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1 August 2025

Sky completes acquisition of Discovery NZ Limited

Sky is pleased to confirm the completion of its acquisition of 100% of the shares in Discovery NZ Limited (Discovery NZ) for $1 on a cash-free, debt-free basis.

Sky Chief Executive, Sophie Moloney commented: "The acquisition of Discovery NZ positions us to scale faster, accelerates our growth, and further diversifies our revenue streams, particularly in advertising and digital. We have acquired a business with complementary operations that is a strong strategic fit for Sky, in a manner which is value accretive for our shareholders."

Sky notes the recent filing of Discovery NZ's financial statements for the 12 months to 31 December 2024 in which Discovery NZ reported an after-tax loss of $77.6 million. These 2024 accounts reflect a period in which Discovery NZ completed a significant restructure of its business, including the closure of Newshub, that has substantially reduced the ongoing cost base.

When assessing Discovery NZ's 2024 accounts, it is important to consider the underlying performance of the continuing operations. For this reason, Sky has provided a presentation which reconciles Sky's due diligence analysis of Discovery NZ's reported result for 2024 with the expected financial performance of the continuing operations immediately following the acquisition by Sky. This reconciliation narrows the reported EBITDA loss to a proforma $9.0 million EBITDA loss[1]. In addition, the presentation shows a pathway to delivering at least $10 million of incremental EBITDA by FY28 as a result of assumed synergies across both Sky and Discovery NZ of at least $19 million p.a.

Importantly, content rights acquired at completion clear of payables reduces net working capital requirements in the first 12-18 months, giving Sky a cash flow benefit and runway to deliver on these synergies over the next 2-3 years.

Sophie Moloney added: "Sky is uniquely placed to capitalise on this opportunity and to give New Zealanders even more content they love. The transaction structure enables a pathway to deliver positive underlying free cash flow from year one. While there may be short term (FY26) bottom line noise resulting from non-cash accounting impacts, longer term, significant cost synergies are available across the highly complementary operations of both businesses - particularly in programming and broadcast infrastructure. As a result, we expect to deliver sustainable incremental EBITDA of at least $10 million by FY28."

ENDS

[1] Subject to fair value accounting of the acquisition (e.g. items such as content and the platform), to be completed within 12 months).

