



Appendix 4E Release to ASX under rule 4.3A

Full Year Information for Sky Network Television Limited for the year ended 30 June 2021

*To be read in conjunction with Sky Network Television Limited financial statements for the year
ended 30 June 2021*

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25 August 2021

Sky delivers strong result for F21; firm focus on continued turnaround in FY22

Sky New Zealand has reported a strong result for the 2021 financial year, delivering revenue of \$711.2m, EBITDA of \$186.4m and NPAT of \$47.5m, including several one-offs.

Key points of today's announcement:

- Significant customer base of 955,168 customers, with further stabilisation of valuable Sky Box base and 57%¹ increase in streaming
- Strategically important rights wins in FY21
- Key role as 'preferred content aggregator' in New Zealand
- FY22 seen as an inflection point as Sky absorbs higher rights costs and further transforms the operating model of the business
- Continued permanent reductions in operating costs in FY22 and beyond
- Guidance for FY22 includes revenue growth for the first time since 2016

Commenting on the results, Chair Philip Bowman noted: "The results for FY21 have exceeded the Board's earlier expectations and, as signalled at our recent Investor Day, also modestly outperformed guidance, despite this being raised twice after the start of the fiscal year. Part of this outperformance arose from underlying operating improvements, and part from one-off items. The delivery of these results suggests that Sky's transformation strategy is beginning to bear fruit, and it also reflects the hard work of the Sky team."

Chief Executive Sophie Moloney said: "I am grateful for the strong work of our team and the successes secured, which include:

- **Securing more of the rights that matter** most to our customers: particularly NRL and NZ Rugby League, Discovery, ViacomCBS, Foxtel and ESPN;
- Significant progress towards **stabilising our valuable Sky Box customer base**, with a reduction of 3.8% YOY, compared to 5.4% in previous year;
- Continued **growth in our streaming services**, with 57% increase in streaming customers on a like-for-like basis, including 39% growth in Neon since the merger with Lightbox, and 134% in Sky Sport Now;
- A successful **launch of Sky Broadband**, partnering with Disney to give Sky Broadband customers a value-adding 12 month Disney+ subscription;
- The kick-starting of our **new Sky Box development and deployment** with a target of mid 2022 for first installations in customers' homes;
- Solid progress with cultural change and making Sky a place where every employee can be themselves and is empowered to do their best work.

¹ Excluding bundled Lightbox wholesale at FY20

Sophie Moloney said: “The financial result for the year is very positive, although I maintain my view (as expressed at the Interim result) that while it’s good, we still need to do better.”

“As we look to FY22 and beyond, we are at an inflection point for Sky. We have a clear strategy and we have secured more of the rights that matter to our customers. While acquisition of these rights come at a significant cost, we see the current pricing in this rights cycle as the zenith across sport and entertainment. Our focus is to make best use of those rights across all of our multiple platforms (Sky Box, streaming and free-to-air), to engage current customers and attract new ones.”

In FY22 and beyond Sky will continue to sharpen its focus on managing operating costs and working smarter to achieve sustained efficiency gains. Having achieved a net \$15m of annualised savings in the last two years, Sky aims progressively to achieve a minimum of \$10m-\$15m per annum of further non-programming cost savings by FY24.

Sky has released guidance for FY22 as part of the Results presentation which demonstrates that Sky will remain profitable and continue to generate positive free cashflow, whilst retaining a strong balance sheet underpinned by a significant undrawn bank facility. Revenue guidance for FY22 of \$715m to \$745m indicates that Sky expects to grow the top line for the first time since 2016 and generate EBITDA of \$115m to \$130m and NPAT of \$17.5m to \$27.5m. When considering these core metrics, it is important to look through the one-off costs and revenues of FY21, noting that they include the sale of OSB assets and RugbyPass adjustments, and one-off content savings because of COVID-19 cancellations and delays. FY22 also includes key content rights step-ups, including SANZAAR and costs associated with the Tokyo Olympics (originally budgeted in FY21).

Sophie Moloney says: “Our FY22 guidance speaks to the stage we are at in Sky’s turnaround. While we have made good progress, we are not yet at our destination, but we do have a clear game plan for success.”

“Sky’s strategy plays to our strengths: we have a clear role as a preferred content aggregator in the New Zealand market with a high ARPU customer base. Our ability to reach New Zealanders right across the country, the reliability of our service, and our multi-platform approach across satellite, streaming and free-to-air makes us a strong partner for global and local players.”

