Results Presentation

For the six months ended
31 December 2022

23 February 2023

Agenda

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

Results summary
Solid operational and financial performance

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

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

REVENUE
$**379**m
(HY22: $372m)

EBITDA
$**74**m
(HY22: $85m)

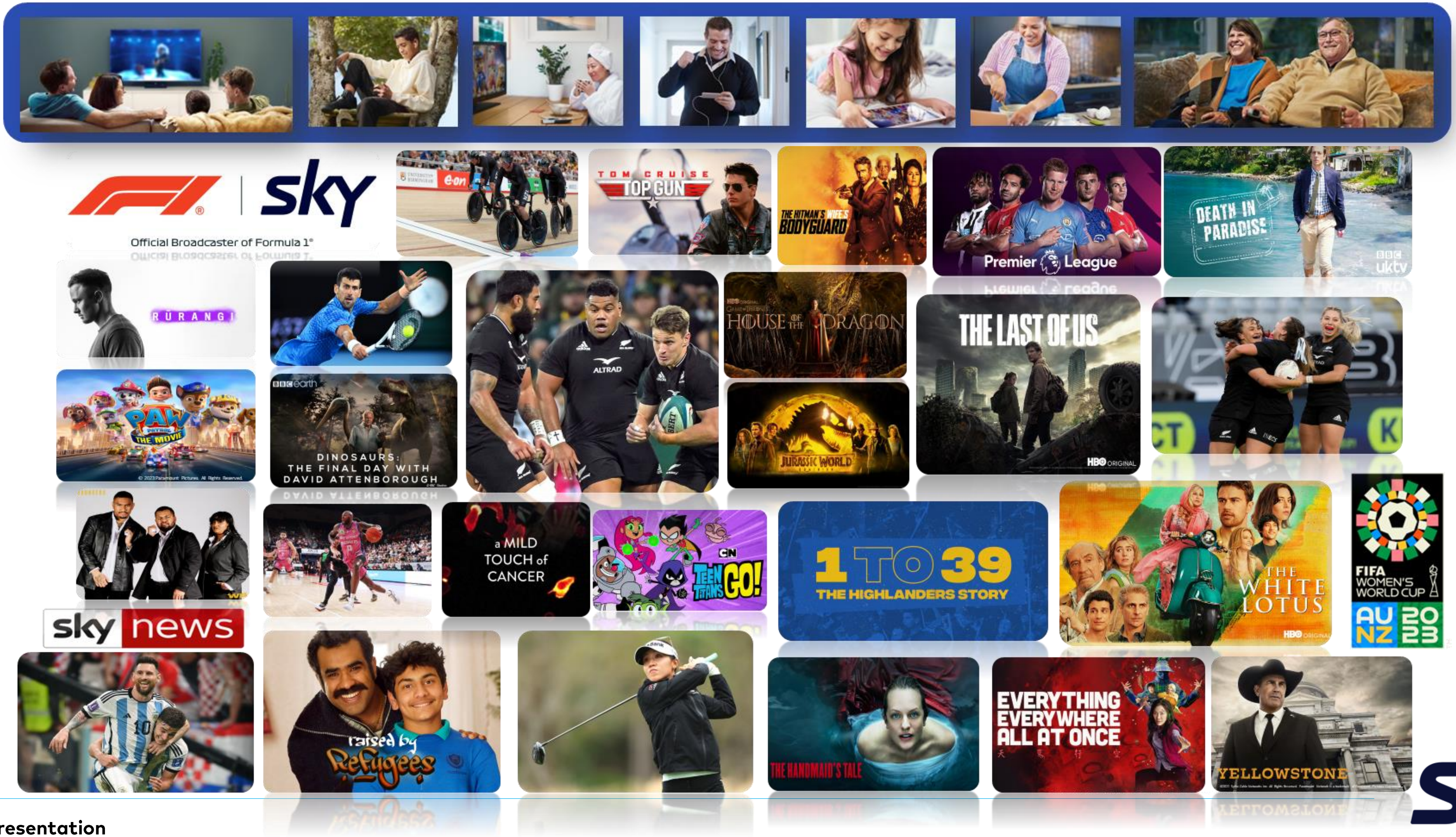
NPAT
$**26**m
(HY22: $28m)

RETURNED TO SHAREHOLDERS
$**83**m
(In H1 2023)

+

INTERIM DIVIDEND
6.0cps
($8.7m)

