2022 Interim Report

For the 6 months ended 31 December 2021

Sky Network Television Limited

Half Year Performance

Financial

REVENUE $M
371.7

OPERATING EXPENSES $M
287.2

EBITDA[1] $M
85.3

NPAT $M
28.3

FREE CASH FLOW[2] $M
39.7

[1] Earnings before income tax, interest expense, depreciation, amortisation and impairment, unrealised gains and losses on currency and interest rate swaps.

[2] Net cash from operating activities less net cash used in investing activities less payments for lease liability principal.

Customer

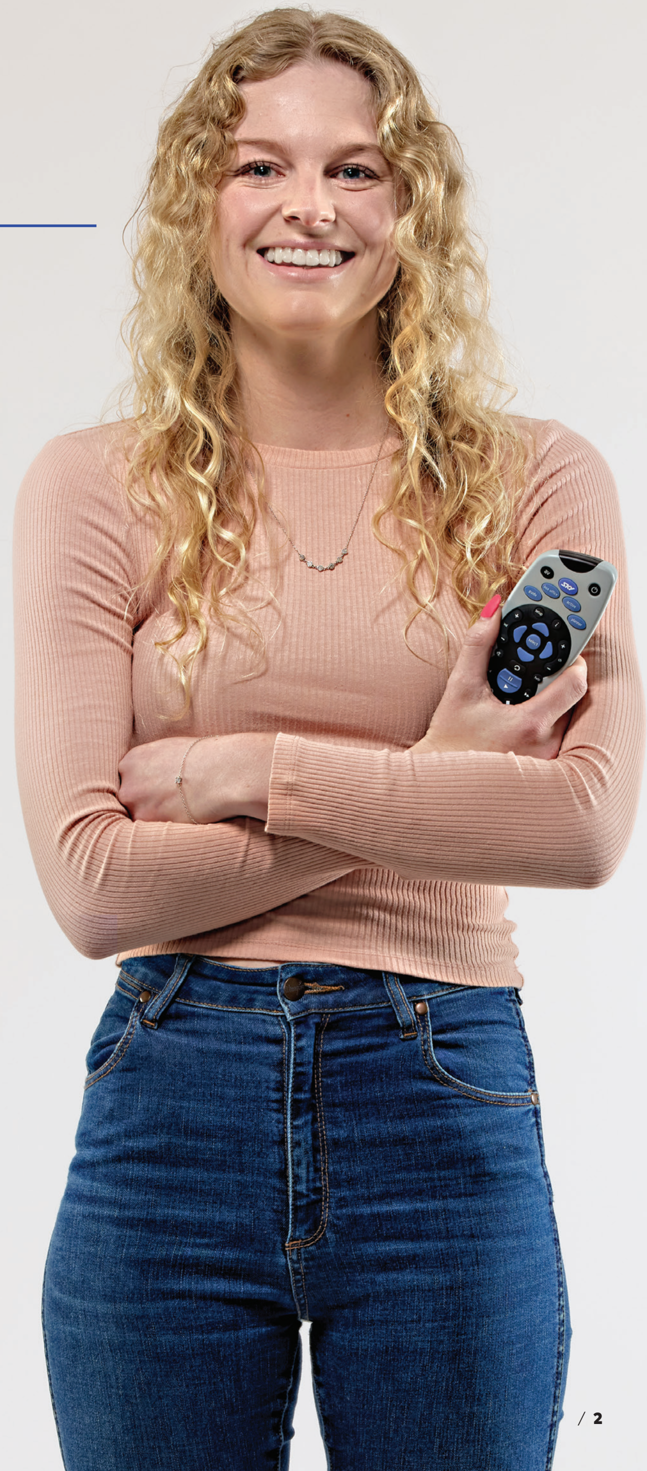
CUSTOMER RELATIONSHIPS
+6% YOY

TOTAL CUSTOMER RELATIONSHIPS
983,561

SKY BOX CUSTOMERS
545,002

STREAMING CUSTOMER GROWTH[3]
+23% YOY

[3] Comprising Neon, Sky Sport Now, Retransmission and RugbyPass



Message from the CEO

I am delighted to present our results for the Half Year to December 2021.

When I addressed you this time last year, in my first report as your Chief Executive, I said that I was focused on getting to the heart of what matters most for Sky – to create better value for our customers, our partners, our people, and our stakeholders.

We needed to change, and we knew we needed to do better.

I am incredibly proud of the work of our team during the first half of the FY22 financial year, and the strengthened position we have created for our business. Despite the challenges presented by the Covid-19 lockdowns, particularly for our Auckland-based teams, we have achieved what we set out to do, and then some.

