaves Sky with our thanks for her contribution which included improving Sky's annual planning processes and strengthening the finance leadership team which now reports into Andrew. Andrew's deep knowledge of our business is invaluable, and we are pleased to have resecured his expertise.

To our shareholders, many of whom are also customers, I thank you for your support and your ongoing interest in our company. I look forward to sharing the news of our successful satellite migration and the continued delivery of our strategy as we revert to normal service and a focus on what is on our screens, not how it gets there!

Sophie Moloney
Chief Executive

Understanding Sky's underlying results

Sky's Interim Results include the impact of a number of one-off items that mean it may be difficult to assess the underlying performance of the business during the current period. For this reason, in addition to Reported results, we have also provided Adjusted numbers (Non-GAAP financial measures) that enable a like for like comparison.

There are four categories of one-off items included in the adjusted numbers impacting Revenue, EBITDA, Net Profit After Tax, and Capex:

- Accelerated content amortisation: is a non-cash cost resulting from a change in the amortisation methodology for Neon.
- Organisational transformation: relates to costs resulting from organisational change.
- Satellite migration: relates to revenue and cost impacts resulting from the migration to the new satellite in early April 2025.
- Lease modification: relates to Other Income resulting from a modified (shortened) lease term for the existing satellite lease.

The following information is provided as supplementary information to the 2025 Interim Financial Statements:

In NZD millions	H1 2025 Reported	H1 2025 Adjusted	H1 2024 Reported	% change Reported	% change Adjusted
Revenue	**384.8**	**385.0**	**392.7**	**-2.0%**	**-2.0%**
Operating Expenses	347.9	325.6	311.1	11.8%	4.6%
EBITDA	**43.2**	**60.7**	**81.7**	**-47.1%**	**-25.6%**
Depreciation & Amortisation	43.1	43.1	41.2	-4.5%	-4.5%
Net Profit after Tax	**(1.7)**	**10.9**	**29.0**	**-106.0%**	**-62.3%**
Capex[1]	43.8	38.5	36.9	18.7%	4.4%

1. Capex adjustment relates to satellite migration capex.

Summary of Adjustments:

In NZD millions	31-Dec-24
Statutory loss after tax	(1.7)
Adjustments to earnings as follows:	
Accelerated content amortisation[1]	18.3
Organisational change cost[2]	2.8
Satellite migration costs[3]	1.3
Gain on satellite lease modification[4]	(4.9)
Tax effect on above adjustments	(4.9)
Total adjustments	**12.6**
Adjusted profit after tax	**10.9**

1. Refer to note 3 and 8 of Interim Financial Statements.
2. Redundancy costs in relation to organisational changes.
3. Satellite migration costs including incremental subscriber management ($1.1m) and customer transmission service credits ($0.2m).
4. Refer to note 9 of Interim Financial Statements.

Our 2025 Interim Financials

For the six months ended
31 December 2024

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2024 (unaudited)

In NZD 000	Notes	31-Dec-2024 (6 months)	31-Dec-2023 (6 months)	30-Jun-2024 (1 year audited)
Revenue	4	384,761	392,687	766,734
Other income	9	6,319	127	471
Expenses				
Programming	8	227,650	197,863	391,630
Subscriber related costs		38,661	39,763	80,566
Broadcasting and infrastructure		50,446	44,241	87,239
Depreciation, amortisation and impairment		43,066	41,204	83,271
Other costs		31,133	29,278	54,735
Total operating expenses		**390,956**	**352,349**	**697,441**
Finance income		790	2,495	3,602
Finance expense		3,345	2,515	4,659
(Loss)/Profit before tax		(2,431)	40,445	68,707
Income tax (credit)/expense		(681)	11,479	19,484
(Loss)/Profit for the period		**(1,750)**	**28,966**	**49,223**
Attributable to				
Equity holders of the Company		(1,958)	28,848	48,964
Non-controlling interests		208	118	259
		(1,750)	**28,966**	**49,223**
Earnings per share				
Basic and diluted earnings per share (cents)	12	(1.42)	20.07	34.44
(Loss)/Profit for the period		(1,750)	28,966	49,223
Items that may be reclassified to profit or loss				
Deferred hedging gains/(losses) transferred to operating expenses during the period		10,199	(7,584)	247
Income tax effect		(2,856)	2,124	(69)
Net other comprehensive income/(loss) to be reclassified to profit or loss, net of income tax		**7,343**	**(5,460)**	**178**
Items that may not be reclassified to profit or loss				
Deferred hedging losses transferred to non-financial assets during the period		(247)	(1,651)	(1,649)
Income tax effect		69	462	461
Net other comprehensive loss not being reclassified to profit or loss, net of income tax		**(178)**	**(1,189)**	**(1,188)**
Total comprehensive income for the period		**5,415**	**22,317**	**48,213**
Attributable to				
Equity holders of the Company		5,207	22,199	47,954
Non-controlling interests		208	118	259
		5,415	**22,317**	**48,213**

Consolidated Interim Balance Sheet

As at 31 December 2024 (unaudited)

In NZD 000	Notes	31-Dec-2024	31-Dec-2023	30-Jun-2024 (audited)
Current assets				
Cash and cash equivalents	10	27,753	47,376	37,799
Trade and other receivables	10	56,514	57,648	72,441
Programme rights inventory	8	66,767	120,121	125,644
Income tax receivable		6,850	-	-
Derivative financial instruments	10	9,741	252	1,333
		167,625	**225,397**	**237,217**
Non-current assets				
Trade and other receivables	10	4,570	2,279	4,928
Property, plant and equipment		127,934	99,507	116,930
Intangible assets		60,956	61,573	60,117
Right of use assets		18,339	27,181	16,722
Deferred tax asset		-	7,092	-
Goodwill		244,264	244,264	244,264
Derivative financial instruments	10	2,253	71	1,206
		458,316	**441,967**	**444,167**
Total assets		**625,941**	**667,364**	**681,384**
Current liabilities				
Lease liabilities	9,10	11,569	19,301	9,335
Deferred obligation		-	-	8,126
Trade and other payables	10	103,586	109,377	133,747
Contract liabilities		54,350	55,431	56,535
Income tax payable		-	9,662	5,974
Derivative financial instruments	10	126	6,487	2,450
		169,631	**200,258**	**216,167**
Non-current liabilities				
Lease liabilities	9,10	15,406	15,050	15,377
Trade and other payables		302	412	583
Derivative financial instruments	10	741	2,979	335
Deferred tax liability		1,873	-	4
		18,322	**18,441**	**16,299**
Total liabilities		**187,953**	**218,699**	**232,466**
Equity				
Share capital	13	676,755	692,483	676,755
Reserves		7,700	(5,403)	359
Retained deficit		(248,054)	(239,652)	(229,575)
Total equity attributable to equity holders of the Company		**436,401**	**447,428**	**447,539**
Non-controlling interest		1,587	1,237	1,379
Total equity		**437,988**	**448,665**	**448,918**
Total equity and liabilities		**625,941**	**667,364**	**681,384**

Philip Bowman
Director and Chair

Keith Smith
Director, Deputy Chair and Chair of Audit and Risk Committee

For and on behalf of the Board 20 February 2025

Consolidated Interim Statement of Changes in Equity

As at 31 December 2024 (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 2024						
Balance at 1 July 2024	676,755	359	(229,575)	447,539	1,379	448,918
Profit for the period	-	-	(1,958)	(1,958)	208	(1,750)
Cash flow hedges, net of tax	-	7,165	-	7,165	-	7,165
Total comprehensive income/(loss) for the period	-	7,165	(1,958)	5,207	208	5,415
Transactions with owners in their capacity as owners						
Dividend paid[1]	-	-	(16,521)	(16,521)	-	(16,521)
Supplementary dividends	-	-	(989)	(989)	-	(989)
Foreign investor tax credits	-	-	989	989	-	989
Share based compensation reserve[2]	-	176	-	176	-	176
	-	176	(16,521)	(16,345)	-	(16,345)
Balance at 31 December 2024	**676,755**	**7,700**	**(248,054)**	**436,401**	**1,587**	**437,988**
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[4]	(1,235)	-	-	(1,235)	-	(1,235)
Transaction costs	(2)	-	-	(2)	-	(2)
Dividend paid[3]	-	-	(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[2]	-	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 year ended 30 June 2024 (audited)						
Balance at 1 July 2023	693,720	1,188	(255,554)	439,354	1,426	440,780
Profit for the period	-	-	48,964	48,964	259	49,223
Cash flow hedges, net of tax	-	(1,010)	-	(1,010)	-	(1,010)
Total comprehensive income for the year	**-**	**(1,010)**	**48,964**	**47,954**	**259**	**48,213**
Transactions with owners in their capacity as owners						
Share Buyback[4]	(16,931)	-	-	(16,931)	-	(16,931)
Transaction costs	(34)	-	-	(34)	-	(34)
Dividend paid[3,5]	-	-	(22,985)	(22,985)	(306)	(23,291)
Supplementary dividends	-	-	(1,678)	(1,678)	-	(1,678)
Foreign investor tax credits	-	-	1,678	1,678	-	1,678
Share based compensation reserve[2]	-	181	-	181	-	181
	(16,965)	181	(22,985)	(39,769)	(306)	(40,075)
Balance at 30 June 2024	**676,755**	**359**	**(229,575)**	**447,539**	**1,379**	**448,918**

1. Sky paid a dividend of 12.0 cents per ordinary share on 20 September 2024.
2. In August 2023 the Group approved a long term incentive plan and granted 408,415 shares to executives of the Group. In September 2024 a further 388,742 shares were granted to executives of the Group, refer to note 5.
3. Sky paid a dividend of 9.0 cents per ordinary share on 22 September 2023.
4. On 6 April 2023 and 1 April 2024 Sky commenced on-market share buyback programmes, refer to note 13.
5. Sky paid a dividend of 7.0 cents per ordinary share on 22 March 2024.