We connect New Zealanders with the sport and entertainment they love

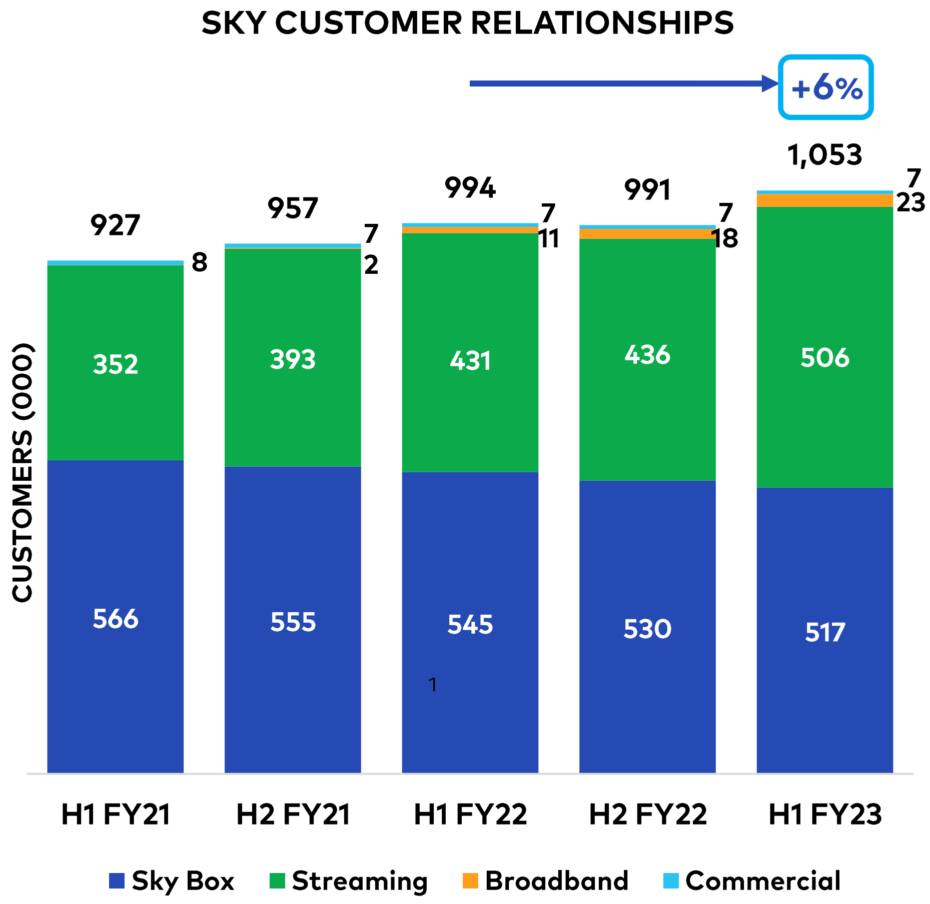


In ways that work for them, right across the country

Operational Performance

Customer Relationships

Over 1 million customers as growth trend continues

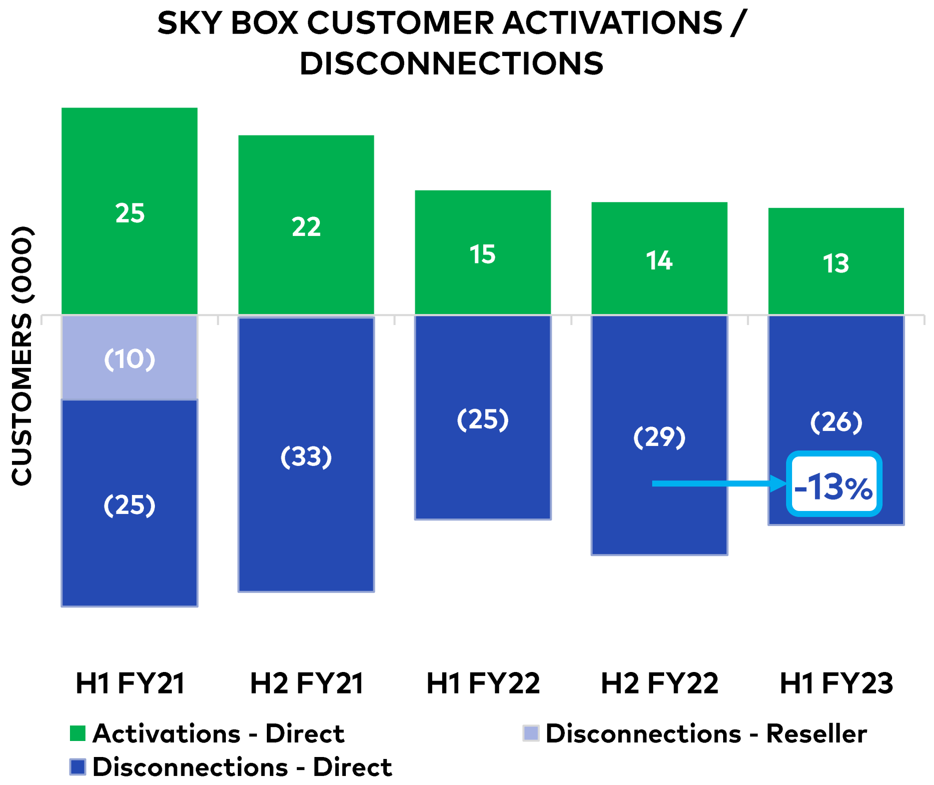


- 6% increase in customer relationships year on year as more New Zealanders join Sky
- 17% growth in streaming customers, rising to 24% when adjusted for the sale of RugbyPass to World Rugby in October 2022
- Sky Box decline of 5.1% year on year slowed to 2.4% in H1 FY23
- Sky Broadband relationships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

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

Sky Box Customer Movements

Acquisition strategy reset improves quality outcomes



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

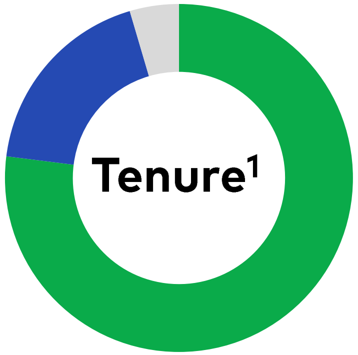
1. Foregone revenue is discounts provided that have been recognised in the financial period. The benefit is realised as the term of the discounts roll off and fewer discounts are applied across the base.

Sky Box Tenure and Churn

Significant proportion of customers with high tenure and ARPU

0-1 Year
5% of base
25% churn

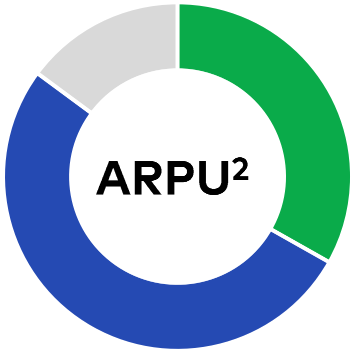
1-4 Years
18% of base
20% churn



5 Years+
77% of base
6.8% churn

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

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



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

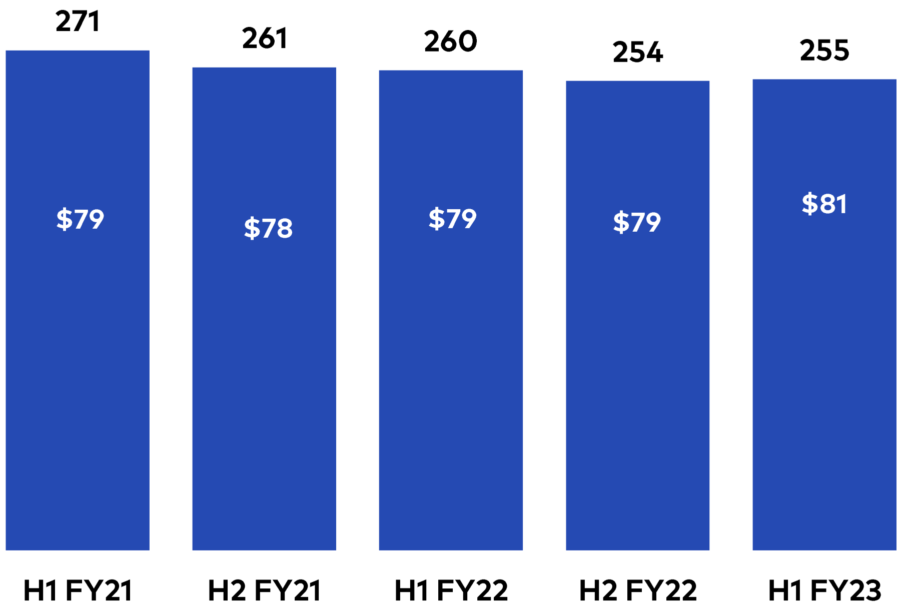
- Annualised Sky Box churn of 9.8% (compared to 9.1% in H1 FY22 and 10.9% at H2 FY22) reflects the high proportion of stable customers with over five years tenure
- 77% of customers have been with Sky for more than five years, up from 75% in H1 FY22, and with very low churn of 6.8%
- One year churn (impacting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