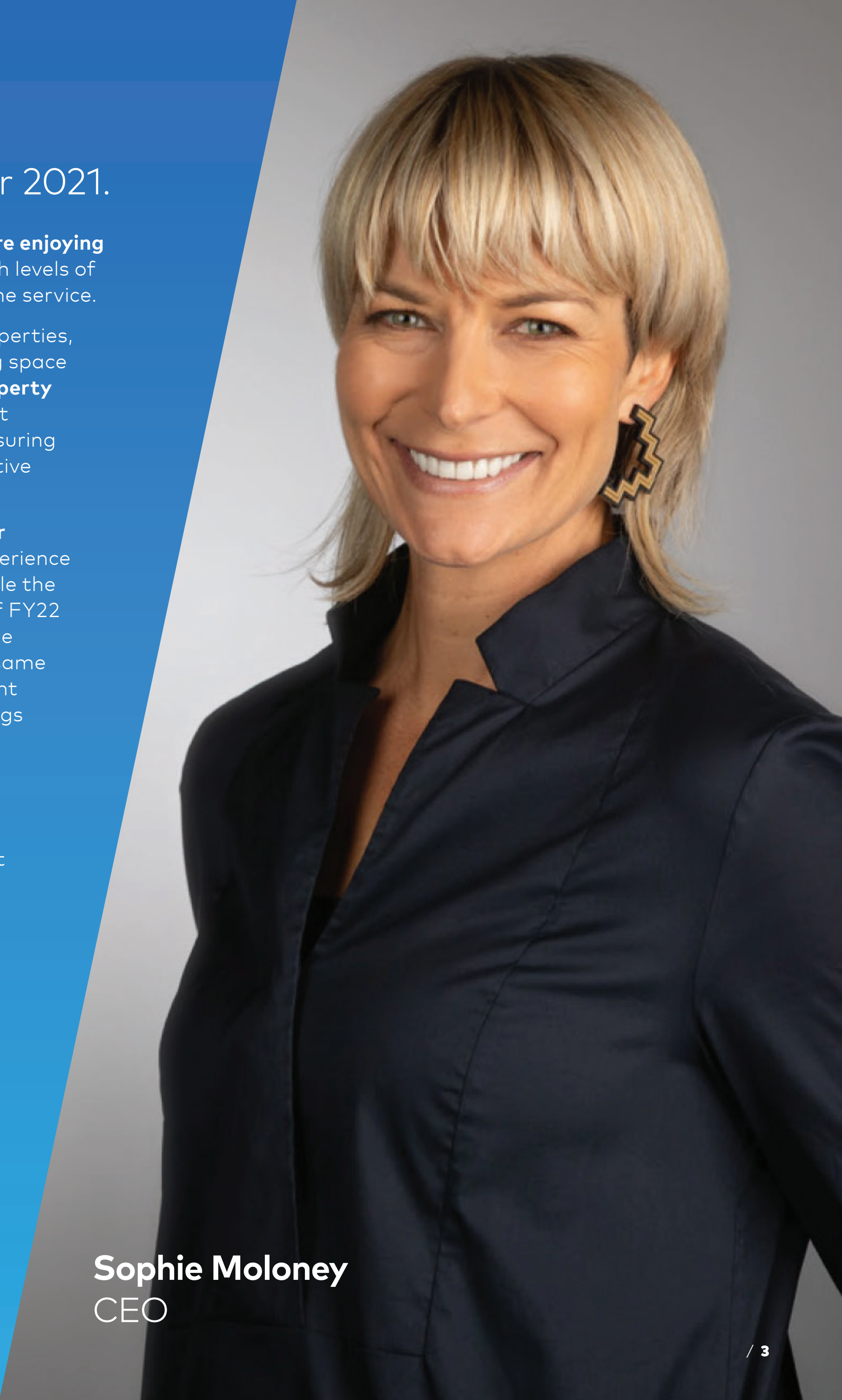
First and foremost, we focused on what matters to our customers by continuing to secure the rights that matter, improving our streaming services and launching Sky Rewards for our loyal box customers. This focus on customer value has also given our teams real clarity and direction, and also enabled us to seriously review our spending, resulting in the significant cost-out initiative announced to the market towards the end of the period.

Highlights for the six months include:

- Delivering an **increase in revenue** – the first in many years – as we return the business to a sustainable growth path, with Sky Box revenues stabilising and streaming revenues continuing to rise.
- Continuing to **grow our customer relationships**, up another 6% to 983,561 as more New Zealanders turn to Sky to connect them with the content they love, in ways that work for them.
- **Securing great sport and entertainment content** for our customers, including exciting deals with HBO and HBO Max, the NBL and the A-League, and agreeing host market broadcast rights for FIFA Women's World Cup 2023.
- Delivering the first stage of our Sky Rewards programme, designed to **recognise and reward our longstanding and valued Sky Box customers.**
- Growing the number of **Sky customers who are enjoying Sky Broadband**, with customers reporting high levels of satisfaction at the ease, speed and value of the service.
- Negotiating the sale of our Mt Wellington properties, with a lease-back on Studio One, and securing space in Viaduct Harbour Ave to enable our **new property strategy**, which is focused on creating the best environment for our people to thrive, while ensuring we use capital in the most efficient and effective way for our business and our investors.
- **Cutting significant, permanent costs from our business** without impacting the customer experience or the revenue growth signalled for FY22. While the overall cost base was higher in the first half of FY22 than in the prior period, this largely reflects the expected step-up in rights costs without the same Covid-19 impacts. We are delivering permanent savings in FY22, with additional ongoing savings already targeted in FY23.

Most importantly for me as Chief Executive is that we are living up to the strategic bedrock we set ourselves in June last year: to be an efficient, adaptive and profitable business. Having brought together a highly skilled and experienced Executive Leadership Team with real ambition and passion for Sky, the momentum is tangible. Right across the business, we have entered the second half of this financial year with a spring in our step.

As today's results show, rather than being a business in defensive mode, we now have a balance sheet and a strengthened business poised to embrace opportunity and growth. I look forward to continuing to deliver on our customer promise – and continuing to build value for you, our investors.



Sophie Moloney
CEO

Philip Bowman
Chairman

Message from the Chair

I echo Sophie's sentiment that Sky enters the coming period with refreshed energy and optimism.