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2024 (unaudited)

In NZD 000	Notes	31-Dec-2024 (6 months)	31-Dec-2023 (6 months)	30-Jun-2024 (1 year) (Audited)
Cash flows from operating activities				
Profit before tax		(2,431)	40,445	68,707
Adjustment for:				
Depreciation, amortisation and impairment		43,066	41,204	83,271
Unrealised foreign exchange loss/(gain)		1,114	(1,175)	(1,575)
Interest expense		2,212	2,515	4,659
Interest income		(790)	(948)	(1,905)
Bad debts and movement in provision for doubtful debts		662	841	1,876
Accelerated amortisation of Neon and SoHo content		18,365	-	-
Other non-cash items		907	80	753
Movement in working capital items:				
Decrease/(increase) in receivables		9,643	(5,052)	(23,529)
(Decrease)/increase in payables		(37,155)	(22,034)	12,069
Decrease in programme rights inventory		40,564	15,581	10,559
Cash generated from operations		**76,157**	**71,457**	**154,885**
Interest paid		(2,098)	(2,374)	(4,631)
Interest received		790	948	1,905
Bank facility fees paid		(114)	(141)	(28)
Income tax paid		(12,000)	(7,000)	(13,000)
Net cash from operating activities		**62,735**	**62,890**	**139,131**
Cash flows from investing activities				
Acquisition of property, plant and equipment		(26,216)	(28,341)	(63,835)
Acquisition of intangibles		(14,566)	(13,070)	(24,872)
Net cash used in investing activities	7	**(40,782)**	**(41,411)**	**(88,707)**
Cash flows from financing activities				
Acquisition of ordinary shares through on-market share buyback		-	(1,235)	(16,931)
Transaction costs incurred		-	(2)	(34)
Payments for lease liability principal	9	(14,489)	(14,655)	(26,742)
Dividend paid to shareholders		(17,510)	(13,956)	(24,663)
Dividend paid to minority shareholders		-	(306)	(306)
Net cash used in financing activities		**(31,999)**	**(30,154)**	**(68,676)**
Net decrease in cash and cash equivalents		(10,046)	(8,675)	(18,252)
Cash and cash equivalents at the beginning of the period		37,799	56,051	56,051
Cash and cash equivalents at the end of the period	10	**27,753**	**47,376**	**37,799**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2024 (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 2024 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.

The Group's primary activity is to operate as a provider of sport and entertainment media services and telecommunications in New Zealand.

These consolidated interim financial statements were approved by the Board on 20 February 2025.

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 2024. They have been prepared in accordance with New Zealand generally accepted accounting practice, Interim Financial Reporting (NZ IAS 34) 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 2024. For the purposes of financial reporting Sky is a profit-oriented entity.

The preparation of interim financial statements in accordance with NZ IAS 34 and IAS 34 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 unaudited 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 2024	Interest held Jun 2024	Interest held Dec 2023
Sky DMX Music Limited	Commercial music	New Zealand	Sky	50.50%	50.50%	50.50%
Sky Ventures Limited	Did not trade	New Zealand	Sky	100.00%	100.00%	100.00%
Media Finance Limited	Did not trade	New Zealand	Sky	100.00%	100.00%	100.00%
Non Trading PS Limited (previously Outside Broadcasting Limited)	Did not trade	New Zealand	Sky	100.00%	100.00%	100.00%
Screen Enterprises Limited	Did not trade	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	Did not trade	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]	Did not trade	South Africa	Sky Investment Holdings Limited	-	81.00%	81.00%

1. On 2nd September 2024, Sports Analytics (Pty) Limited was removed from the company register.

3. Material 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 2024. 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 2024 financial statements that may be an impairment indicator as at 31 December 2024, having considered factors such as:

- The Group's half year results;
- 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 material impairment indicators as at 31 December 2024.

Capital structure

As at 31 December 2024 the Group had negative working capital of $(2.0) million (31 December 2023: $25.1 million; 30 June 2024: $21.0 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 $27.8 million and an undrawn banking facility of $100 million at 31 December 2024 (refer note 6).

Programming rights inventory

The cost of television programme inventory is recognised as programming rights in the Consolidated Income Statement over the period the Group utilises and consumes the programming rights, applying linear-broadcast and time-based methods of amortisation depending on the type of programme right and taking into account the circumstances primarily as described below.

These circumstances may change or evolve over time and, as such, the Group regularly reviews and updates the method used to recognise programming expense.

- Sports – the majority, or all of the cost, is recognised in the Consolidated Income Statement on the first broadcast or, where the rights are for multiple seasons or competitions, such rights are recognised principally on a straight-line basis across the contracted broadcast period or season.
- Movies – the cost is recognised in the Consolidated Income Statement on an "as played" basis and over the period for which the broadcast rights are licensed.
- Pass through channels – the cost is amortised in the month of activity.
- Neon's streaming content was previously amortised on a straight-line basis over the licence period. In the current year, the streaming content amortisation methodology has been reviewed and updated to better reflect current viewership behaviour. This represents a change in accounting estimate that have been adjusted prospectively, refer to note 8. The updated methodology is:
  - Neon's New content [1] is amortised over 24 months, with 65% of the value expensed in the first 6 months, 15% in the subsequent 6 months, and 20% in the second year.
  - Neon's Library content [2] which also includes Kids content and Sky Originals will continue to be amortised on a straight-line basis over the term of the licence.

The Group regularly reviews its programming rights for impairment. Where programme broadcast rights are surplus to the Group's requirements, and no gain is anticipated through a disposal of the rights, or where the programming will not be broadcast for any other reason, a write-down to the Consolidated Income Statement is made. Any reversals of inventory write-downs are recognised as reductions in operating expense.

1. New is defined as any programming (whether part of a series or one-off, scripted or non-scripted) that meets both of the following requirements a) they have not been previously made available in New Zealand (via any service, including Sky services) other than via home video, TVOD and EST; and b) the date of first transmission on Neon is no later than 3 years after the worldwide premier date.
2. Library is any programming that does not fall within the definition of New.

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 2024							
Revenue from customers	239,326	16,623	61,755	27,299	29,939	9,819	384,761
Total revenue	**239,326**	**16,623**	**61,755**	**27,299**	**29,939**	**9,819**	**384,761**
Timing of revenue recognition							
At a point in time	1,522	-	-	-	29,939	4,339	35,800
Over time	237,804	16,623	61,755	27,299	-	5,480	348,961
	239,326	**16,623**	**61,755**	**27,299**	**29,939**	**9,819**	**384,761**
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 year ended 30 June 2024 (audited)							
Revenue from customers	498,668	27,508	110,390	54,548	53,597	22,023	766,734
Total revenue	**498,668**	**27,508**	**110,390**	**54,548**	**53,597**	**22,023**	**766,734**
Timing of revenue recognition							
At a point in time	3,055	-	-	-	53,597	11,943	68,595
Over time	495,613	27,508	110,390	54,548	-	10,080	698,139
	498,668	**27,508**	**110,390**	**54,548**	**53,597**	**22,023**	**766,734**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive team who are the chief operating decision-makers. The Group's executive team is responsible for allocating resources and assessing performance of the operating segments. The Group 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-24	31-Dec-23	30-Jun-2024 (audited)
Income statement			
Remuneration of key personnel	3,585	3,082	6,324
Directors' fees	443	441	880
Total Related Party transactions through consolidated income statement	**4,028**	**3,523**	**7,204**
Balance Sheet			
Dividends paid to directors and key management personnel	147	76	154
Share based compensation reserve	176	58	181
Total Related Party transactions through consolidated balance sheet	**323**	**134**	**335**

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.

In September 2024 the Group, granted further 388,742 share rights to executives of the Group under the incentive plan.

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 base 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 conditions. The share rights approved in September 2024 had an estimated fair value of $501,477. The share rights approved in August 2023 had an estimated fair value of $547,276. The fair values were determined using a monte-carlo simulation model and encompasses the market-based vesting criteria. The key valuation assumptions are set out below:

Share based valuation assumptions	September 2024 Grant	August 2023 Grant
Grant date share price	$2.79	$2.70
Expected volatility	27.50%	33.70%
Maturity vesting date	3rd September 2027	4th September 2026
Dividend yield (over vesting period)	10.3%	9.0%
Risk free rate	4.30%	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

Bank loans

On 29 July 2024 the Group renegotiated the bank facility with a syndicate of banks comprising Bank of New Zealand, Commonwealth Bank of Australia and Westpac New Zealand Limited securing a facility of $100 million ending on 30 September 2027. The full facility remained undrawn at 31 December 2024.

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 2024 and no breaches are anticipated within the next 12 months.

Bank overdrafts of $285,000 (31 December 2023: $576,000; 30 June 2024; $33,000) 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-2024 (6 months)	31-Dec-2023 (6 months)	30-Jun-2024 (1 year) (audited)
Capital projects in progress (includes PPE & Intangibles)	17,710	8,366	5,235
Land and buildings	686	19	1,538
Broadcasting and studio equipment	7	-	6,413
Plant, equipment and other	100	75	2,199
Subscriber equipment	11,251	17,061	34,897
Installation costs	6,629	6,054	11,758
Intangibles	7,435	5,335	20,911
	43,818	**36,910**	**82,951**
Movement in capital expenditure creditors	(3,036)	4,501	5,756
Cash outflow in the period	**40,782**	**41,411**	**88,707**

8. Programme Rights Inventory

In NZD 000	31-Dec-2024	31-Dec-2023	30-Jun-2024 (audited)
Opening balance	125,644	134,812	134,812
Acquired during the period	143,982	159,315	335,548
Charged to programming expenses[1]	(202,859)	(174,006)	(344,716)
Balance at end of period	**66,767**	**120,121**	**125,644**

1. Represents programming rights costs only, excluding production and programming operations costs of $24.8 million.

Consistent with the Group's policy to regularly review the method used to recognise programming expense, Neon streaming content, which has previously been amortised on a straight-line basis over the licence period, has been updated to better reflect the Group's understanding of current viewership behaviour. This represents a change in accounting estimate that has been adjusted prospectively.

As a result of the change in amortisation methodology for Neon streaming content, an accelerated amortisation charge of $18.3 million (including SoHo accelerated amortisation) is recognised in the current period.

9. Lease Liabilities

This note provides information for leases where the Group is a lessee.