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

Sky Box Revenue and ARPU

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

SKY BOX REVENUE[1] ($m) AND ARPU[2]



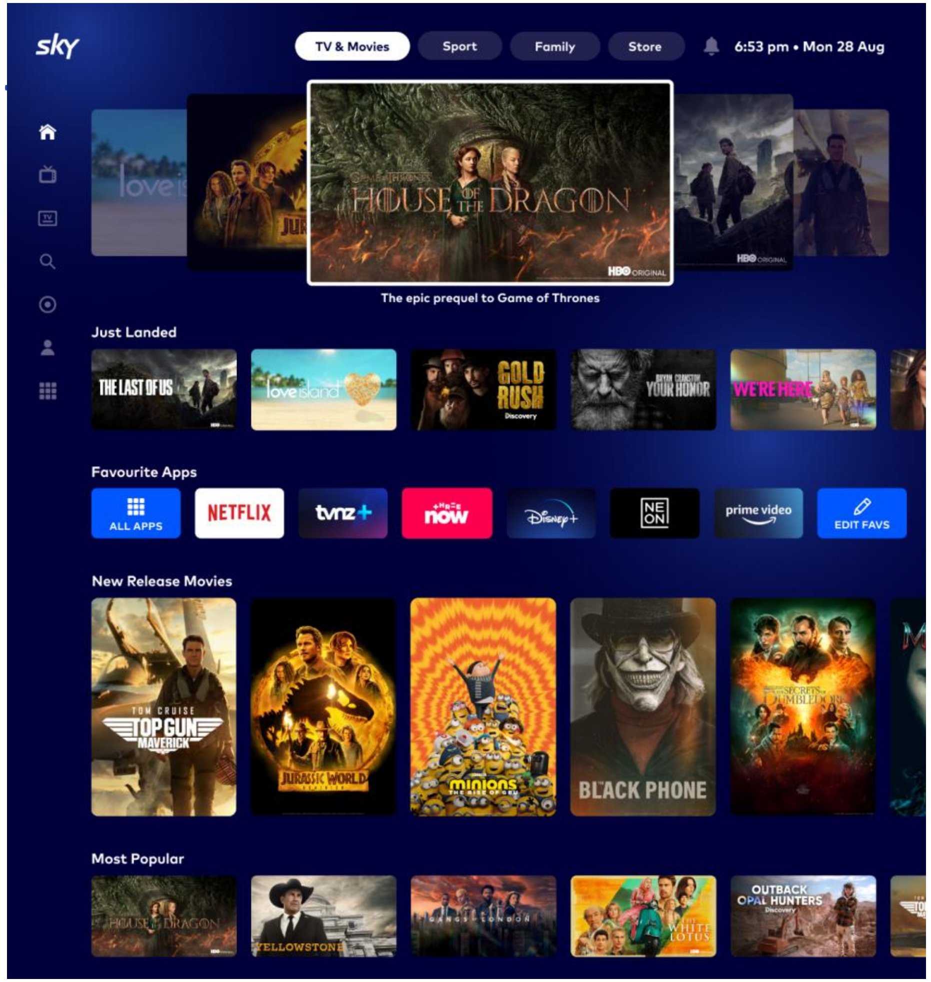
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23
Sky Box Revenue Change	-4.4%	-3.4%	-0.6%	-2.2%	0.4%

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

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

New Sky Box & Sky Pod update

Targeted selling now underway

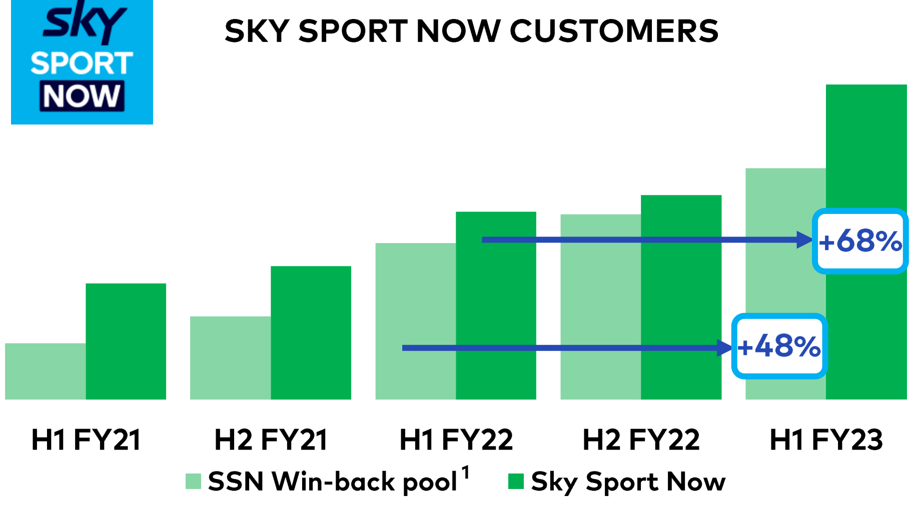


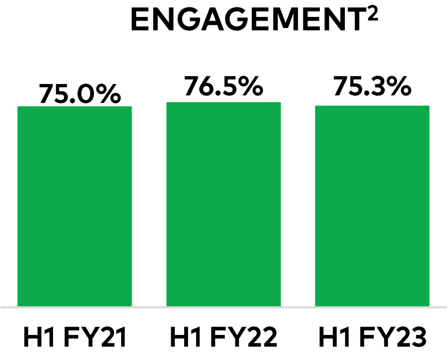
- Sales of the new Sky Box have begun with Sky Pod commencing soon. Prioritising Vodafone TV (VTV) customer migration to their chosen Sky product (given VTV platform closure 31 March)
- Positive customer feedback coming in, including praise for the ease of content discovery
- Sky Pod initially prioritised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

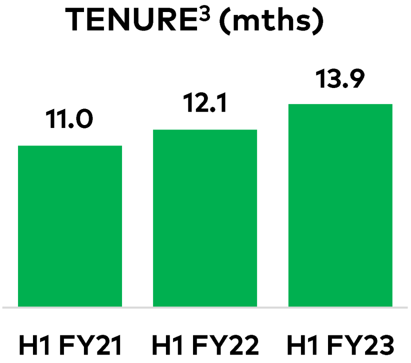
1. Sky retains ownership. One-off fee revenue will be recognised as Other Revenue.