Whilst we remain acutely aware of the challenging environment in which we operate, exacerbated by the ongoing uncertainties catalysed by Covid-19, the hard work of the Sky team under Sophie's leadership is transforming the business, repositioning the company for future growth.

A key milestone in the coming months is to deliver the next generation of Sky Box – one that we believe will transform the viewing experience of our customers. This game-changing project is on track, with customer research confirming that the new features resonate strongly with customers, and that there is growing excitement for the product to be in customer homes from mid-2022.

In parallel we continue to prioritise our investment in data analytics to truly understand our customers and better personalise the viewing experience to meet their individual needs. The benefits of this investment, and the customer-focused mindset it demands, are increasingly evident across the business, and in the customer satisfaction measures we track.

As outlined at the Annual Shareholder Meeting at the end of last October, the Board has been reviewing capital management strategy in the context of expected earnings outlook, investment needs and strategic opportunities. Following improved performance across a variety of metrics (including cash generation) over the past twelve months and increased medium term certainty over the majority of our key content rights, the Board has now resolved to adopt a formal dividend policy of distributing between 50% and 80% of Free Cash Flow (excluding one-off items). The Board expects to resume paying dividends commencing with a final dividend in September 2022, consistent with this dividend policy.

More broadly, as a result of recent performance and the sale of OSB, Sky had $74m of cash on the balance sheet at the end of the half year. In addition, a further net cash inflow of $55m is expected when the sale of Sky's Mt Wellington properties settles in March 2022. Management and the Board continue to assess opportunities to invest capital to accelerate the growth of the business, to generate new revenue streams, and to improve returns for shareholders. As a result, the Board intends to provide a further update on capital management to coincide with an investor day to be held in June 2022. Any decisions on capital structure, including any return of capital, will be subject to market conditions and any other strategic opportunities that may arise.

Thank you

We are grateful to you, our shareholders, for your ongoing support through difficult times in recent years. The transformation journey towards establishing a platform for future growth is progressing well and the market is starting to recognise this with an improved valuation of Sky's shares. In parallel we continue to provide a vital and valued service to our customers whilst caring for the wellbeing of our people and our stakeholders. Sophie and I are confident in the ability and strength of the Sky team to continue to rise to future challenges.

We thank all the team, the Board, our content partners and stakeholders, and you, our investors, for your support and enthusiasm for Sky. Connecting New Zealanders with great sport and entertainment, in ways that work for every individual, right across the country, is an honour and a privilege. Thank you for the part you play.

Philip Bowman
Chairman

Sophie Moloney
CEO

Our 2022 Interim Financials

For the six months ended
31 December 2021

Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 December 2021 (unaudited)

In NZD 000	Notes	31-Dec-2021 (6 months)	31-Dec-2020 (6 months)	30-Jun-2021 (1 year audited)
Revenue	4	371,671	356,870	711,234
Other income		840	2,220	13,520
Expenses				
Programming	8	178,413	141,739	329,354
Subscriber related costs		50,200	42,569	93,070
Broadcasting and infrastructure		33,072	30,655	60,655
Depreciation and amortisation		43,169	55,069	107,991
Other costs		25,523	27,842	55,259
Total expenses		**330,377**	**297,874**	**646,329**
Operating profit		**42,134**	**61,216**	**78,425**
Finance costs, net		2,317	4,692	10,536
Profit before tax		**39,817**	**56,524**	**67,889**
Income tax expense		11,552	16,943	20,343
Profit for the period		**28,265**	**39,581**	**47,546**
Attributable to:				
Equity holders of the Company		28,292	39,427	47,228
Non-controlling interests		(27)	154	318
		28,265	**39,581**	**47,546**
Earnings per share				
Basic and diluted earnings per share (cents)	12	16.20	22.58	27.04
OTHER COMPREHENSIVE INCOME				
Profit for the period		28,265	39,581	47,546
Items that may be reclassified to profit and loss				
Exchange differences on translation of foreign operations		31	(228)	(291)
Deferred hedging gains transferred to operating expenses during the period		2,964	510	1,056
Income tax effect		(830)	(143)	(296)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		**2,165**	**139**	**469**
Items that may not be reclassified to profit or loss				
Deferred hedging losses transferred to non-financial assets during the period		(1,535)	(6,974)	(367)
Income tax effect		430	1,953	103
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods, net of income tax		**(1,105)**	**(5,021)**	**(264)**
Total comprehensive income for the period		**29,325**	**34,699**	**47,751**
Attributable to:				
Equity holders of the Company		29,352	34,545	47,433
Non-controlling interests		**(27)**	**154**	**318**
		29,325	**34,699**	**47,751**

Consolidated Interim Balance Sheet

As at 31 December 2021 (unaudited)