In NZD 000	Transmission	Property	Equipment	Motor vehicles	Total
For the six months ended 31 December 2024					
Balance at 1 July 2024	2,871	17,616	4,225	-	24,712
Additions for the period[1]	36,780	18	3,078	133	40,009
Lease modifications/reassessments[2]	(23,999)	-	-	-	(23,999)
Terminations	-	-	(1)	-	(1)
Add interest for period	764	538	100	2	1,404
Less repayments	(10,654)	(1,432)	(3,787)	(20)	(15,893)
Foreign currency revaluation	717	-	26	-	743
Balance at 31 December 2024	**6,479**	**16,740**	**3,641**	**115**	**26,975**
Current	6,479	2,852	2,172	66	11,569
Two to five years	-	10,066	1,469	49	11,584
More than five years	-	3,822	-	-	3,822
Balance at 31 December 2024	**6,479**	**16,740**	**3,641**	**115**	**26,975**
For the six months ended 31 December 2023					
Balance at 1 July 2023	19,510	20,413	9,388	2	49,313
Additions for the period	-	35	151	-	186
Terminations	-	(175)	-	-	(175)
Add interest for period	472	613	176	-	1,261
Less repayments	(10,778)	(1,528)	(3,607)	(2)	(15,915)
Foreign currency revaluation	(183)	-	(136)	-	(319)
Balance at 31 December 2023	**9,021**	**19,358**	**5,972**	**-**	**34,351**
Current	9,021	5,060	5,220	-	19,301
Two to five years	-	9,248	752	-	10,000
More than five years	-	5,050	-	-	5,050
Balance at 31 December 2023	**9,021**	**19,358**	**5,972**	**-**	**34,351**
For the year ended 30 June 2024 (audited)					
Balance at 1 July 2023	19,510	20,413	9,388	2	49,313
Additions for the period	-	49	1,626	-	1,675
Lease modifications and terminations	-	(175)	78	-	(97)
Add interest for period	664	1,172	313	-	2,149
Less repayments	(17,860)	(3,843)	(7,186)	(2)	(28,891)
Foreign currency revaluation	557	-	6	-	563
Balance at 30 June 2024	**2,871**	**17,616**	**4,225**	**-**	**24,712**
Current	2,871	2,733	3,731	-	9,335
Two to five years	-	9,600	494	-	10,094
More than five years	-	5,283	-	-	5,283
Balance at 30 June 2024	**2,871**	**17,616**	**4,225**	**-**	**24,712**

1. On 1 September 2024, the Group recognised a new lease reflecting its satellite arrangements commencing from that date, with a lease term ending on 31 December 2026.
2. On 31 December 2024, as a result of the renegotiation of the satellite transmission services agreement, the satellite lease was subsequently modified to have a lease term ending on 30 April 2025, by which time Sky expects to have transitioned to a new satellite.

In the current period ending 31 December 2024 Other Income includes a gain from the modification of a transmission lease of $4,923,000.

The Group leases various properties, transmission equipment, motor vehicles and sundry equipment. Rental contracts terms vary in length between one and ten years with some leases containing renewal options at the Group's discretion. Sky reviews leases on an operation requirements basis and assesses renewal options in the lease term where it is reasonably certain that the lease will be beneficial to the Group.

For higher value contracts the Group adjusts the borrowing rate after considering the effect of the lease term, the currency and value of the lease, any security given, and the economic environment in which the Group operates.

For leases where there are renewal options, the lease payments may change. When lease payments are adjusted, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

Key estimates and judgements

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal option or termination option. Renewal or termination options are only included in the lease term if the option is reasonably certain to be exercised.

Most of the Group's property leases contain renewal options, and generally where it is likely that these options will be exercised, they have been included in the calculation of the lease liability. Management reassesses the likelihood of exercising termination options at each reporting date or when there is any significant change in circumstances. Any changes in the lease term or value affect the valuation of the liability and the right-of-use asset and are adjusted accordingly.

Reassessment of transmission lease

On 1 September 2024 the Group performed a reassessment of its current satellite lease, modifying the lease term to 31 December 2026. In December 2024 the Group entered into renegotiations for the satellite transmission services. The negotiations resulted in a modification of the current lease from 31 December 2026 to 30 April 2025, reflecting the present value of the lease liability based on the appropriate discount rate and agreed payment terms. These changes are reflected in the Transmission Lease liability in the table above. The directors are comfortable that Sky continues to have access to satellite transmission services required in order to deliver content to its customers now and in the foreseeable future based on the most recently renegotiated satellite transmission agreement and intended future satellite arrangements.

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 2024. There have been no changes in any risk management policies since 30 June 2024.

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:

	31-Dec-2024		31-Dec-2023		30-Jun-2024 (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	27,753	27,753	47,376	47,376	37,799	37,799
Trade and other receivables	38,658	38,658	42,736	42,736	58,431	58,431
Financial assets at fair value through profit or loss						
Derivatives designated as hedging instruments (cash flow hedges)	10,536	10,536	316	316	2,396	2,396
Derivatives not designated as hedging instruments	1,458	1,458	7	7	143	143
	78,405	**78,405**	**90,435**	**90,435**	**98,769**	**98,769**
Financial liabilities at amortised cost						
Lease liabilities	26,975	27,128	34,351	34,346	24,712	24,703
Trade and other payables	86,058	86,058	95,189	95,189	123,301	123,301
Financial liabilities at fair value through OCI						
Derivatives designated as hedging instruments (cash flow hedges)	338	338	7,901	7,901	2,149	2,149
Derivatives not designated as hedging instruments (fair value hedges)	529	529	1,565	1,565	636	636
	113,900	**114,053**	**139,006**	**139,001**	**150,798**	**150,789**

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 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.

11. Commitments

In NZD 000	31-Dec-2024	31-Dec-2023	30-Jun-2024 (audited)
Lease commitments			
Year 1	5,476	4,498	10,371
Year 2	22,005	12,597	16,851
Year 3	20,357	19,380	18,047
Year 4	17,028	16,135	16,398
Year 5	16,468	16,135	16,398
Later than 5 years	30,878	46,387	39,628
	112,212	**115,132**	**117,693**
Future programming commitments			
Year 1	300,637	312,462	343,919
Year 2	125,004	239,467	201,370
Year 3	85,402	79,201	109,866
Year 4	28,363	67,631	58,741
Year 5	4,679	19,383	14,585
Later than year 5	-	13,507	8,714
	544,085	**731,651**	**737,195**

12. Earnings Per Share

Basic and diluted profit per share

	31-Dec-2024	31-Dec-2023	30-Jun-2024 (audited)
Profit after tax attributable to equity holders of the parent (NZD 000)	(1,958)	28,848	48,964
Weighted average number of ordinary shares on issue (thousands)	137,675	143,746	142,169
Basic and diluted earnings per share (cents)	**(1.42)**	**20.07**	**34.44**

	31-Dec-2024	31-Dec-2023	30-Jun-2024 (audited)
Issued ordinary shares at the beginning of period/year	137,675,010	143,852,496	143,852,496
Ordinary share buyback	-	(450,868)	(6,177,486)
Total number of shares on issue	137,675,010	143,401,628	137,675,010
Weighted average number of ordinary shares on issue	**137,675,010**	**143,745,617**	**142,168,914**

13. Share Capital

	31-Dec-24		31-Dec-23		30-Jun-24	
	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	137,675	676,755	143,852	693,720	143,852	693,720
Share Buyback[1]	-	-	(451)	(1,237)	(6,177)	(16,965)
	137,675	**676,755**	**143,401**	**692,483**	**137,675**	**676,755**

1. The share buyback includes $34,000 of transaction costs for the 12 months to 30 June 2024 and $2,000 for 6 months to 31 December 2023.

On 6 April 2023 Sky commenced an on market share buyback for a maximum aggregate of $15 million in purchase price over a period of up to 12 months. At 30 June 2023 1,720,695 shares had been acquired at an average price of $2.61 and total consideration of $4,489,781. In the six months to 31 December 2023, 450,868 shares were acquired under this programme at an average price of $2.67 and total consideration of $1,236,840. At the completion of the programme on 31 March 2024 a total of 5,275,745 shares had been acquired for total consideration of $14,263,247.

On 1 April 2024 the Company commenced a new on market share buyback programme for a maximum aggregate of $15 million in purchase price over a period of up to 12 months. At 30 June 2024 2,622,436 shares had been acquired at an average price of $2.73 and total consideration of $7,157,168. For the six months to 31 December 2024, there were no shares acquired on market.

Shares bought back were cancelled upon acquisition, with the number of shares on issue reducing accordingly.

14. 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.

15. Subsequent Events

Interim dividend

On 20 February 2025 the Board of Directors resolved to pay a fully imputed interim dividend of 8.5 cents per share with the record date being 7 March 2025. A supplementary dividend of 1.5 cents per share will be paid to non-resident shareholders subject to the foreign investor tax credit regime.

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 2024, 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 months ended on that date, and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the 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 2024, and its financial performance and cash flows for the six months 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 our capacity as auditor our firm provides review, other assurance and agreed-upon procedures. 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 business. The firm has no other relationship with, or interests in, the Group.

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 and International Standards on Auditing (New Zealand) 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 Company and the Company's 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 Richard Day.