Streaming Customers – Sky Sport Now

68% customer growth captures value of strong content



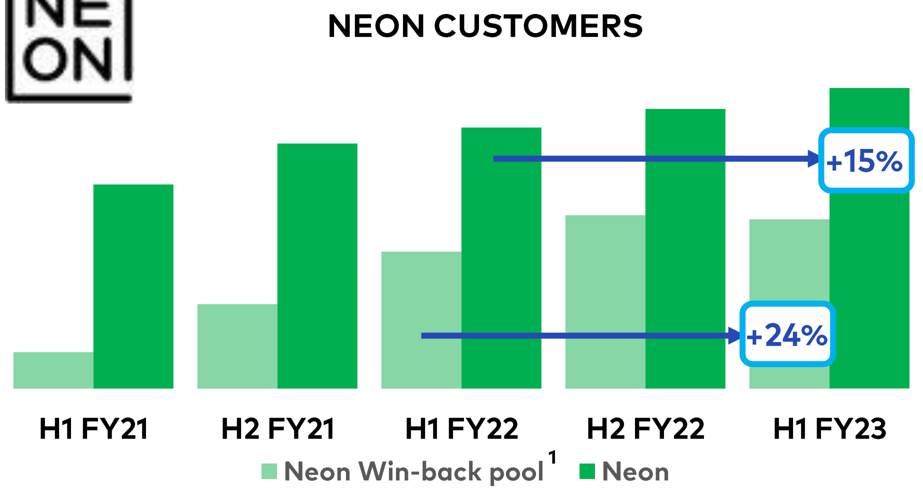


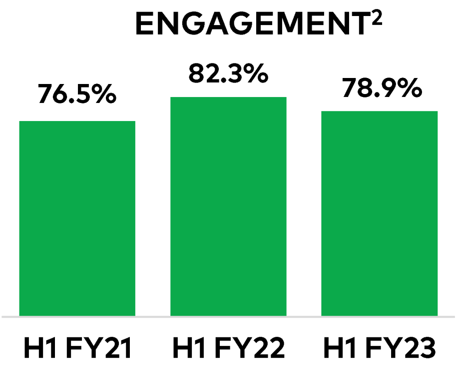


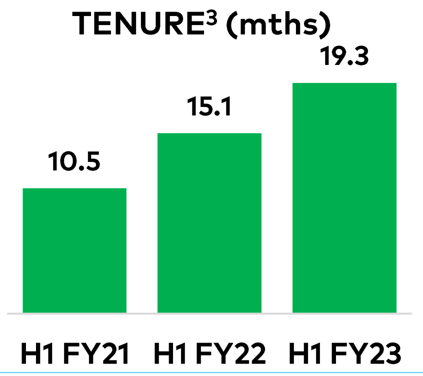
- Strong customer growth across all pass categories with committed and casual fans able to choose a package and price point that works for them
- Acquisitions driven by exceptional content, including Premier League from August 2022. 44% of PL acquisitions were new to Sky Sport Now. FIFA World Cup also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

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

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



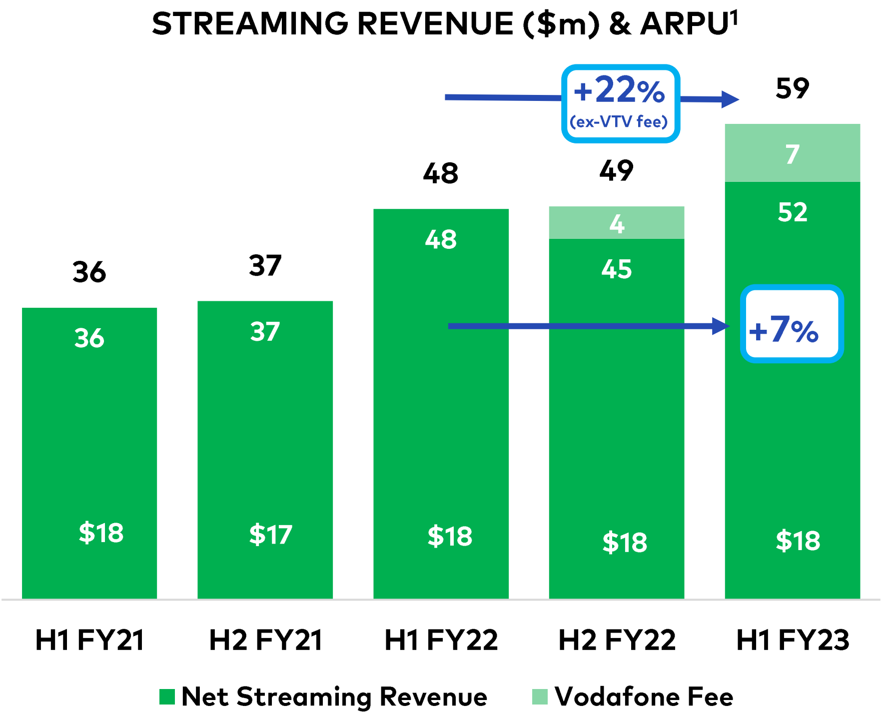




- Neon growth continued, including following the 12.5% price rise on 15 August 2022 to $17.99 monthly / $179.99 annual pass. 78% now subscribing direct (from 75% YoY) and with higher uptake of annual passes
- New 'basic' tier introduced at the same time (at $12.99 monthly) provides customers with pricing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