In NZD 000	Notes	31-Dec-2021	31-Dec-2020[1]	30-Jun-2021[1] (audited)
Current assets				
Cash and cash equivalents	10	73,946	123,279	34,800
Trade and other receivables		53,816	54,089	65,615
Programme rights inventory	8	95,293	95,285	103,154
Derivative financial instruments	10	3,229	626	1,347
		226,284	**273,279**	**204,916**
Non-current assets				
Property, plant and equipment		69,838	116,455	100,192
Intangible assets		54,769	57,357	55,701
Right of use assets		46,644	81,978	64,272
Deferred tax asset	3	1,277	-	4,714
Goodwill	3	255,245	256,312	255,245
Derivative financial instruments	10	2,033	164	1,724
		429,806	**512,266**	**481,848**
Assets held for sale	9	36,626	8,225	13,436
Total assets		**692,716**	**793,770**	**700,200**
Current liabilities				
Interest bearing loans and borrowings	6,10	1,149	100,671	1,137
Lease liabilities	3,10	25,343	41,219	39,074
Contingent consideration		-	2,542	-
Trade and other payables		127,063	115,424	137,077
Contract liabilities		50,836	51,256	52,267
Income tax payable		2,308	6,358	7,850
Derivative financial instruments	10	613	6,170	1,495
		207,312	**323,640**	**238,900**
Non-current liabilities				
Interest bearing loans and borrowings	6,10	458	876	1,035
Lease liabilities	3,10	26,663	47,438	31,075
Trade and other payables		1,544	-	1,576
Contingent consideration		-	2,741	-
Derivative financial instruments	10	142	1,589	342
Deferred tax liability	3	-	1,366	-
		28,807	**54,010**	**34,028**
Liabilities associated with assets held for sale	9	-	1,676	-
Total liabilities		**236,119**	**379,326**	**272,928**
Equity				
Share capital		768,766	767,608	768,766
Reserves		2,095	(2,894)	1,035
Retained deficit	3	(315,577)	(351,670)	(343,869)
Total equity attributable to equity holders of the Company		**455,284**	**413,044**	**425,932**
Non-controlling interest		1,313	1,400	1,340
Total equity		**456,597**	**414,444**	**427,272**
Total equity and liabilities		**692,716**	**793,770**	**700,200**

[1] Certain comparative amounts have been restated, refer note 3.

Philip Bowman
Director and Chairman

Keith Smith
Director

For and on behalf of the Board 23 February 2022

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2021 (unaudited)

		Attributable to owners of the parent					
In NZD 000	Notes	Share capital	Reserves	Retained deficit	Total	Non-controlling interest	Total equity
For the six months ended 31 December 2021							
Balance at 1 July 2021		768,766	1,035	(343,869)	425,932	1,340	427,272
Profit for the period		-	-	28,292	28,292	(27)	28,265
Exchange difference on translation of foreign operations		-	31	-	31	-	31
Cash flow hedges, net of tax		-	1,029	-	1,029	-	1,029
Total comprehensive income for the period		-	1,060	28,292	29,352	(27)	29,325
Balance at 31 December 2021		**768,766**	**2,095**	**(315,577)**	**455,284**	**1,313**	**456,597**
For the six months ended 31 December 2020							
Balance at 1 July 2020		767,608	991	(394,875)	373,724	1,246	374,970
Restatement of adoption of new accounting standard	3	-	-	3,778	3,778	-	3,778
Balance at 1 July 2020 (restated)		**767,608**	**991**	**(391,097)**	**377,502**	**1,246**	**378,748**
Profit for the period		-	-	39,427	39,427	154	39,581
Exchange difference on translation of foreign operations		-	(228)	-	(228)	-	(228)
Cash flow hedges, net of tax		-	(4,654)	-	(4,654)	-	(4,654)
Total comprehensive income for the period		-	(4,882)	39,427	34,545	154	34,699
Transactions with owners in their capacity as owners							
CEO share based remuneration	5	-	997	-	997	-	997
		-	997	-	997	-	997
Balance at 31 December 2020		**767,608**	**(2,894)**	**(351,670)**	**413,044**	**1,400**	**414,444**
For the year ended 30 June 2020 (audited)							
Balance at 1 July 2020		767,608	991	(394,875)	373,724	1,246	374,970
Restatement of adoption of new accounting standard	3	-	-	3,778	3,778	-	3,778
Balance at 1 July 2020 (restated)		**767,608**	**991**	**(391,097)**	**377,502**	**1,246**	**378,748**
Gain for the year		-	-	47,228	47,228	318	47,546
Exchange difference on translation of foreign operations		-	(291)	-	(291)	-	(291)
Cash flow hedges, net of tax		-	496	-	496	-	496
Total comprehensive (loss)/ income for the year		**-**	**205**	**47,228**	**47,433**	**318**	**47,751**
Transactions with owners in their capacity as owners							
Dividend paid		-	-	-	-	(224)	(224)
CEO share based remuneration	5	1,158	(161)	-	997	-	997
		1,158	(161)	-	997	(224)	773
Balance at 30 June 2021		**768,766**	**1,035**	**(343,869)**	**425,932**	**1,340**	**427,272**

Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2021 (unaudited)