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Reconciliation of accounts

Following the acquisition of Discovery NZ Limited by Sky

1 August 2025

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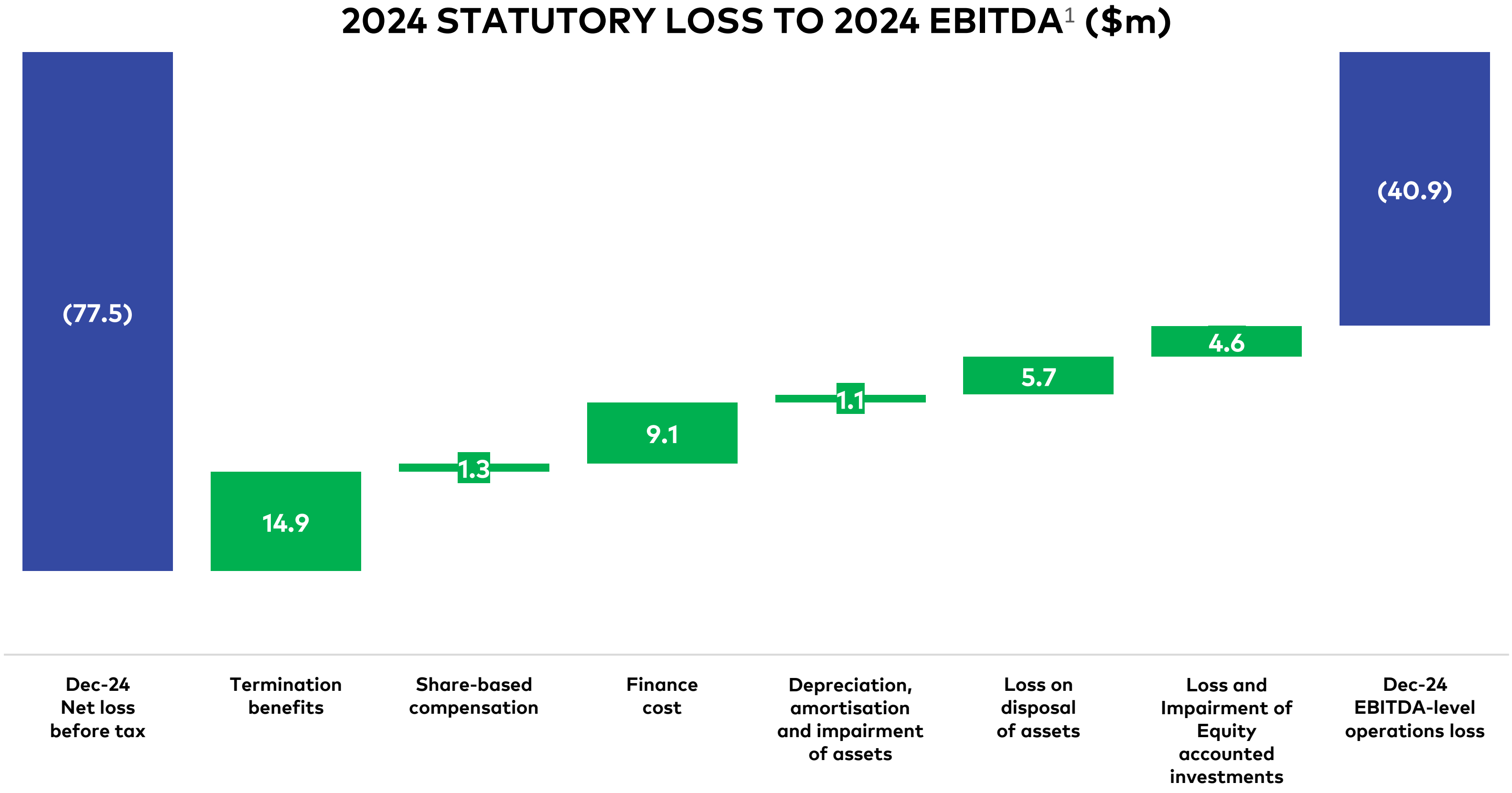
Sky has provided the following information to assist investors in understanding the underlying financial performance of Discovery NZ (DNZ)

1. Sky has prepared the reconciliations based on its review of DNZ's FY24 financial statements and FY25 budget, and modelled potential synergies, as part of its due diligence prior to completing the transaction.