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers Auckland
20 February 2025

Directory

Directors

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

Officers

Sophie Moloney	Chief Executive
Andrew Hirst	Interim Chief Financial Officer
Jonny Errington	Chief Content and Commercial Officer
Ant Dureau	Interim Chief Customer Officer
Chris Major	Chief Corporate Affairs Officer
Lauren Quaintance	Chief Media and Data Officer
Antony Welton	Chief Operations and People Officer
Kym Niblock	Chief Digital and Technology Officer
Kirstin Jones	Company Secretary

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Sky Network Television

Results Presentation

For the six months ended 31 December 2024

21 February 2025

Agenda

- HY25 Overview
- Satellite Migration Update
- Operational Performance
- Financial Performance
- Outlook and Guidance
- Questions

Results Summary

Underlying results consistent with performance at the lower end of existing guidance reflecting reprioritisation for migration; economic headwinds and costs heavily weighted to H1

- Satellite migration has been and remains the number one priority. Accelerated migration timeframe interrupted planned projects, including revenue generating initiatives
- Programming costs are heavily weighting to H1, and will be broadly flat YoY for FY25
- Results are adjusted for one-offs. In all cases, the dividend is protected
- Sky's strategy and business model remain sound; positive trends evident
- Outside of Revenue, Sky remains on track to deliver against 3-year targets including 30 cps dividend

REVENUE (Adj[1])
$385.0m **-2.0%**
Reported: $384.8m -2.0%

EBITDA (Adj)
$60.7m **-25.6%**
Reported: $43.2m -47.1%

NPAT (Adj)
$10.9m **-62.3%**
Reported: ($1.7m) -106.0%

Free Cash Flow (Rep/Adj)
$7.5m **+9.4%**

CAPEX (Adj)
38.5m **+4.4%**
Reported: $43.8m +18.7%

INTERIM DIVIDEND
8.5cps **+21.4%**

1. Information on adjustments is available on slide 18 and page 6 of Sky's 2025 Interim Report

Satellite Migration

While inherent risk remains, we are on track for early April migration to preferred satellite; support agreements expected to largely off-set incremental costs

Project Milestones

- ✓ **Migration pathway confirmed** to preferred satellite ensuring lower risk, lower cost and smoother customer transition (27 Jan)
- ✓ **Satellite in position** at 160° East (11 Feb)
- ✓ **Configuration and testing** underway (11 Feb)
- **Test channel launch** (late Feb)
- **Uplink service configuration** underway (mid-March)
- **Switchover to new satellite completed in early April**

Financial Impacts

- Support agreements in place with Optus largely off-set capex through cash leasing lines by FY26
- Additional support agreed in principle for incremental revenue and cost impacts resulting from accelerated expiration of D2 (e.g. customer credits, additional resourcing and tech call-outs)
- While some uncertainty remains, the positive impact of confirming the preferred satellite option, additional unanticipated impacts due to signal disruption, and confirmation of additional support from Optus, Sky remains confident the programme will be largely cash neutral

Recent Actions to Improve Customer Experience

- Additional steps have improved D2 performance and mitigating eissues. 31% reduction in technical calls since January highs
- New IP switchover functionality mitigates rain fade events for customers using the new Sky Box (11 Feb)
- Customer Care numbers increased, and in-field service capacity more than doubled, recognising in some cases customer service has fallen short of the standards we endeavor to deliver
- Customers impacted by prolonged signal disruption have been provided credits

Sky's Multi- platform strategy

Providing choice for customers and an attractive opportunity for content partners and advertisers, while maximising the value of our unrivalled content

Sky Box and Sky Pod

2.4 Million
VIEWERS
MONTHLY[1]

Streaming

1 Million
VIEWERS
MONTHLY[2]

Free to Air

1.9 Million
VIEWERS
MONTHLY[3]

Commercial

6k
CUSTOMERS

Sky Social Media

2.6m
FOLLOWERS[4]
ACROSS CHANNELS

1: Nielsen TAM, AP5+, Sky Pay, Average Monthly Reach, July to Dec 2024, Consolidated data. 2.Nielsen CMI Q4 2023 – Q3 2024 3.Nielsen TAM, AP5+, Sky Open Network, Average Monthly reach July to Dec 2024, Consolidated data. 4. Sprout Social Report

Strong Content Slate in H1

POPULAR WITH SPORTS FANS

MUST WATCH SHOWS

BLOCKBUSTER MOVIES

CONTENT WINS & RENEWALS

BBC

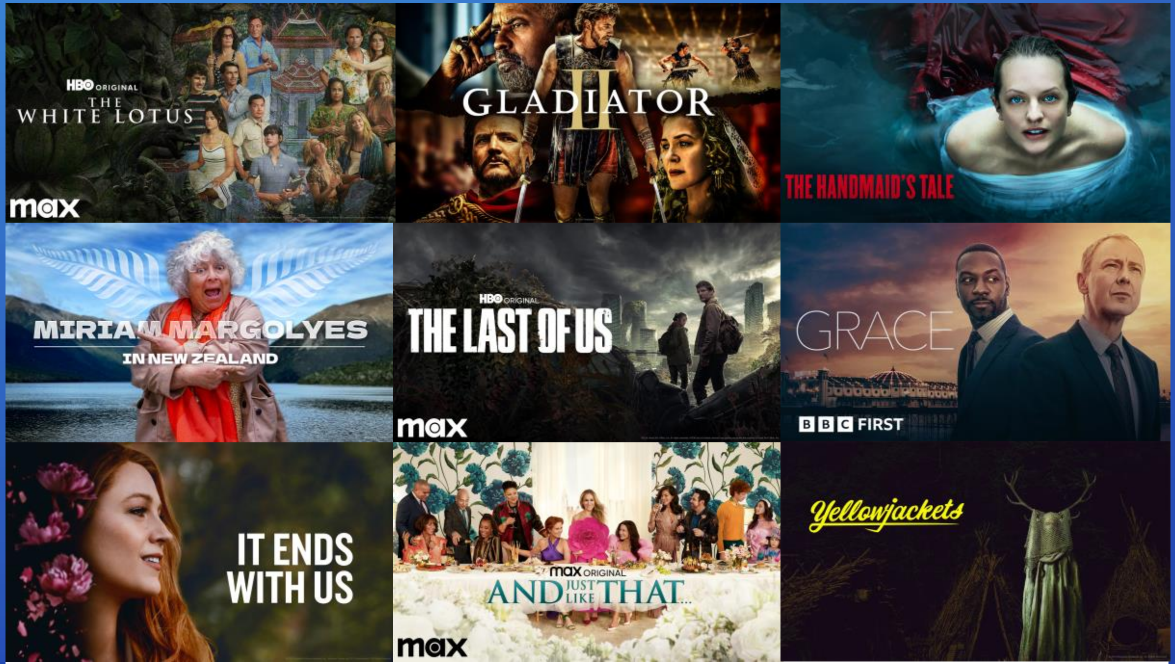
WBD

A- Leagues Football

BCCI Cricket

Unrivalled Content slate in H2

Strong schedule of new and returning content



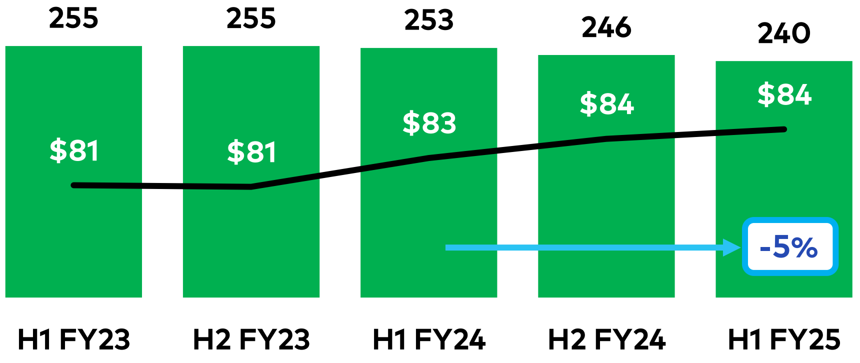
Great start to H2 and a strong lineup throughout

Operational Performance

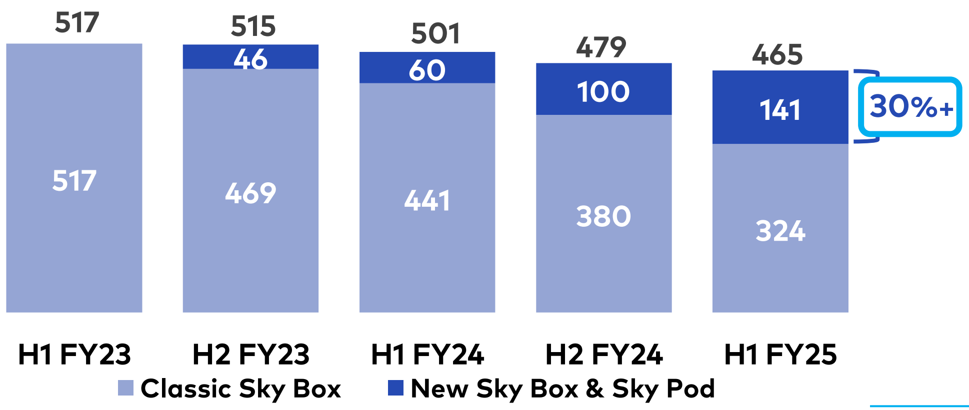
Sky Box and Sky Pod

Strong take-up of new products and customer decline slowed

ADJUSTED SKY BOX REVENUE[1] ($m) & ARPU



SKY BOX/POD CUSTOMERS (000)



- **30%+ penetration of new products** to 141k from 100k at FY24 (126k Sky Box / 15k new Pod. Total new devices including multiroom of 157k (136k Box / 21k Pod)
- **Strong NPS rise for Box customers[3]** and highest for customers with a new Sky Box (+10pts YoY and 10pts above classic Sky Box)
- **2% ARPU growth** (+$1.57) through Sports and Entertainment pack increases[4] and growth in average monthly sport penetration to 73%, outpacing spin-down in non-sport packs/add-ons and increased foregone revenue (up YoY although well down against earlier periods)
- **Revenue reduced** largely due to lower opening customers following H2 2024 economic headwinds and delay of initiatives due to project migrate
  Customer decline has now slowed towards previous run-rate

Sky Box/Pod	H2 FY22	H1 FY23	H2 FY23^	H1 FY24	H2 FY24	H1 FY25
Closing base	530	517	515	501	479	465
Customer Trend	(15)	(13)	(2)	(14)	(21)	(14)

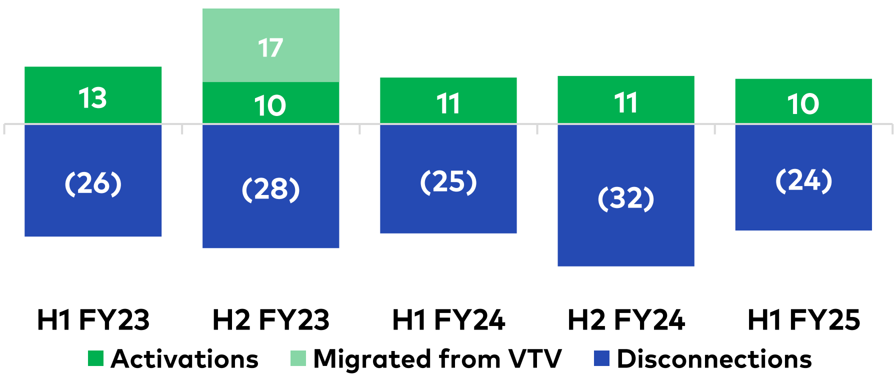
^ H2 FY23 included migration of 17k VTV customers

1. H1 FY25 Revenue is adjusted by $0.2m, related to satellite migration. Sky Box and Sky Pod access fee is included in Revenue but excluded from ARPU. 2. Sky Box ARPU is monthly average revenue calculated as the average for the period. 3. 3 month rolling at 31-12-2024. 4. Sports pack increased in Feb 2024. Entertainment pack net increase in October 2023.