In NZD 000	Notes	31-Dec-2021 (6 months)	31-Dec-2020 (6 months)	30-Jun-2021 (1 year audited)
Cash flows from operating activities				
Profit before tax		39,817	56,524	67,889
Adjustment for non-cash items:				
Depreciation and amortisation		43,169	55,069	107,991
Impairment of programme rights	8	1,080	3,072	7,466
Unrealised foreign exchange gain		(1,182)	(923)	(656)
Interest expense		2,883	7,000	11,941
Bad debts and movement in provision for doubtful debts		427	245	1,454
Other non-cash items		(459)	254	(259)
Movement in working capital items:				
Decrease/(increase) in receivables		11,372	2,520	(9,283)
Decrease in payables		(14,277)	(57,006)	(39,237)
Decrease in programme rights		7,357	15,465	5,052
Cash generated from operations		**90,187**	**82,220**	**152,358**
Interest paid		(1,789)	(6,587)	(11,250)
Bank facility fees paid		-	(928)	(900)
Income tax paid		(13,500)	(23,500)	(33,000)
Net cash from operating activities		**74,898**	**51,205**	**107,208**
Cash flows from investing activities				
Acquisition of property, plant and equipment		(7,151)	(11,059)	(25,657)
Acquisition of intangibles		(11,334)	(8,841)	(25,414)
Proceeds from disposal of OSB business		-	-	6,884
Net cash used in investing activities	7	**(18,485)**	**(19,900)**	**(44,187)**
Cash flows from financing activities				
Repayment of borrowings - bonds		-	-	(100,000)
Payments for lease liability principal		(16,720)	(18,117)	(37,503)
Repayment of other borrowings		(547)	(586)	(1,171)
Dividend paid to minority shareholders		-	-	(224)
Net cash used in financing activities		**(17,267)**	**(18,703)**	**(138,898)**
Net increase/(decrease) in cash and cash equivalents		39,146	12,602	(75,877)
Cash and cash equivalents at the beginning of the period		34,800	110,677	110,677
Cash and cash equivalents at the end of the period	10	**73,946**	**123,279**	**34,800**

Notes to the Consolidated Interim Financial Statements

For the six months ended 31 December 2021 (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 2021 comprise Sky and its subsidiaries (the Group).

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

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

These consolidated interim financial statements were approved by the Board on 23 February 2022.

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 2021. They have been prepared in accordance with New Zealand generally accepted accounting practice, NZ IAS 34 Interim Financial Reporting and International Accounting Standard 34 (IAS 34). They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2021. For the purposes of financial reporting Sky is a profit-oriented entity.

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

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

Group structure

The Group has a majority share in the following subsidiaries.

Name of Entity	Principal Activity	Country of Incorporation	Parent	Interest held	
				Jun 2021 & Dec 2021	Dec 2020
Sky DMX Music Limited	Commercial music	New Zealand	Sky	50.50%	50.50%
Sky Ventures Limited	Non-trading	New Zealand	Sky	100.00%	100.00%
Media Finance Limited	Non-trading	New Zealand	Sky	100.00%	100.00%
Non Trading PS Limited (previously Outside Broadcasting Limited)	Non-trading	New Zealand	Sky	100.00%	100.00%
Screen Enterprises Limited	Non-trading	New Zealand	Sky	100.00%	100.00%
Sky Network Services Limited (previously Igloo Limited)	Broadband services	New Zealand	Sky	100.00%	100.00%
Believe It Or Not Limited	Entertainment quizzes	New Zealand	Sky	51.00%	51.00%
Sky Investment Holdings Limited	Investment	New Zealand	Sky	100.00%	100.00%
RugbyPass Limited	Content generation, subscription & marketing	Ireland	Sky Investment Holdings Limited	100.00%	100.00%
RugbyPass Asia Pte Ltd[1]	Non-trading	Singapore	RugbyPass Limited	100.00%	100.00%
Lightbox New Zealand Limited	Streaming services	New Zealand	Sky	100.00%	100.00%
Sports Analytics Pty Limited (acquired 1 January 2021)	Data analytics for sports	South Africa	Sky Investment Holdings Limited	81.00%	0.00%
RugbyPass UK Limited (incorporated 26 Jan 2021)	Non-trading	United Kingdom	Sky Investment Holdings Limited	100.00%	0.00%

[1]At the request of the Group, RugbyPass Asia Pte Ltd was struck off the Register of Companies on 10 January 2022.

3. Significant Accounting Policies and Critical Judgements and Estimations

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Impact of COVID-19

COVID-19 continues to have an impact on the Group, with a favourable increase in demand for entertainment content and reduced churn for our Sky Box customers offset by ongoing uncertainties relating to the reduction of live sports, scheduling of sports events and the subsequent impact on content.

As outlined in the 2021 Annual Report, there continues to be uncertainties due to the COVID-19 pandemic that affect the Group's key estimates and judgements, including:

Intangible assets and goodwill – the ability to achieve future forecasts and the consequential impact on the carrying value of goodwill and other finite life intangibles. Management and the Directors have considered whether there are any events or changes in circumstances since the signing of the 2021 financial statements that may be an impairment indicator as at 31 December 2021, having considered factors such as:

- The Group's half year results, which have exceeded the half year plan;
- The improvement in the Group's share price between 30 June 2021 and 31 December 2021; and
- The premium of net assets to market capitalisation has reduced significantly from the position as at 30 June 2021, noting that this market capitalisation excludes any control premium.

We have concluded that there are no material adverse events or changes in circumstances that would suggest there are any impairment indicators as at 31 December 2021.

Programming rights – the ability to monetise prepaid and future sports programming rights. During the ordinary course of business the Group continues to negotiate sports rights and equitable reductions from our content partners. On 18 February 2022 the Group announced it had entered into a contract with the Premier League for six years, starting with the upcoming 2022/23 season. Management continues to exercise judgement in assessing both the value and estimated future amortisation profile of programming rights costs in response to uncertainty that COVID-19 has created around the value of certain major sports competitions, some of which may be delayed or postponed. In the half year the Group received credit notes for cancelled events during the Auckland lock down totalling $7.8 million. Management further considered the valuation of the programming rights arising from the share issue to the NZ Rugby Union and assessed the carrying value as appropriate as the future economic benefit is still expected to be realised.

Capital structure

As at 31 December 2021 the Group had positive working capital of $19 million (31 December 2020: ($50) million; 30 June 2021: ($34) million). In the prior year the $100 million bond was repaid on 31 March 2021 out of the Group's cash reserves (refer note 6).