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

Streaming Revenue
Strong growth of 22% net of VTV fees



48% ↑

Sky Sport Now Revenue

19% ↑

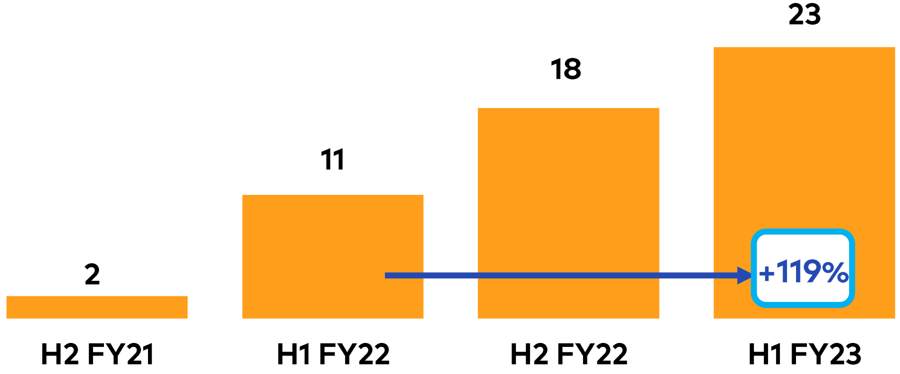
Neon Revenue

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

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

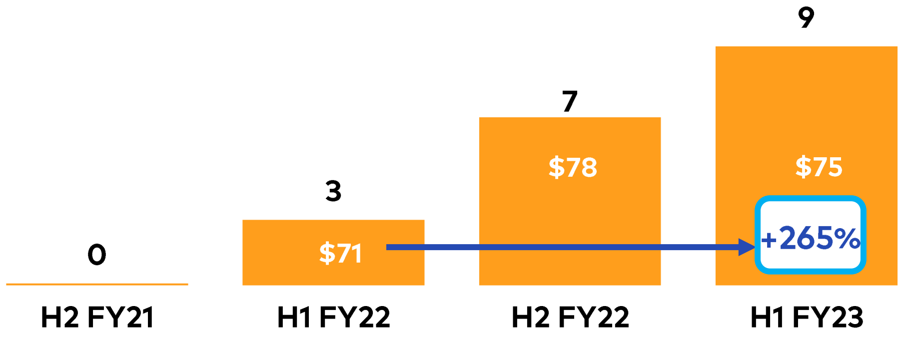
Sky Broadband
Ongoing customer and revenue growth; positive NPS impact

BROADBAND CUSTOMERS (000)



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

BROADBAND REVENUE[1&2] ($m) AND ARPU



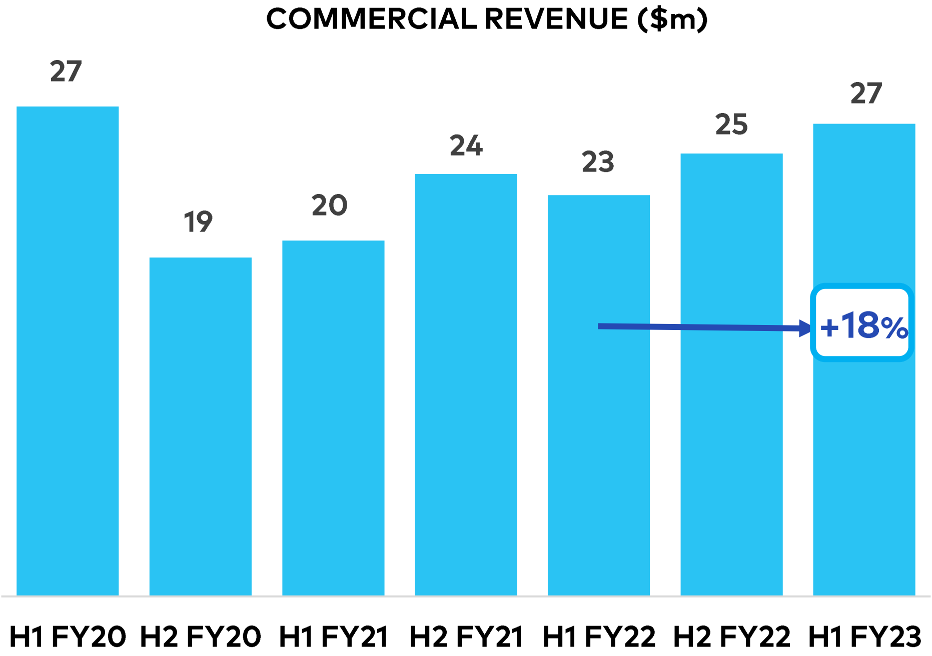
- Ongoing growth in customer numbers despite increased competition and with customer consideration increased to 32% from 22% a year ago
- Attachment rate rise to 4.3% (and 11% on Sky Box acquisitions).
- Customer satisfaction scores remain high (81% CSAT on joining and 82% after the first 100 days).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