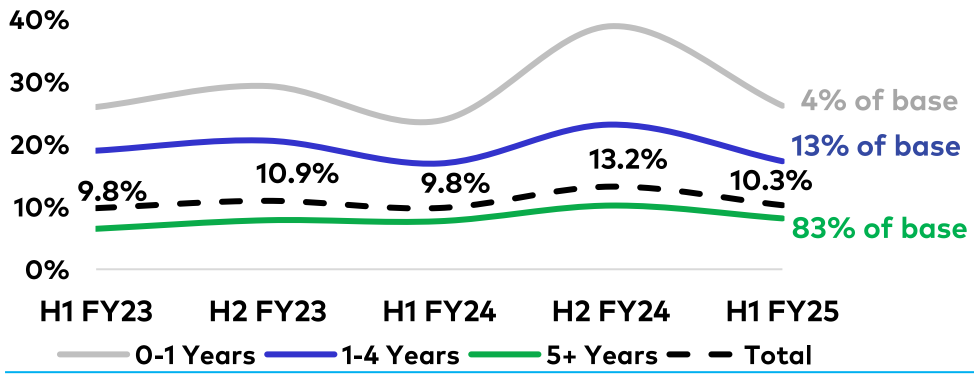
Sky Box and Sky Pod

25% fewer disconnections than H2 FY24 marks a return to run-rate churn levels

ACTIVATIONS / DISCONNECTIONS (000)



CUSTOMER CHURN BY TENURE

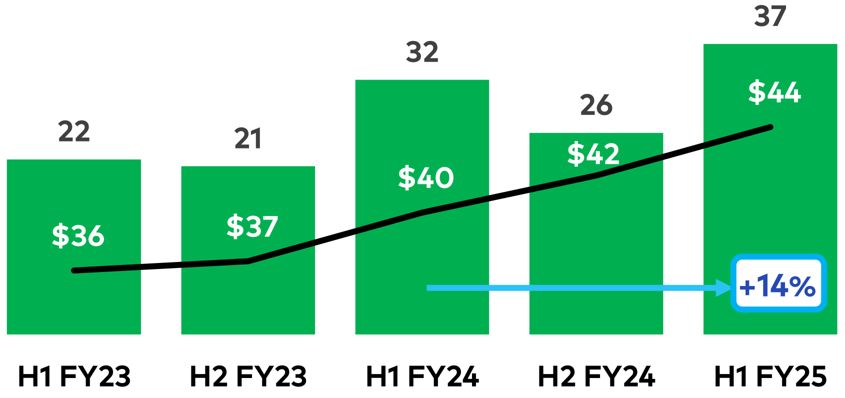


- **Activation levels maintained** and now with **20% Sky Broadband attachment** at acquisition (from 14% in H1 FY24)
- **Significant improvement in retention** against H2 FY24 and improved year-on-year, through strong focus on save initiatives and lower levels of price-linked disconnections
- **Annualised churn normalises** to 10.3% following spike in H2 FY24. Improved result across all tenure groups, including 33% improvement in year 1 churn
- **83% of customers have 5+ years tenure** and very low churn of 8% (consistent with year-on-year run-rate)

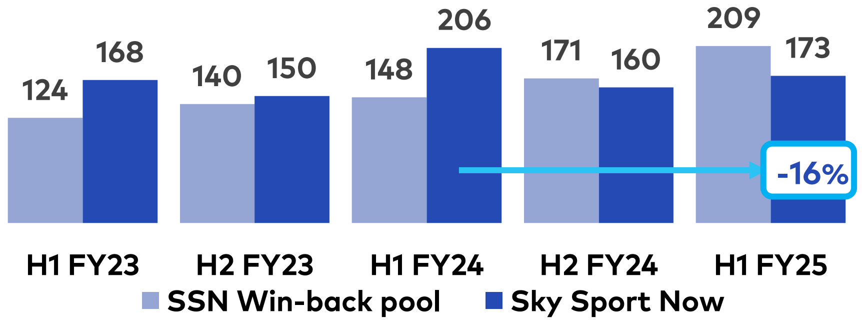
Streaming – Sky Sport Now

14% revenue growth and 6% increase in unique customers, through consistent, high value content

SKY SPORT NOW REVENUE ($m) AND ARPU[1]



SKY SPORT NOW CUSTOMERS[2]



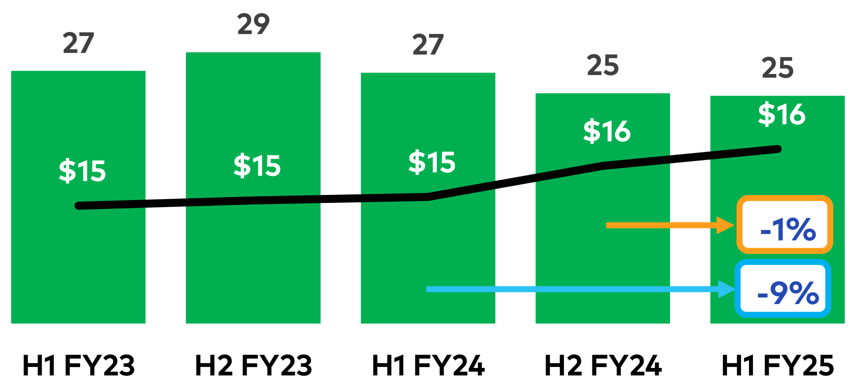
- **Significant revenue and ARPU growth** (ARPU+11%, $4.63), driven by:
  - continued strong content, recognising the prior H1 period included 5 world cup events, including Rugby World Cup
  - Strong Olympic pass sales early in H1 FY25
  - Sports price increases for Weekly (Aug 2023), Monthly (Feb 2024 and Annual passes (July 2024)
- **New digital revenue stream** through Digital Ad Insertion from Oct 2024 recognised in Advertising revenue
- **Increase Monthly Pass sales expected** following removal of Weekly pass from Jan 2025 with encouraging conversion of these customers to Monthly
- **10% Price rise** from 19 March 2025 on Monthly and Annual passes

1. ARPU is based on recurring subscribers (removing the impact of transactional passes), includes PPV
2. Sky Sport Now customers reported on a 90-day lookback basis 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.

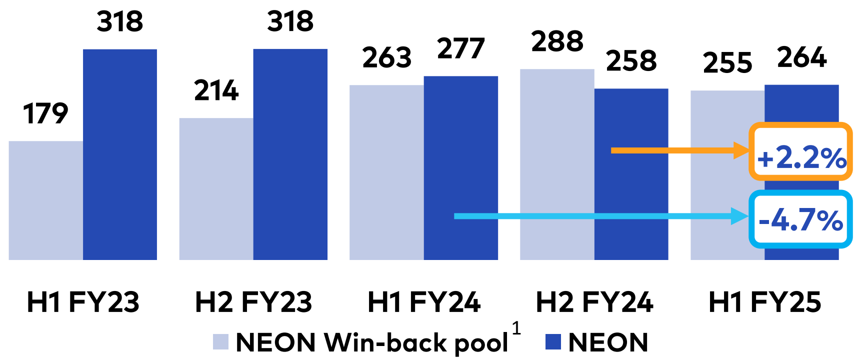
Streaming - Neon

Returned to customer growth in first half, supported by strengthening content pipeline

NEON REVENUE ($m) AND ARPU



NEON CUSTOMERS (000)



NEON

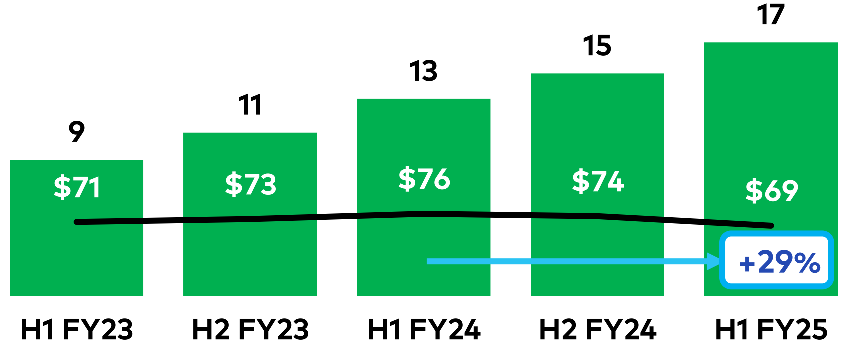
- **Neon delivers 2.2% customer growth HoH**, supported by strengthened content pipeline across acquisition driving titles, expanded library (doubled to 10,000 hours) and launch of dedicated Max hub (Oct 2024).
- **Growth in Basic with Ads tier** to 19% from 14%, providing secondary digital revenue stream recognized in Advertising
- **Revenue result** largely reflects a 16% difference in average customer base between H1 FY25 and H1 FY24
- **ARPU growth** of 8% (+$1.22) reflects price rise for Standard tier (Jan 2024) and product mix, noting no change to pricing of Basic with Ads tier in conjunction with Jan 2024 introduction of digital advertising