Despite the continuing impact of COVID-19, 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 $74 million and an undrawn banking facility of $200 million at 31 December 2021 (refer note 6).

Comparatives

Certain comparative amounts have been reclassified to better reflect consistency with the current period. This does not have any impact on the consolidated statement of comprehensive income of the Group.

The Company has adjusted an overstatement of the lease liability as at the date of adoption of NZ IFRS 16 Leases to reflect the contractual payment terms. The impact of the change on the balance sheet is summarised in the table below. There is no profit or loss impact in the current or comparative periods.

In NZD 000	31-Dec-2020 (restated)	30-Jun-2021 (restated)
Long term Lease Liability (decrease)	(5,226)	(5,226)
Deferred Tax (decrease)	1,448	1,448
Retained Deficit (decrease)	3,778	3,778

3. Significant Accounting Policies and Critical Judgements and Estimation (continued)

New Accounting interpretations applicable to the Group

IFRIC - Configuration and Customisation in a Cloud Computing Arrangement

The Group has capitalised costs incurred in configuring or customising a supplier's application software in certain cloud computing arrangements as intangible assets as the Group considered that it would benefit from those costs to implement the cloud-based software over the expected terms of the cloud computing arrangement. Following the IFRS Interpretations Committee (IFRIC) agenda decision on Configuration or Customisation costs in a Cloud Computing Arrangement in March 2021 (ratified by the IASB in April 2021), the Group has commenced a review of these capitalised costs to determine whether they would need to be expensed or reclassified as prepayments.

The IFRIC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software for the Group, in which case the costs paid upfront are recorded as prepayments for services and amortised over the expected terms of the arrangement. IASB has confirmed in the past that reporting entities are entitled to sufficient time to determine the impact of IFRIC agenda decisions and implement any resulting changes.

As reported in the 30 June 2021 financial statements transitioning systems to the cloud is a strategic priority of the Group. At the time of finalising the 31 December 2021 financial statements the review process over SaaS[1] arrangements is still ongoing due to the complexity of arrangements, the number of projects impacted, and the vendor contracts included. Of the $50.4 million net book value of capitalised software at 30 June 2021, Management estimate that the SaaS[1] related value is in the vicinity of $15 million to $20 million. We are in the process of continuing to review these SaaS[1] related capitalised costs to reliably quantify the extent of an adjustment that may be required due to the revised accounting policy and therefore have continued to capitalise new costs that have occurred subsequent to 30 June 2021 in line with the previously approved accounting policies. Further, as a result, following any change, going forward intangible assets and its associated amortisation might decrease, operating expenses increase, and prepayments may also be recognised.

We expect to be in a position to recognise the adjustment at the end of this financial year.

[1]Software as a Service

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	Residential satellite subscriptions	Other subscriptions	Advertising	Other revenue	Total revenue from contracts with customers
For the six months ended 31 December 2021					
Revenue from customers	262,372	70,995	23,491	14,813	371,671
Total revenue	**262,372**	**70,995**	**23,491**	**14,813**	**371,671**
Timing of revenue recognition					
At a point in time	3,014	-	23,491	3,221	29,726
Over time	259,358	70,995	-	11,592	341,945
	262,372	**70,995**	**23,491**	**14,813**	**371,671**
For the six months ended 31 December 2020					
Revenue from customers	270,656	56,201	22,404	15,372	364,633
Inter-segment revenue	-	-	-	(7,763)	(7,763)
Total revenue	**270,656**	**56,201**	**22,404**	**7,609**	**356,870**
Timing of revenue recognition					
At a point in time	2,422	-	22,404	4,237	29,063
Over time	268,234	56,201	-	3,372	327,807
	270,656	**56,201**	**22,404**	**7,609**	**356,870**
For the year ended 30 June 2021 (audited)					
Revenue from customers	532,122	117,017	44,866	28,874	722,879
Inter-segment revenue	-	-	-	(11,645)	(11,645)
Total revenue	**532,122**	**117,017**	**44,866**	**17,229**	**711,234**
Timing of revenue recognition					
At a point in time	5,294	-	44,866	7,644	57,804
Over time	526,828	117,017	-	9,585	653,430
	532,122	**117,017**	**44,866**	**17,229**	**711,234**

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

RugbyPass has been identified as a separate operating segment and forms a separate cash generating unit. For financial reporting purposes and with reference to the aggregation criteria in the accounting standards RugbyPass is aggregated with the Sky business operating segment for the purposes of reporting segment disclosure.

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

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	30-Dec-21	31-Dec-20	30-Jun-21 (audited)
Income statement			
Remuneration of key personnel	2,501	3,552	8,131
CEO share based remuneration	-	997	997
Directors' fees	346	409	737
My Wave Limited (included in subscriber related costs)	942	-	256
Total Related Party transactions through consolidated income statement	**3,789**	**4,958**	**10,121**
Balance Sheet			
My Wave Limited (included in prepayments)	750	-	1,192
Total Related Party transactions through consolidated balance sheet	**750**	**-**	**1,192**

The gross remuneration of directors and key management personnel during the period was $2,847,000 (31 December 2020: $4,958,000; 30 June 2021: $9,865,000). The remuneration in prior periods includes termination benefits paid to the former executive director and redundancies paid to some key management personnel. From 1 July 2020, as a result of restructuring the business, key management personnel was re-defined to include only directors and the direct reports to the CEO, and no longer includes department heads.