Discovery NZ's 2024 result at a reported EBITDA level

$36.6m of reported costs in 2024 were either one-off or non-cash in nature



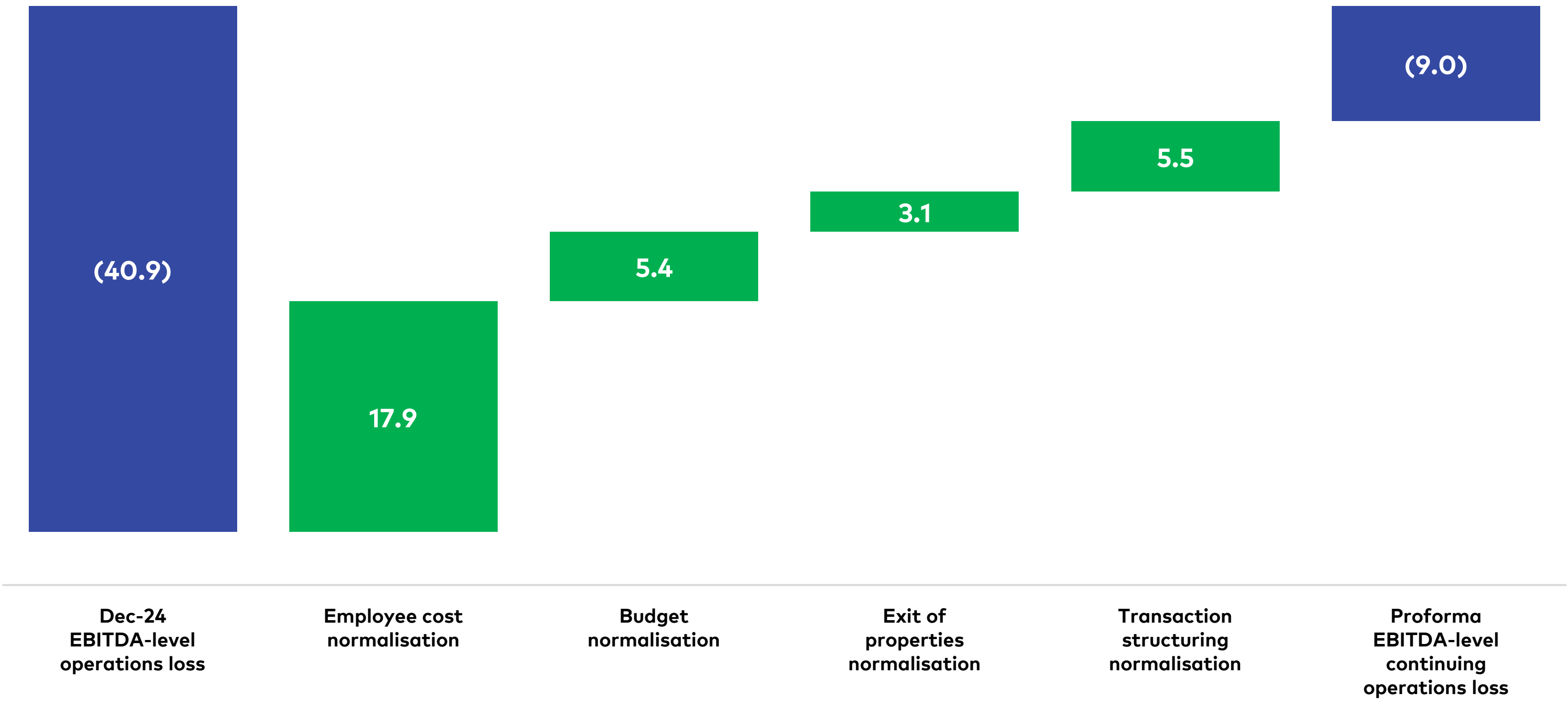
- One-off termination benefits regarding the closure of Newshub
- Share-based compensation is a non-cash accounting entry related to the WBD Group (and will not continue)
- Debt-free transaction and exit of property leases removes finance costs
- Depreciation, amortisation, and impairment charges are non-cash in nature and reported below EBITDA
- Loss on disposal of assets relates to the write-off of certain Newshub assets and the surrender of leases
- Equity investment impairment reflects the dissolution of a joint venture for Bravo TV with NBC Universal in December 2024

1. Source: Discovery NZ Ltd financial statements for the year ended 31 December 2024 and Sky analysis following due diligence.

Continuing operations EBITDA in 2025

Further improvement observed in 2025 reflecting ongoing operations post Newshub closure, exit of property leases, and impact of revised content agreements as part of the transaction with Sky

FY24 EBITDA TO EBITDA OF CONTINUING OPERATIONS IMMEDIATELY POST COMPLETION[1] ($m)