1. The win-back 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.

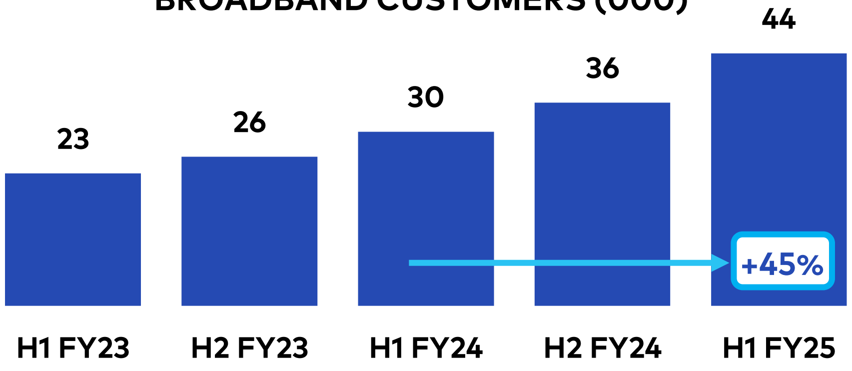
Sky Broadband

45% customer growth as Sky Broadband builds scale

BROADBAND REVENUE[1] ($m) AND ARPU



BROADBAND CUSTOMERS (000)

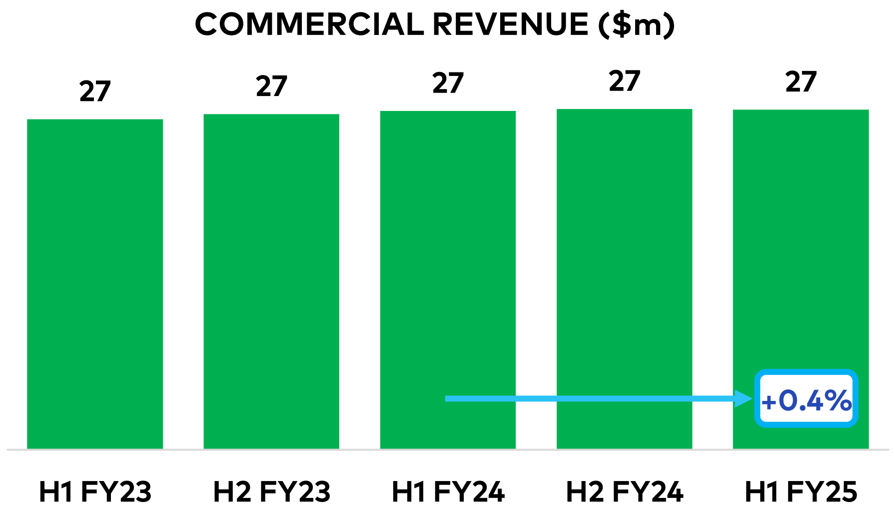


- **Customer growth accelerated** through effective campaigns and bundling options. Leveraging product innovation and support from partners to underpin H2 campaigns
- **Sky Box attachment** reached 9% and delivered 10% churn improvement for bundled customers with 1-4 year Box tenure and 23% improvement for customers with 5+ years Box tenure with these groups making up 96% of the Sky Box base
- **Fibre Pro (1GB) penetration remains high** at 45%, although down from 50% in the prior period. Fibre Starter (50Mbps) penetration increased to 23% (from 9%) with some impact on ARPU. Margin has reduced due to mix and discounting but with support from partners recognised as an offset against cost

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

Commercial

Delivers consistent performance in a challenging environment



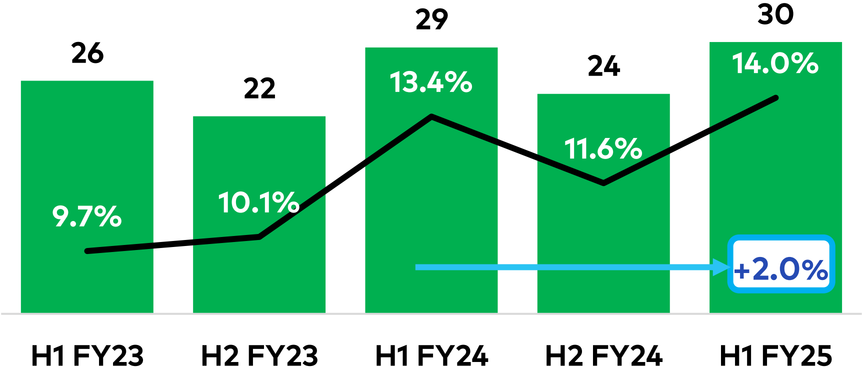
sky BUSINESS

- **3% Revenue growth in Hospitality sector** offsets softer Accommodation result and flat Retail
- **Strengthened Accommodation offer gaining traction** with bespoke bundle including in-room compendium service, guest casting service and TV package adding value to Sky's content bundle
- **20% growth in Believe It or Not revenue** through digital product innovation - value add opportunity for Hospitality customers

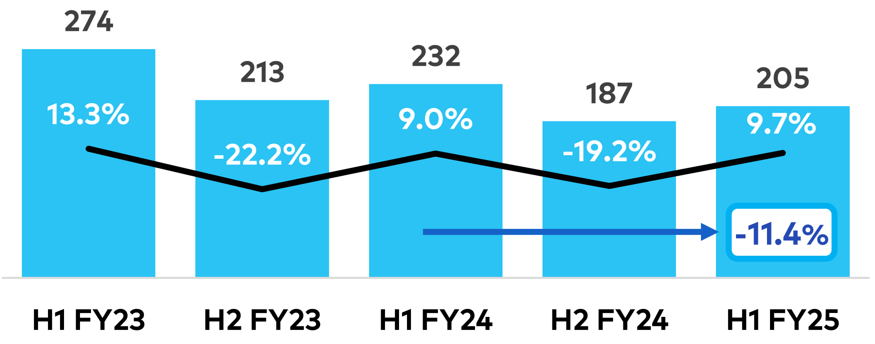
Advertising

Strong performance as strategic focus on growing Advertising continues to deliver results

ADVERTISING REV ($m) and REV SHARE[1] (%)



TOTAL MARKET REVENUE ($m) AND HoH CHANGE[1] (%)



sky SALES

- **Record 14% share** in this high margin revenue pool, representing a 39% increase since accelerating focus on advertising. Momentum continues to build with strong customer demand
- **Revenue growth** of 2% achieved against a backdrop of 11.4% total market revenue decline, including Olympic revenue more than twice that of recent comparable Games, and significant growth in integration and sponsorships
- **Launch of Sky Sport Now Dynamic Ad insertion** (DAI) in Q1 to strong demand for this high-attention content opportunity. Revenue contribution expected to lift in H2 through progressive roll-out to additional devices. Sky Go launch (rescheduled due to satellite migration), is expected in H1 FY26

DIGITAL REVENUE STREAMS

NEON	Sky Sport Now	Sky Go
Launched Jan 24	Launched Oct 24	Scheduled H1 FY26

1.. Source: PwC Quarterly Performance Comparison Report

Financial Performance

Financial Performance

First half result reflects some revenue softness, and programming costs significantly weighted to H1

$m	H1 FY25 Reported	H1 FY25 Adjusted[2]	H1 FY24 Reported	% change Adjusted[2]
Revenue[1]	384.8	385.0	392.7	-2.0%
Operating Expenses	347.9	325.6	311.1	+4.6%
EBITDA	43.2	60.7	81.7	-25.6%
Depreciation & Amortisation	43.1	43.1	41.2	4.5%
Net Profit after Tax	(1.7)	10.9	29.0	-62.3%
Capex	43.8	38.5	36.9	4.4%
Free cash flow before distributions	7.5		6.8	+9.4%
Dividend	8.5cps		7.0cps	+21.4%

- Result reflects revenue impacts from delayed initiatives due to focus on satellite migration and economic headwinds, combined with programming costs heavily weighted to H1
- First half numbers include four categories of one-off items which are excluded from Adjusted numbers:
  - **Satellite migration**: revenue and cost impacts resulting from the migration to the new satellite
  - **Organisational transformation**: costs resulting from organisational change
  - **Accelerated content amortisation**: resulting from a change in amortisation methodology
  - **Lease modification**: benefit to Other Income resulting from a modified satellite lease term

1. Revenue excludes Other Income of $6.3m. 2. Information on Adjustments is available on slide 18 and in page 6 of Sky's 2025 Interim Report

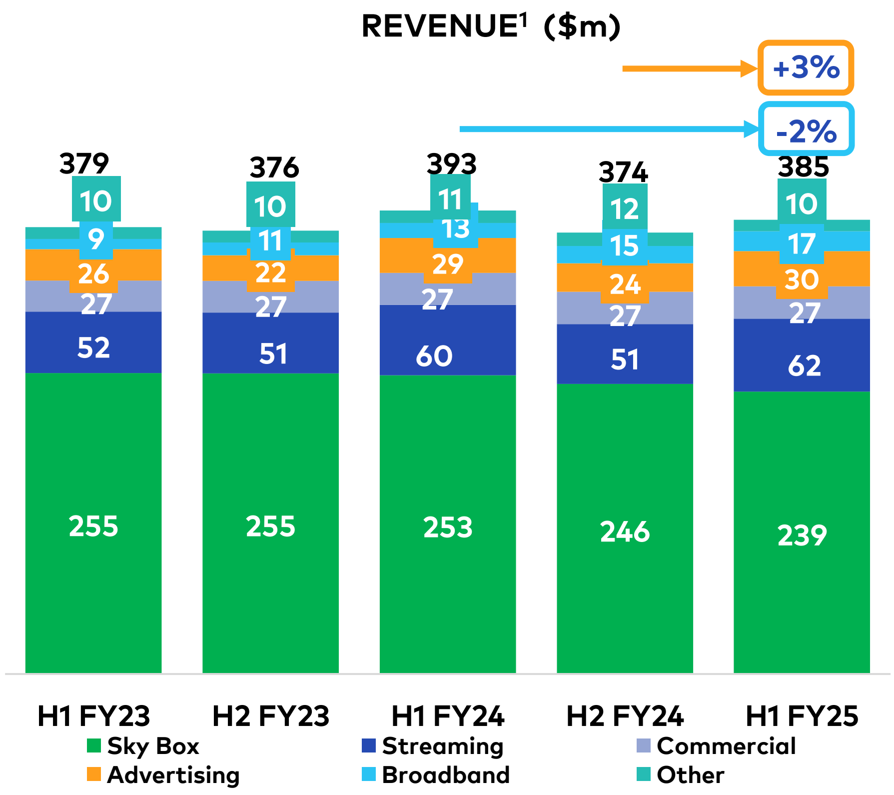
Summary of adjustments

To enable a like for like comparison of Sky's underlying results

Adjustments	H1 FY25	Description
Revenue and Other Income	($4.7m)	• $0.2m Revenue impact resulting from customer discounts due to service interruptions • ($4.9m) one-off, non-cash benefit to Other Income resulting from a modified (shortened) lease term for the existing satellite lease
Operating Expenses	$22.3m	• $18.3m non-cash acceleration of content amortisation due to change in methodology for Neon. Recognised in the programming costs line, and includes accelerated amortisation of Warner Bros. Discovery content (as advised on 22 Oct 2024) • $2.8m one-off transformation costs largely reflects redundancy. • $1.1m Opex impact from satellite migration, including increased costs associated with additional Care Centre staffing, consultancy costs and marketing
Net Profit after Tax	$12.6m	• After tax effect of the revenue, other income and operating expense adjustments
Capex	$5.3m	• $4.7m impact for satellite migration Capex includes technology infrastructure, capitalised installation costs from customer tech visits and equipment costs, which are largely offset by support from Optus coming through the leasing cashflow line • $0.6m accelerated Capex for new devices