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

Commercial Revenue

Revenue recovery achieved; growth opportunities ahead

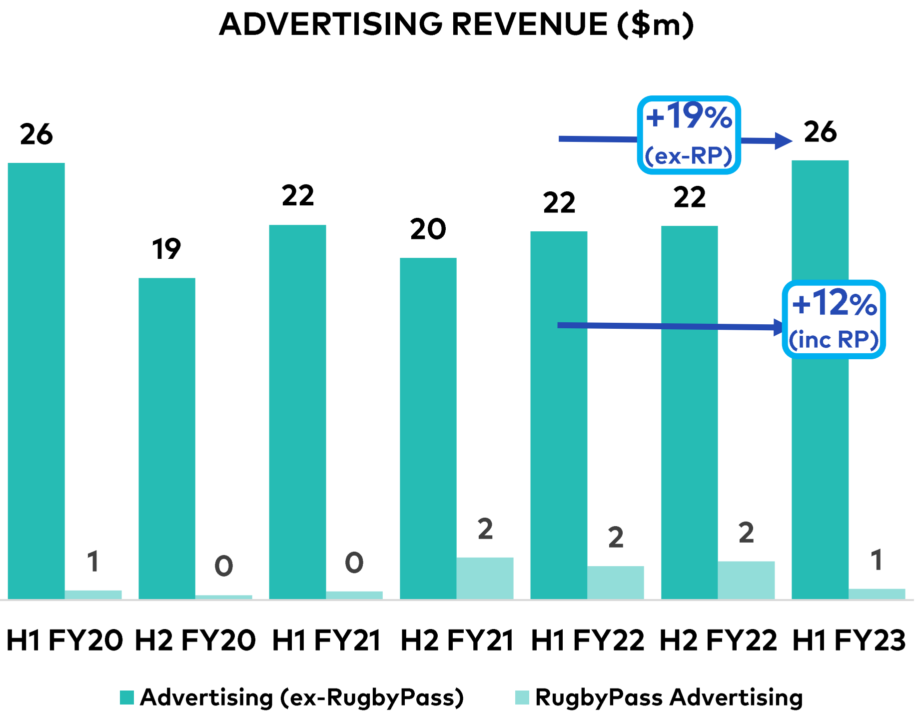
sky BUSINESS



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

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

sky ADVERTISING



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

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

Financial Performance

Financial Performance
On track for guidance while investing for growth

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

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

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

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

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

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

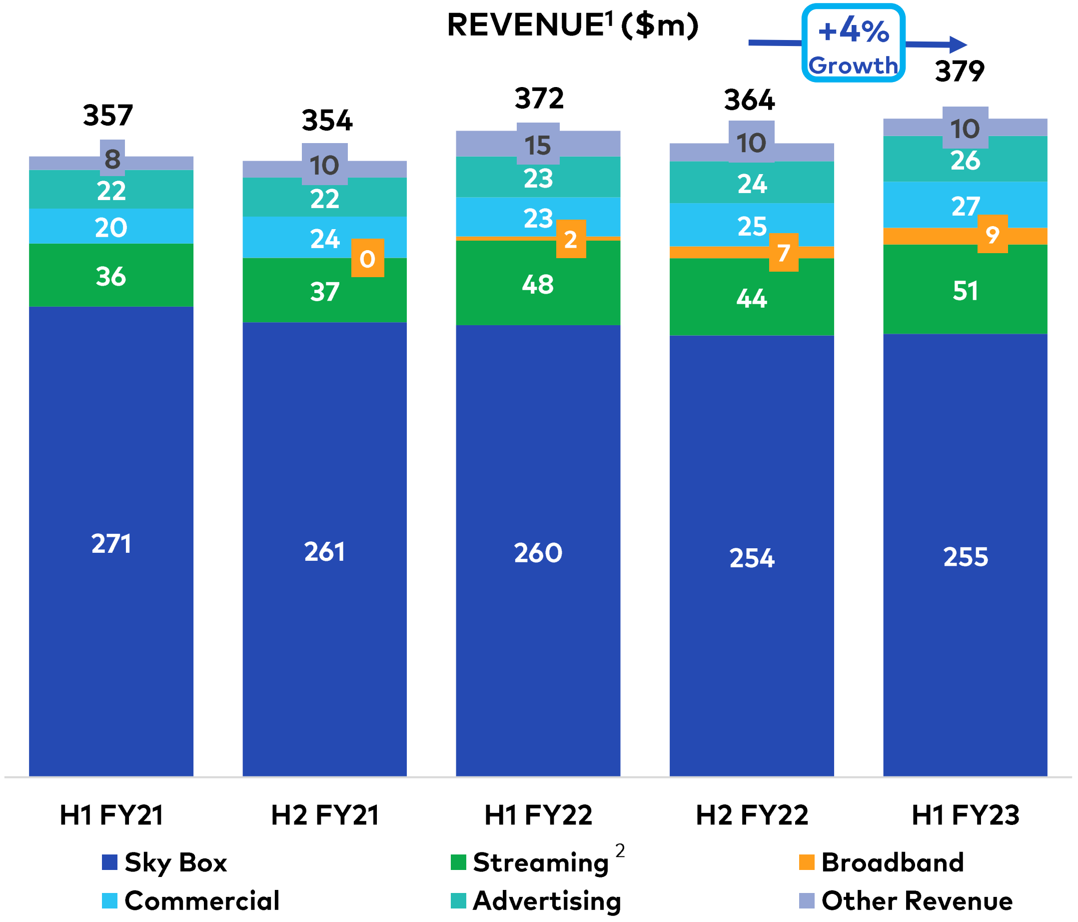
DIVIDEND
6.0cps
HY22: Nil

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

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

Revenue

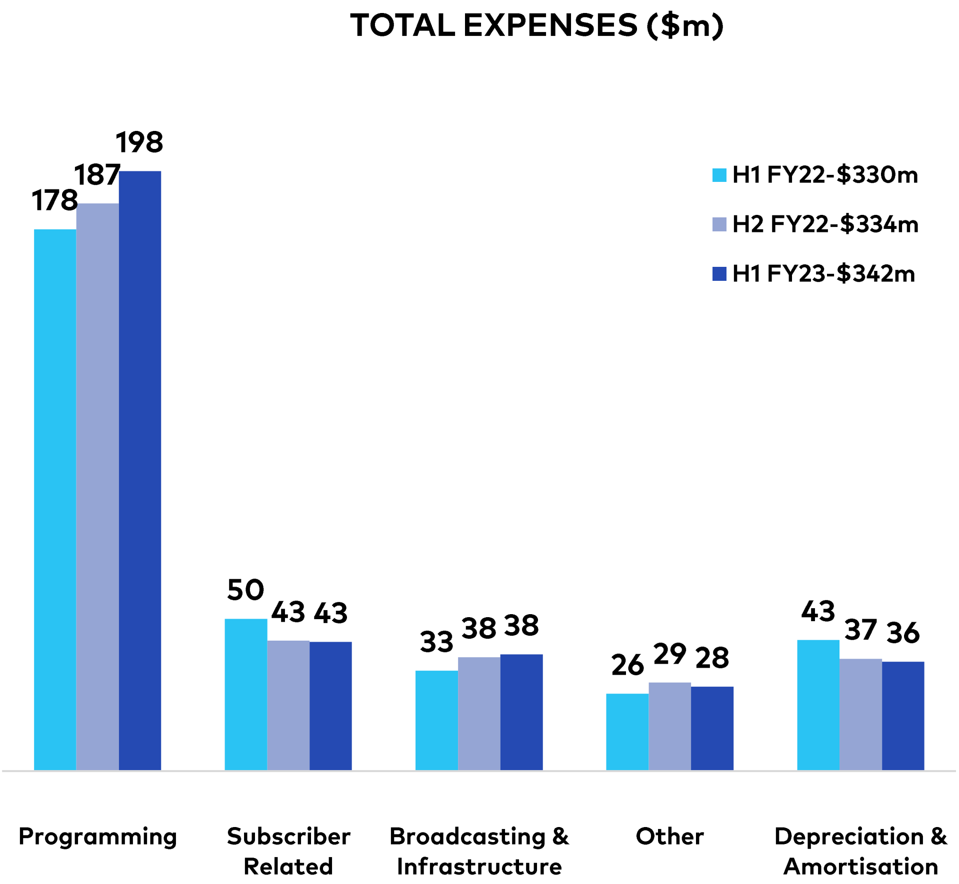
Growth achieved across all core revenue lines since H2 FY22