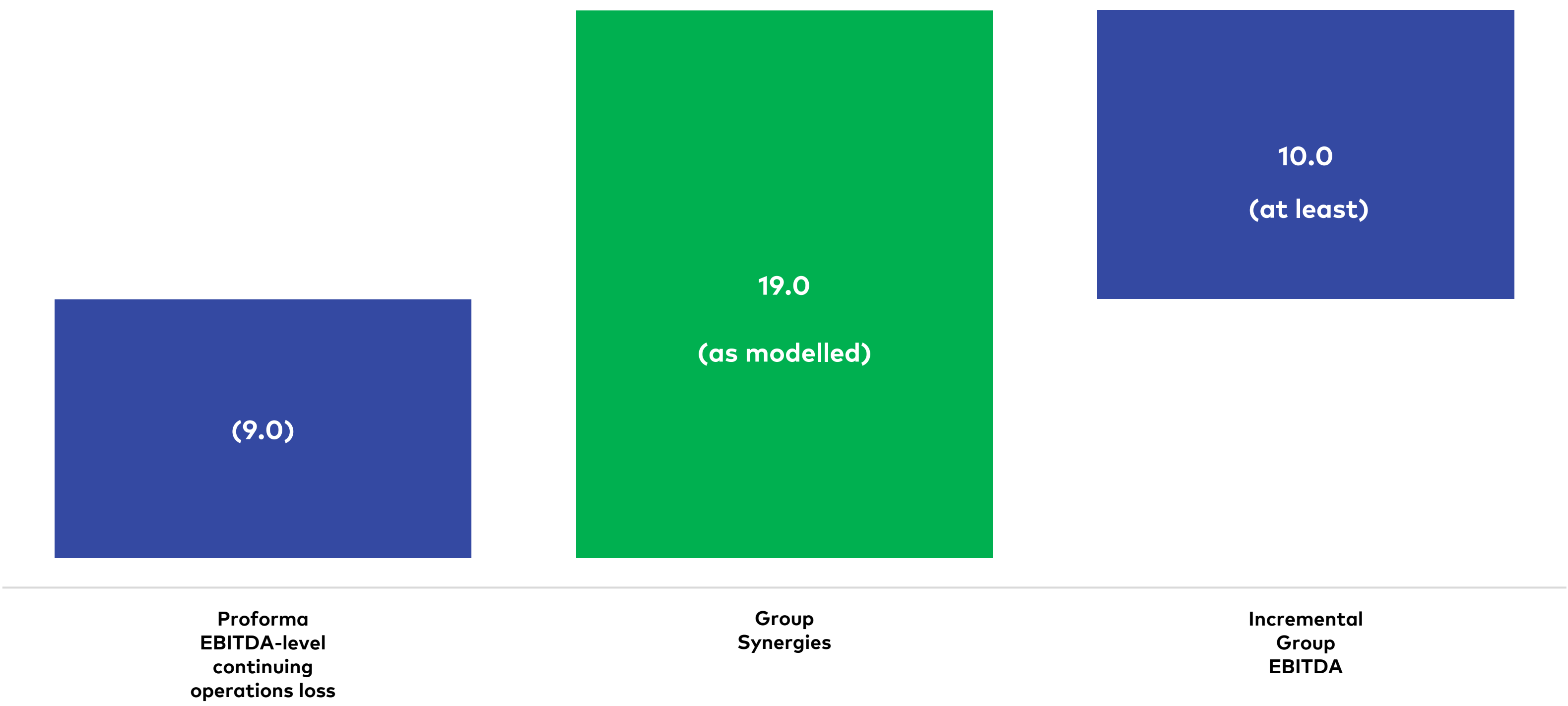
- 2024 employee costs are normalised to reflect the current run-rate post Newshub closure
- 2025 Budget normalisation reflects the downsizing of DNZ's operations post Newshub closure
- Exit of property leases reduces costs vs 2024, primarily due to surrendering the Flower Street lease in June 2025
- Agreed content and revenue share arrangements reduce ongoing operating costs

1. Source: Discovery NZ Ltd financial statements for the year ended 31 December 2024 and Sky analysis following due diligence. Note, purchase price allocation and fair valuation of identifiable net assets (e.g. content and platform) is yet to be completed.

At least $10m of potential incremental EBITDA by FY28

Synergies across content, broadcast infrastructure and a number of overheads – to come from the combined Sky + DNZ cost base

ASSUMED ONGOING INCREMENTAL GROUP EBITDA POST SYNERGIES[1] ($m)