Revenue

Growth engines of Streaming, Advertising and Broadband deliver 6% growth YoY, and 21% against H2 FY24, as a partial offset for Box decline

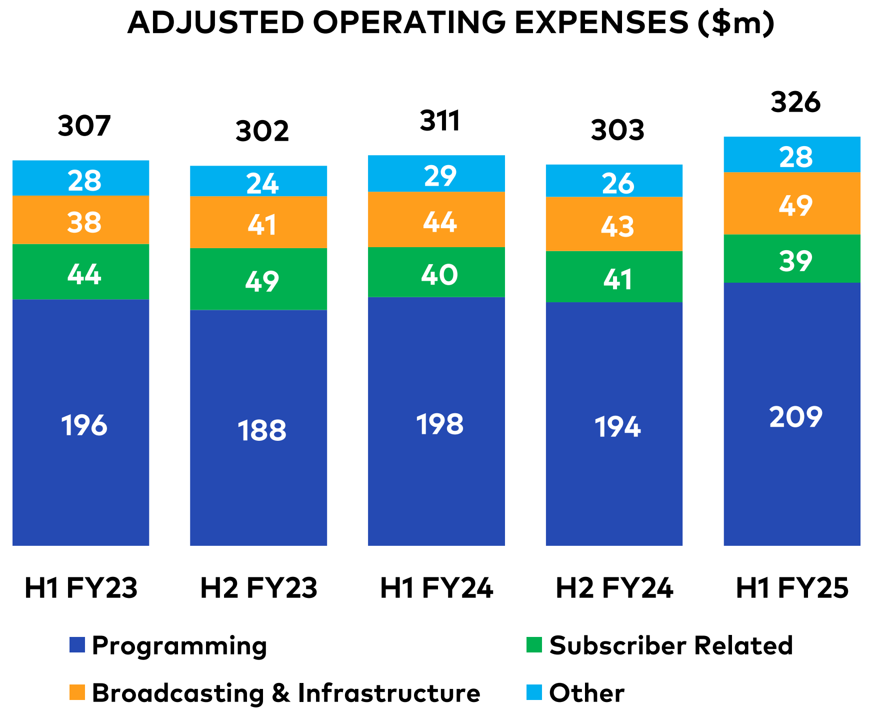


- **Revenue** softened as previously signalled, due to the delay of revenue generating initiatives, economic headwinds, and slightly lower average customer numbers year on year
- **Sky Box:** decline was weighted to H2 FY24 (-$7.4m vs -$6.1m in H1 FY25)
- **Streaming:** revenue growth story continues, driven by 14% increase for Sky Sport Now
- **Advertising**: growth of 2% includes additional diversity from digital revenue across both Streaming platforms
- **Broadband**: increased momentum with 29% revenue growth
- **Commercial**: delivered consistent performance 0.4% increase

1. Revenue excludes Other Income of $6.3m. 2. Sky Box revenue is shown as adjusted. Please see adjustment details on slide 18.

Expenses

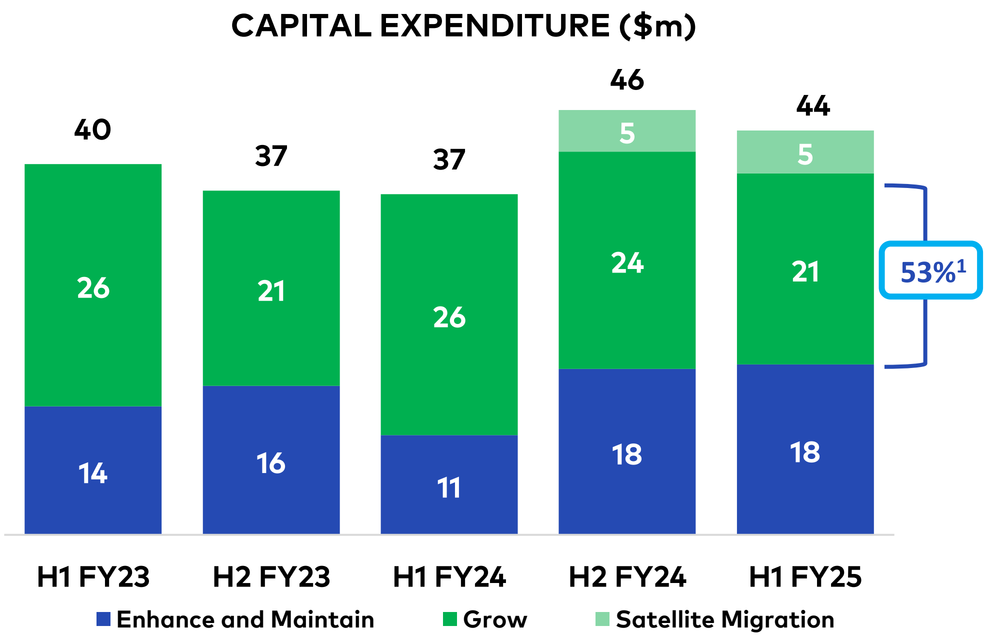
Significantly weighted to H1 FY25 due to programming costs; expected to reverse in H2, returning to run-rate levels by the end of FY25



- **Programming** net increase of $12m YoY due to 1H timing of rights and production costs for the Olympics, All Blacks matches (inbound tour, Rugby Championship and northern tour, all of which were either abbreviated, or did not happen, in the prior period due to the RWC), event timings and the expanded BBC renewal
- These increases were partially offset by:
  - Non-repeated events from prior period including World Cup tournaments (FIFA, ICC ODI)
  - Positive impacts of data driven content choices
  - Reduced fees negotiated at renewals
  - Production and technology efficiencies
- **Subscriber Related** cost reduction of $1m relates to lower people and contractor costs, partially offset by higher acquisition marketing spend
- **Broadcasting & Infrastructure** increase of $5m includes cost of growth in Broadband and Streaming customer growth.
- **Other** cost reductions of $1m included lower consultancy fees, partially offset by continued investment in strategic focus areas of advertising and people

Capital Expenditure

Investment in growth focused capex spending continues, alongside satellite migration spend



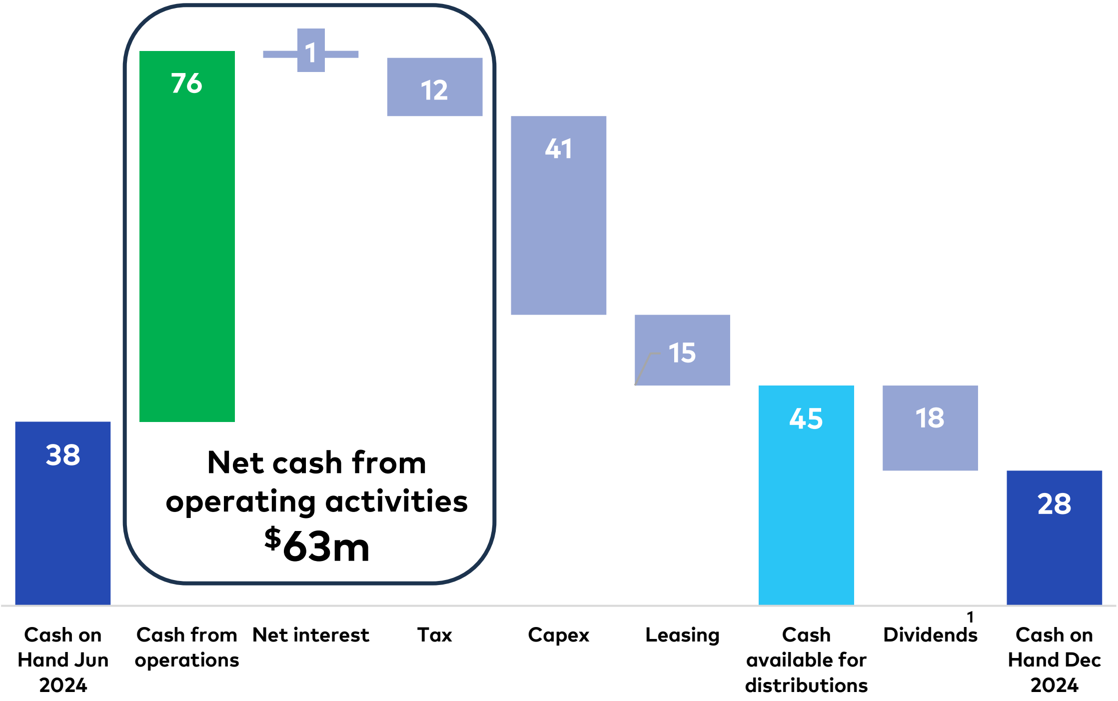
	H1 FY23	H2 FY23	H1 FY24	H2 FY24	H1 FY25
CAPEX / Revenue %	11%	10%	9%	12%	11%
Growth Spending[1] %	65%	57%	71%	57%	53%