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

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

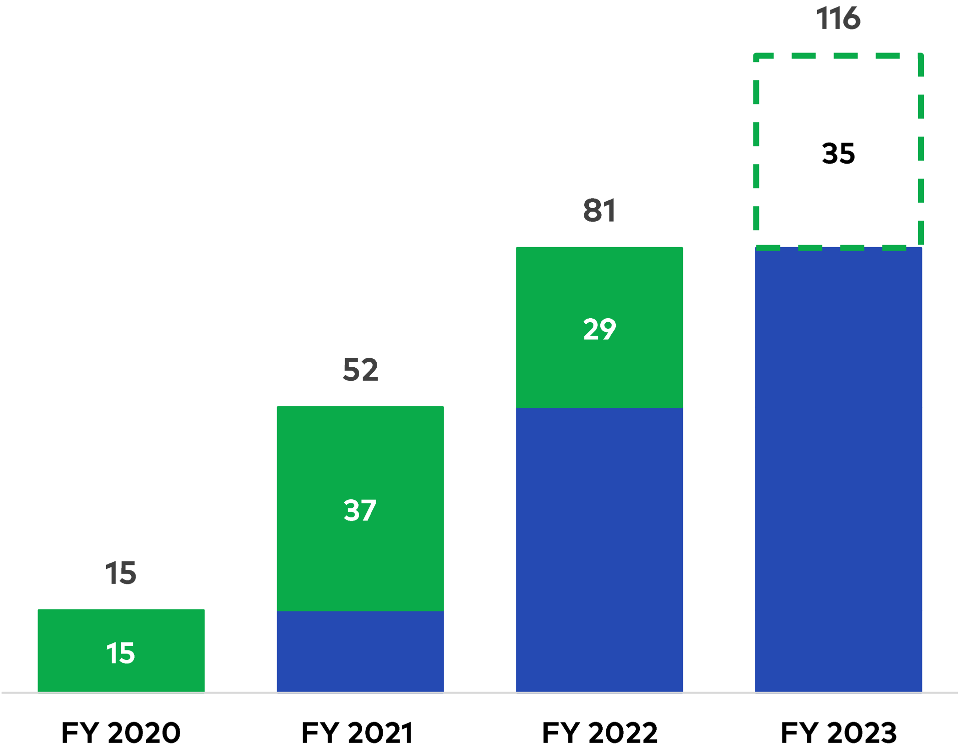
Expenses
Rights inflation partially offset by cost management as planned



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

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

PERMANENT SAVINGS DELIVERED ($m)



$81 million

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

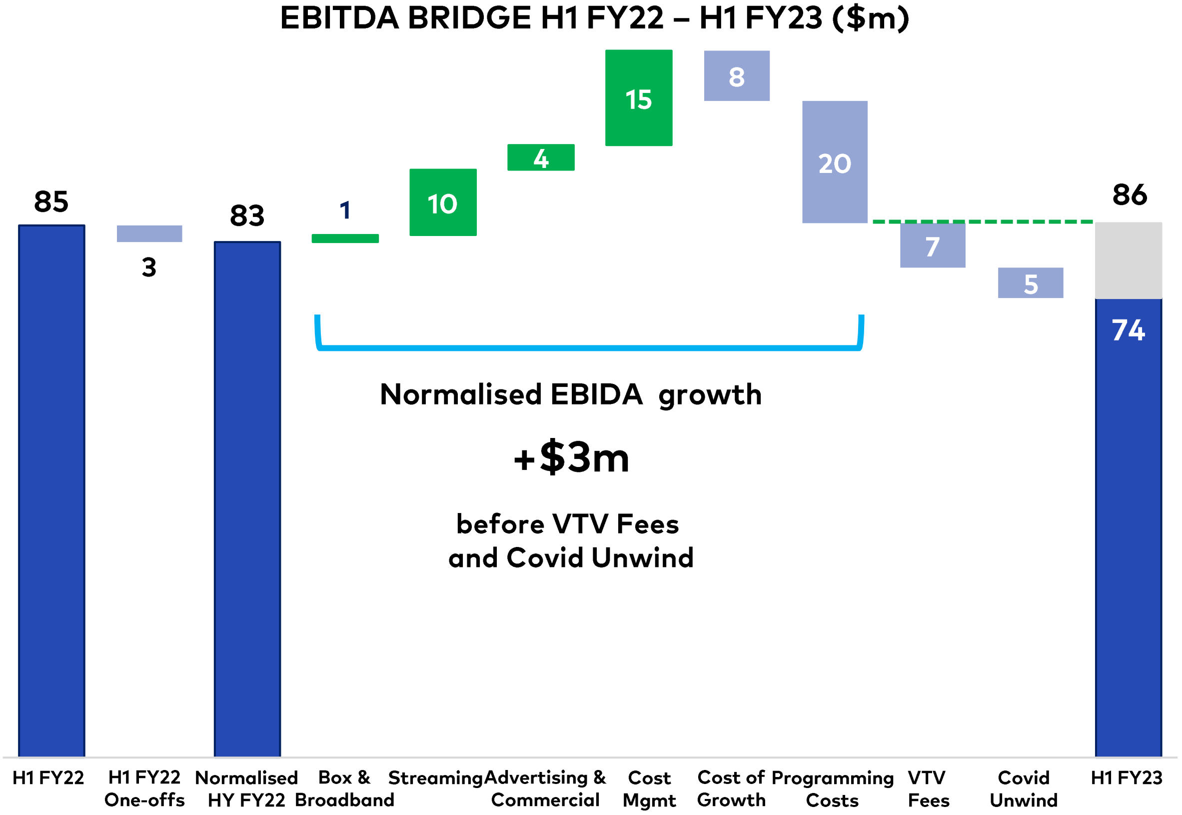
So far we've: Rationalised content, aligned production spending with its value, streamlined procurement, driven efficiencies through 3PL logistics, reduced discretionary spend, reduced discounting and negotiated fee reductions – with more opportunities ahead

Reinvestment choices:

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

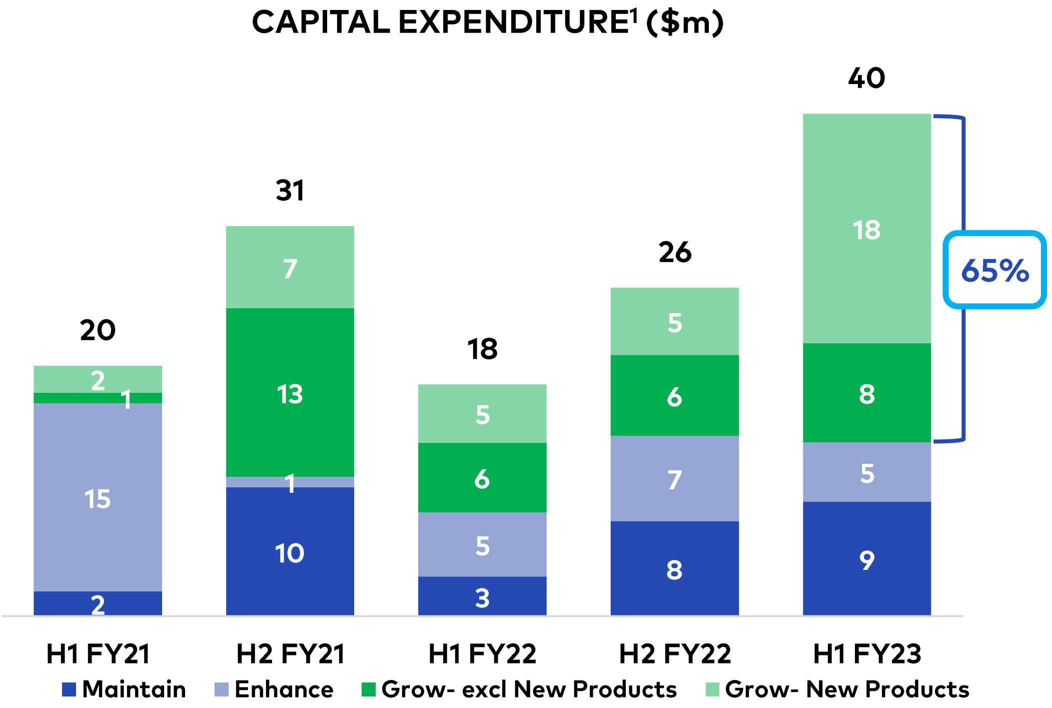
EBITDA Bridge

Revenue and savings outpace cost of growth and programming



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

Capital Expenditure
Capex rise reflects increased investment for growth initiatives



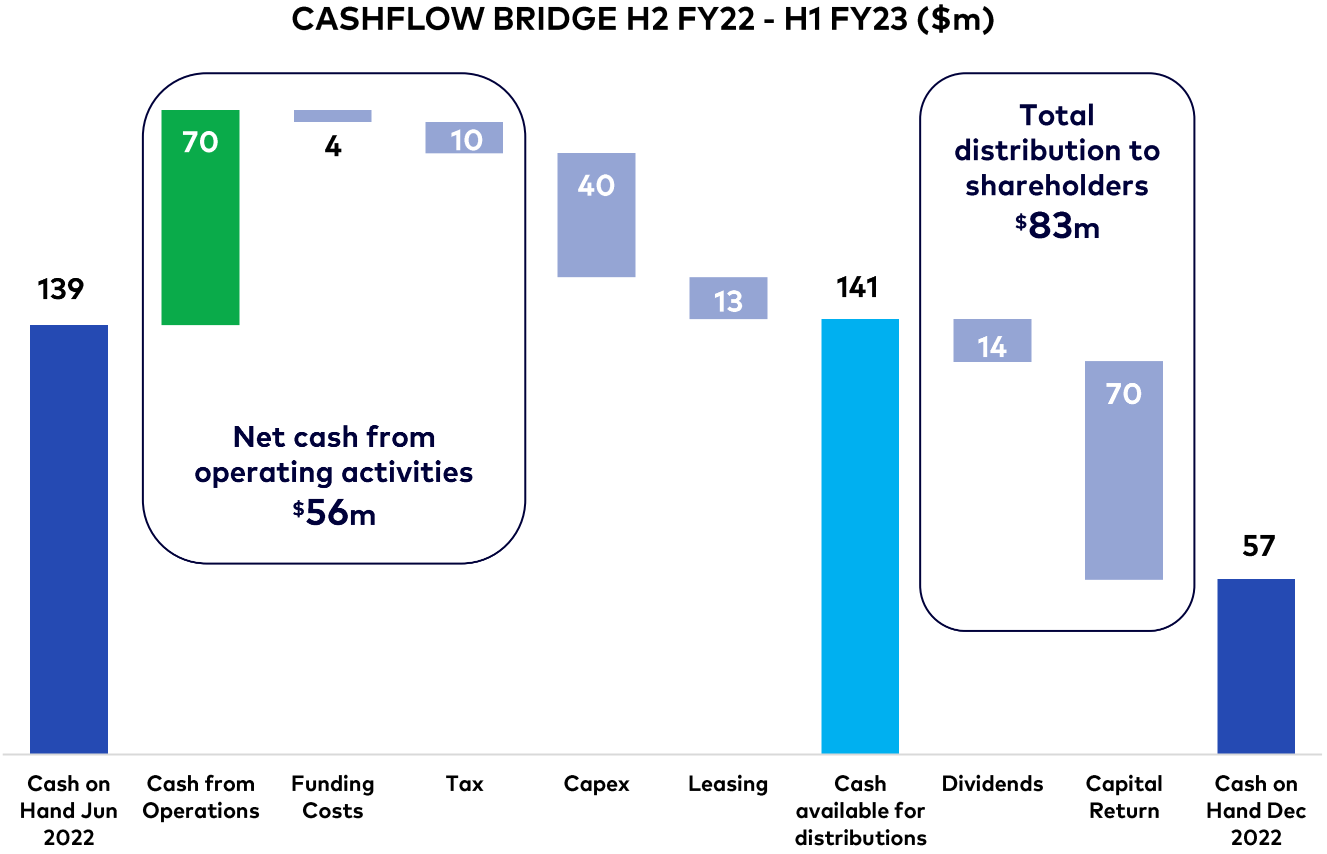
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23
CAPEX / Revenue %	6%	9%	5%	7%	11%
Growth Spending %	15%	64%	55%	45%	46%

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

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

Free Cash Flow

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



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

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

Looking Ahead

Capital Management

Additional capital management action via $15m buyback

Balance Sheet Cash Reserves	→	**Capital Return $70m Buyback** up to **$15m**
Free Cash Flow	→	**FY 2022 $12.8m / 7.3 cps HY 2023 $8.8m / 6.0 cps**
Debt Facility	⇢	**$150m (undrawn)**

Buyback

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

Dividends

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

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

Outlook and Guidance
FY 2023 guidance range narrowed

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

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

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

Questions

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

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