Remuneration of key personnel for the six months ended 31 December 2020 included the accrued cost of termination benefits associated with the former CEO of $1,331,000, and short-term employee benefits of $390,000 which were based on achieving targets for the year to 30 June 2021.

On 21 February 2020, 200,000 ordinary shares vested to the former CEO as part of a contractual entitlement to receive a total of 800,000 ordinary shares in installments of 200,000 on each of the first four anniversaries of commencement of employment. As a result of the CEO's decision to leave by mutual agreement the 600,000 ordinary shares vested in March 2021. This equity-settled share scheme is accounted for and measured based on the fair value at grant date (1 February 2019) of $1.93 per share ($1,158,000).

During the prior year Sky entered into a commercial agreement with My Wave Limited, a software company that provides interactive device solutions, as disclosed above. Geraldine McBride is a Director of the Group as well as a Director of My Wave Limited.

6. Interest Bearing Loans and Borrowings

	31-Dec-2021			31-Dec-2020			30-Jun-2021 (audited)		
In NZD 000	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Borrowings	1,149	458	1,607	738	876	1,614	1,137	1,035	2,172
Bonds	-	-	-	99,933	-	99,933	-	-	-
	1,149	**458**	**1,607**	**100,671**	**876**	**101,547**	**1,137**	**1,035**	**2,172**

Bank loans

On 2 July 2020, the Group signed a renegotiated 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 $200 million ending on 31 July 2023.

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

(i) as at 31 December 2021 a general security deed granted by each of Sky Network Television Limited, RugbyPass Limited, Sky Network Services Limited and Sky Investment Holdings Limited;

(ii) real property mortgages granted over certain real property interests of Sky Network Television Limited; and

(iii) a spectrum mortgage granted over certain spectrum.

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

There have been no breaches of covenant clauses and no breaches are anticipated within the next 12 months.

Bank overdrafts of $1,842,000 (31 December 2020: $535,000; 30 June 2020; $1,902,000) have been set off against cash balances.

Bonds

On 31 March 2014 the Group issued bonds for a value of $100 million. The bonds were fully repaid on 31 March 2021.

7. Capital Expenditure

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

In NZD 000	31-Dec-2021 (6 months)	31-Dec-2020 (6 months)	30-Jun-2021 (1 year audited)
Capital projects in progress (includes PPE & Intangibles)	4,693	4,002	2,076
Land and buildings	-	-	1,122
Broadcasting and studio equipment	262	340	1,468
Plant and equipment and other	248	1,975	5,379
Subscriber equipment	427	-	2,030
Installation costs	5,873	7,628	14,846
Intangibles	6,982	6,035	24,150
	18,485	**19,980**	**51,071**
Movement in capital expenditure creditors	-	(80)	-
Cash outflow in the period	**18,485**	**19,900**	**51,071**

8. Programme Rights Inventory

In NZD 000	31-Dec-2021	31-Dec-2020	30-Jun-2021 (audited)
Opening balance	103,154	115,672	115,672
Acquired during the period	142,818	96,179	266,348
Impaired during the period	(1,080)	(3,072)	(7,466)
Charged to profit or loss	(149,599)	(113,494)	(271,400)
Balance at end of period	**95,293**	**95,285**	**103,154**

Prior year opening balances have been amended due to a reclassification as described in Note 3.

9. Assets and Liabilities Held for Sale

On 26 March 2021 Sky announced on the NZX and ASX its intention to sell two properties known as Studio 2 and Studio 3, located at 34 and 16 Leonard Rd, Mt Wellington. On 15 May 2021 the properties were listed for sale. On 9 August 2021 Sky further announced on the NZX and ASX that Studio 1, located at 10 Panorama Road, along with Studio 2 and Studio 3, would be marketed for sale as a package of properties.

On the 16 December 2021 Sky announced on the NZX and ASX it had entered into a conditional agreement with Goodman Property Trust for the sale of the three studios for a consideration of $56 million. The sale is conditional on completing further due diligence including engineering and environmental assessments and then final approval by the board of Goodman (NZ) Limited. The expected date for the agreement to become unconditional is 25 February 2022. The agreement includes a ten-year leaseback structure of Studio 1 (comprising Sky's core production and technology facilities) and a one-year leaseback of Studio 3 (to allow migration of staff, and Sky's warehouse and decoder workshop from that building). The agreement includes an option for Sky to terminate the leaseback of Studio 1 early (ending the term of the leaseback from as early as the end of the fifth year) and a five year right of renewal allowing Sky to extend the total term of the leaseback for Studio 1 from 10 years to a maximum 15 years, at Sky's discretion.

The sale of the properties is expected to be completed by financial year end. As at 31 December 2021 a sale had not yet been completed and the assets have been classified as held for sale in the financial statements. The assets held for sale have been reported at their book value.

The assets classified as held for sale at 30 June 2021 related to the properties known at Studio 2 and Studio 3 only (as referred to above). The assets and liabilities classified as held for sale at 31 December 2020 related to Outside Broadcasting Limited, a subsidiary of Sky, for which a sale was completed on 31 March 2021. The assets classified as held for sale as at 31 December 2021 are as follows.

In NZD 000	31-Dec-2021	31-Dec-2020	30-Jun-2021 (audited)
Assets			
Property, plant and equipment (net)	36,626	7,245	13,436
Right-of-use assets (net)	-	980	-
Assets held for sale	**36,626**	**8,225**	**13,436**
Liabilities			
Employee entitlements	-	462	-
Short term lease liabilities	-	353	-
Long term lease liabilities	-	861	-
Liabilities associated with assets held for sale	**-**	**1,676**	**-**

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 2021. There have been no changes in any risk management policies since year end.