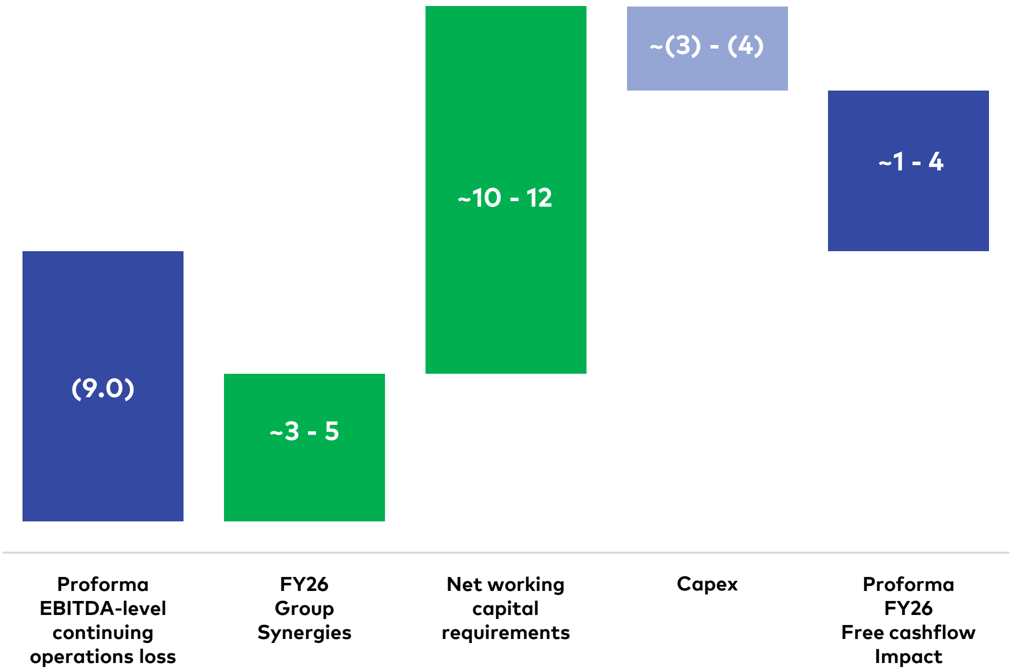
- Incremental Group EBITDA reflects synergies across the combined cost base
- Cost synergies will be extracted across combined content, broadcast infrastructure, and overhead costs, with most to be delivered in year 2 and 3
- Revenue synergies from wider audience reach are unquantified

1. Source: Discovery NZ Ltd financial statements for the year ended 31 December 2024 and Sky analysis following due diligence. Note, purchase price allocation and fair valuation of identifiable net assets (e.g. content and platform) is yet to be completed.

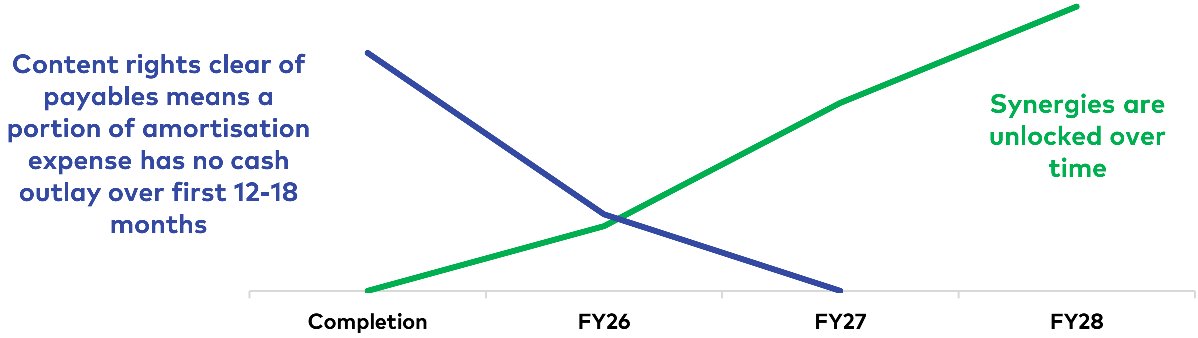
30 cent dividend target for FY26 not impacted

Debt-free balance sheet and content rights clear of payables at completion provides free-cash flow benefit over the first 12-18 months

FY26 PROFORMA UNDERLYING FREE CASH FLOW IMPACT[1] ($m)



NET WORKING CAPITAL CASH FLOW BENEFIT IN FIRST 12-18 MONTHS[1]



- Planned synergies in FY26 are highly targeted as we prioritise integration and technology separation
- Content rights on acquisition clear of payables reduces working capital requirements in the first 12-18 months
- Ongoing capex requirements, largely to maintain the ThreeNow platform, are below Sky's target level of 7% to 9% of revenue
- No drag on underlying free cash flow from the acquisition, meaning 30 cps dividend target for FY26 not impacted

1. Source: Discovery NZ Ltd financial statements for the year ended 31 December 2024 and Sky analysis following due diligence. Note, purchase price allocation and fair valuation of identifiable net assets (e.g. content and platform) is yet to be completed.