- Investment in growth focused capex accounted for 53% of the non-migration spend. This included:
  - Purchase of new Sky Box and Pod devices to meet customer demand, following the initial inventory build
  - Installations and equipment associated with new customer acquisitions
  - Software driven feature releases for Sky products, and
  - Investment in Advertising technology to support digital revenue growth (e.g. Dynamic Ad Insertion)
- Enhance and Maintain spend included platform enhancements, transmission equipment (including some brought forward due to satellite migration), system upgrades, and digital and data capability enhancements
- Satellite migration capex included capitalised installation costs from customer tech visits and dish hardware, and equipment and software infrastructure to support the migration
- Spending will continue in H2 FY25 ahead of migration in April. Full year migration capex is still expected to be within the $10-$20 million range previously advised, albeit towards the upper end

1. H2 FY24 and H1 FY25 Growth Spending percentage is based on capex ex-satellite migration

Free Cash Flow
Continued strong cash flow generation

CASHFLOW BRIDGE H1 FY25 ($m)



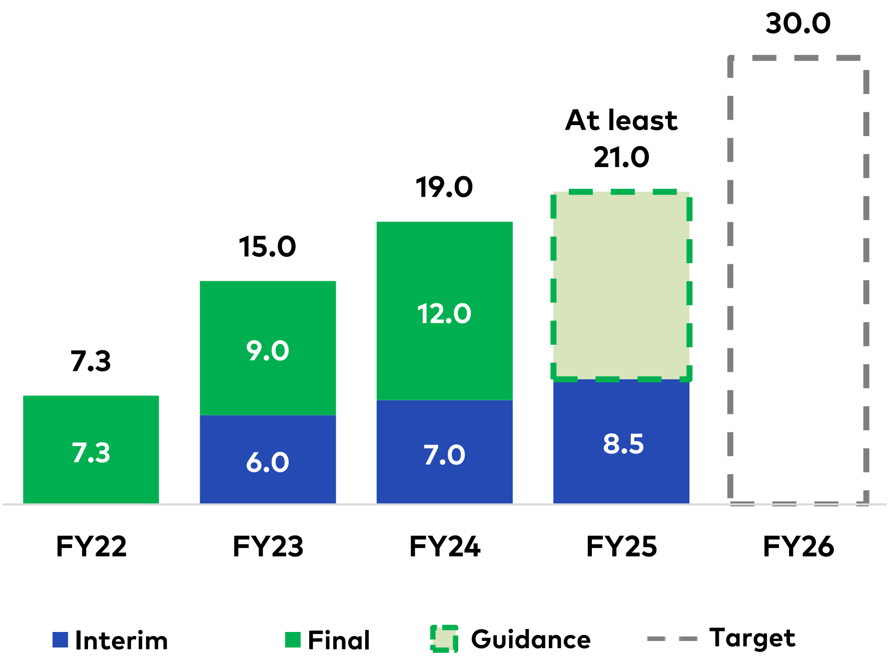
- Reported net cash from operations of $63m was broadly in line with the prior period, supported by a positive movement in working capital
- Cash inflows included a refund for prepaid content following the move to a new expanded agreement with Warner Bros. Discovery
- Capex included one-off spending of $5.3m for satellite migration and accelerated growth capex related to new Sky Pods.
- Leasing costs benefited from Optus support which will continue to flow through the leasing line in FY26, weighted to H1 in both years. By the end of FY26 this will largely offset the satellite migration capex spend
- Dividend distributions were $3m higher year on year (final dividend of 12 cps vs 9 cps)
- Sky closed the first half with cash on hand of $28m, and had an undrawn banking facility of $100m

1. Dividends include supplementary dividends.

Capital Management

Sustainable free cash flow funding dividend growth; potential to introduce leverage following completion of satellite migration and NZR negotiation

DIVIDENDS[1] (cps)



Dividends

- Sky confirms an Interim dividend of 8.5 cents per share, fully imputed, with a supplementary dividend paid to overseas shareholders
- This represents a 21.4% increase enabled through sustainable growth in free cash flow and reflecting Board confidence

Buyback update

- No shares were acquired during the first half as the programme was paused throughout the period
- A further $7.8m remains available for deployment before the programme expires on 31 March 2025, however due to the ongoing negotiations with NZ Rugby, the buyback remains suspended at this time

Capital Management

- Further capital management initiatives, including the option to introduce a prudent amount of leverage to the balance sheet, will be considered following satellite migration and NZR negotiations

1. Adjusted free cash flow for the purposes of dividend guidance excludes one-off items, satellite migration capex net of Optus rebates and accelerated growth capex related to the rollout of new products.

Looking Ahead

Outlook and FY 2025 Guidance

$m	FY 2025 guidance[1] (21 Aug 2024)	FY 2025 guidance[1] (21 Feb 2025)
Revenue	760 - 785	755 - 765
EBITDA	150 – 170	145 – 152.5
NPAT	40 – 55	35 – 42.5
Capex[2]	55 - 70	unchanged
Dividend[3]	at least 21 cps	unchanged

Outlook

- Focus remains on satellite migration for Q3 and into Q4, which will continue to delay some revenue plans
- Programming costs to reduce significantly in H2
- Expect to deliver EBITDA around the lower end of the previous guidance range

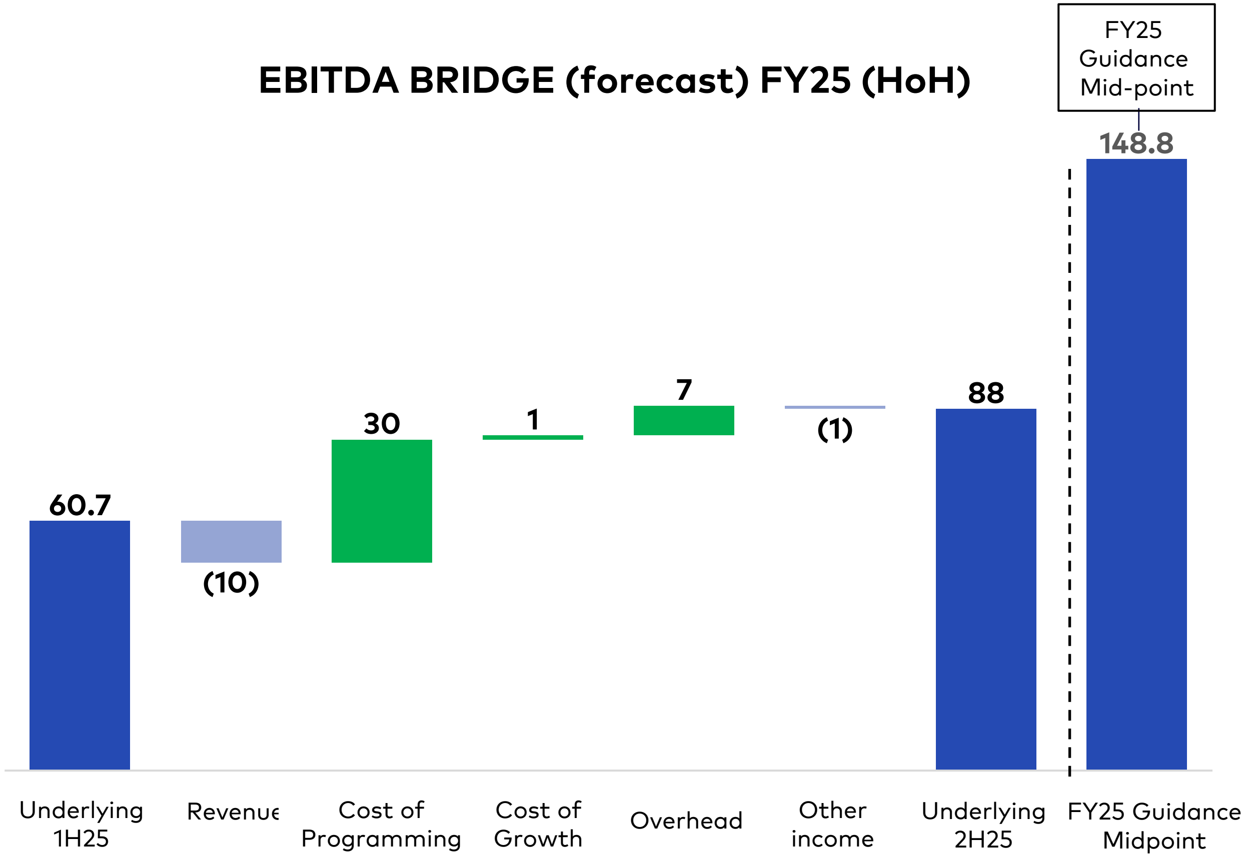
FY25 Guidance

- Appropriate to narrow and lower the guidance ranges for Revenue, EBITDA and NPAT
- Capex guidance (excluding satellite migration capex) is unchanged. Satellite migration capex expectations of between $10 to $20 million is also unchanged, with support from Optus to flow through the leasing line
- Continued confidence in dividend guidance of at least 21 cents per share

1. Subject to no adverse change in operating conditions, including future economic headwinds. Guidance excludes one-offs associated with satellite migration, accelerated amortisation and transformation initiatives. 2,3. Free cash flow used for the purposes of dividend guidance excludes one-offs, satellite migration capex net of Optus support, and accelerated growth capex related to the rollout of the new products.

EBITDA Bridge to FY 2025

Clear pathway to achieving FY25 Guidance, underpinned by programming and other cost savings which are largely confirmed



Comparing H2 FY25 to H1 FY25

- Revenue movement includes H1 Olympic related revenue
- 2H operating costs reset after a weighting to 1H, moderating towards a more consistent year on year profile
- Programming in 2H reset driven by:
  - Sporting events not repeated in H2 (e.g. the Olympics, All Blacks in bound and northern tours) and equitable reductions (e.g. ESPN move to co-exclusivity), improved pricing at renewals, and data driven decisions not to renew
  - Savings from organisational transformation
- Other cost savings in H2:
  - Modest reduction in cost of growth category
  - Targeted overheads savings, as well as the benefit from transformation and partnering efficiencies

Questions

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