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-2021		31-Dec-2020		30-Jun-2021 (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	73,946	73,946	123,279	123,279	34,800	34,800
Trade and other receivables	40,581	40,581	43,139	43,139	52,014	52,014
Financial assets at fair value through OCI						
Derivatives designated as hedging instruments (cash flow hedges)	4,255	4,255	505	505	2,525	2,525
Derivatives not designated as hedging instruments (fair value hedges)	1,007	1,007	285	285	546	546
	119,789	**119,789**	**167,208**	**167,208**	**89,885**	**89,885**
Financial liabilities at amortised cost						
Other loans	1,607	1,472	2,733	2,634	2,172	2,046
Bonds	-	-	99,933	100,400	-	-
Lease liabilities	52,006	51,227	88,657	88,828	70,149	70,023
Trade and other payables	99,969	99,969	85,378	85,378	114,829	114,829
Financial liabilities at fair value through profit or loss						
Contingent consideration	-	-	5,283	5,283	-	-
Financial liabilities at fair value through OCI						
Derivatives designated as hedging instruments (cash flow hedges)	424	424	5,135	5,135	615	615
Derivatives not designated as hedging instruments (fair value hedges)	331	331	2,624	2,624	1,222	1,222
	154,337	**153,423**	**289,743**	**290,282**	**188,987**	**188,735**

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 interest rate swaps is calculated as the present value of the estimated future cash flows based on observable inputs. The fair value of forward foreign exchange contracts is based on market forward foreign exchange rates at period end.

The fair value of quoted notes and bonds is based on price quotations at the reporting date being at level 1 basis. The fair value of loans from banks and lease liabilities is estimated on a level 3 basis by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

11. Contracts for Future Programme Commitments

In NZD 000	31-Dec-2021	31-Dec-2020	30-Jun-2021 (audited)
Year 1	285,737	294,623	299,002
Year 2	250,847	261,401	266,550
Year 3	209,590	192,490	225,998
Year 4	173,391	167,940	193,366
Year 5	52,246	129,505	97,121
Later than 5 years	34,851	347	49,964
	1,006,662	**1,046,306**	**1,132,001**

12. Earnings Per Share

In NZD 000	31-Dec-2021	31-Dec-2020	30-Jun-2021
Profit after tax attributable to equity holders of the parent (NZD 000)	28,292	39,427	47,228
Weighted average number of ordinary shares on issue (thousands)	174,688	174,628	174,648
Basic and diluted earnings per share (cents)	**16.20**	**22.58**	**27.04**

	31-Dec-2021	31-Dec-2020	30-Jun-2021
Issued ordinary shares at the beginning of period/year	174,688,323	174,628,323	174,628,323
Ordinary shares issued on 1 March 2021	-	-	60,000
Total number of shares on issue	174,688,323	174,628,323	174,688,323
Weighted average number of ordinary shares on issue	**174,688,323**	**174,628,323**	**174,648,378**

Prior year balances have been restated to reflect the share consolidation on 17 September 2021.

On 25 August 2021 Sky announced to the NZX and ASX its intention to consolidate every 10 shares held at 5:00pm on 16 September 2021 into 1 share. The consolidation was completed on the 17th September 2021.

After the share consolidation completion the total issued capital of shares is 174,688,323, the amount is slightly higher than the 174,687,956 estimated prior to commencing the consolidation due to rounding of fractional entitlements to shares.

13. 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 consolidated interim financial statements in relation to any current litigation and the Directors believe that such litigation will not have a significant effect on the Group's consolidated interim financial position, results of operations or cash flows.

14. Subsequent Events

COVID-19

At the date of signing these financial statements, New Zealand was at COVID-19 Traffic Light Alert level red, following an announcement by the New Zealand Government at 11am 23 January 2022 that all of New Zealand will move to alert level red at 11:59pm on 23 January 2022. At this time no changes have been made to assumptions relating to the Group's key estimates and judgements referred to in these financial statements as a result of this development. Refer to note 3 for consideration of the impacts and mitigations of COVID-19 on the business.

New office lease

Following the surrender of leases on 30 June 2021 and 8 August 2021 for office space in Newmarket and Parnell respectively, and as a continuation of the Group's property strategy to utilise office space efficiently and establish better working environments for our employees, we commenced a new lease on 13 February 2022 for office space located at Level 6, 20 Viaduct Harbour, Auckland with an expiry date of 31 August 2029.

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 2021, and the consolidated interim statement of comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the six month period ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that 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 2021, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

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

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in respect of regulatory reporting. Certain partners and employees of our firm may subscribe to Sky services on normal terms within the ordinary course of the trading activities of the Group. The provision of these other services and relationships have not impaired our independence.

Directors' responsibility for the financial statements

The Directors of the Group 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 consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the 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 to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
23 February 2022

Auckland

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Joan Withers
Keith Smith
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Tom Gordon	Chief Financial Officer
Jonny Errington	Chief Content and Commercial Officer
Chris Major	Chief Corporate Affairs Officer
Daniel Kelly	Chief Customer Officer
Jason Foden	Acting Chief Digital and Innovation Officer
Antony Welton	Chief Operations and People Officer
James Bishop	Company Secretary

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LIFE NEEDS MORE SKY