“Our new Sky Box will reinforce that preferred aggregator position even more, with a hybrid box that offers our customers great functionality, a superb range of content across Sky channels, and access to a range of apps and SVOD services – all conveniently in one place and, importantly, with one remote.”

“Growing revenue is an important part of the strategy, and our ambition is to achieve revenue growth of \$75m to \$100m annually by 2024. That will be achieved across Sky Box and streaming, the ongoing recovery of Sky Commercial and Sky Advertising towards pre-COVID levels, and new business revenues (including Sky Broadband and RugbyPass).

“At the same time, we must make further permanent reductions to operating costs in a focused and sustainable way. We need be able to move, more effortlessly and more effectively, to meet customer demand.”

Sky is committed to recycling capital to reinvest in areas of the business that create the most value for customers and shareholders. In line with this approach, Sky has successfully completed the sale of OSB in FY21 and is currently marketing three properties at its Mt Wellington site.

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In a separate announcement today, Sky has also announced details of a share consolidation to reduce the number of shares on issue following recent issuance of new shares. Every 10 Sky shares held at 5pm (NZT) on 16 September 2021 will be consolidated into 1 share.

Ends

Authorised by James Bishop, Company Secretary

Sky will host a webcast briefing at 11:00am (NZT) to discuss the results. Details on how to participate are available here: <https://www.nzx.com/announcements/377337>

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Appendix 4E Release to ASX under rule 4.3A

Sky Network Television Limited Year ended on 30 June 2021 (In NZD)

To be read in conjunction with Sky Network Television Limited financial statements for the year ended 30 June 2021

- **Results for announcement to market**

Name of issuer	Sky Network Television Limited	
Reporting Period	12 months to 30 June 2021	
Previous Reporting Period	12 months to 30 June 2020	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$711,234	4.7% decrease
Net profit/(loss) from ordinary activities after tax attributable to security holders	\$47,228	130.1% increase
Total net profit/(loss)	\$47,546	130.3% increase
Final Dividend		
Amount per security	Nil final dividend	
Franked amount per security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	Prior comparable period
Net tangible assets per security	\$0.060	\$0.029
A brief explanation of any of the figures above necessary to enable the figures to be understood	For further explanation refer the financial commentary and audited financial statements attached.	

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- **Control gained over entities**

On 1 January 2021 the Group, through its subsidiary Sky Investment Holdings Limited, acquired 81% of the share capital of Sports Analytics Pty Limited, a company registered in South Africa. Sports Analytics specialises in deep-data analysis, trend identification and data leveraging.

Refer Note 28 Business Acquisitions and Disposal of the attached Consolidated Financial Statements.

- **Loss of control of entities**

On 11 August 2020 Sky entered into an agreement with NEP New Zealand Limited (NEP) to sell the assets and liabilities of Outside Broadcasting Limited (OSB) business to NEP for approximately \$14.3 million. The sale was subject to Commerce Commission approval that was subsequently granted on 4 February 2021, with completion of the sale occurring on 31 March 2021.

In January 2021 RugbyPass signed an agreement to sell its streaming business to Premier Sports Ltd.

Refer Note 28 Business Acquisitions and Disposal of the attached Consolidated Financial Statements

- **Dividends**

Final dividend payable: Nil

Prior comparable period: Nil

- **Details of aggregate share of profits (losses) of associates and joint venture entities**

Not applicable

- **Accounting standards**

New Zealand international financial reporting standards used in compiling report.

- **Directors' Details**

The directors of Sky Network Television Limited at any time during the year are as follows:

Philip Bowman	Chairman
Keith Smith	Director
Martin Stewart	Director (resigned 7 December 2020)
Joan Withers	Director
Mike Darcey	Director
Derek Handley	Director (retired 15 January 2021)
Geraldine McBride	Director
Susan Paterson	Director (retired 13 October 2020)

- **Other information required by Listing Rule 4.3A**

Additional Appendix 4E disclosure requirements, including commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results of the year are contained in the consolidated financial statements of Sky and its subsidiaries (**Group**) for the financial year ended 30 June 2021. This document should be read in conjunction with the 2021 Annual Report and any public announcements made in the period by the Group.



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LIFE NEEDS MORE
2021 ANNUAL REPORT



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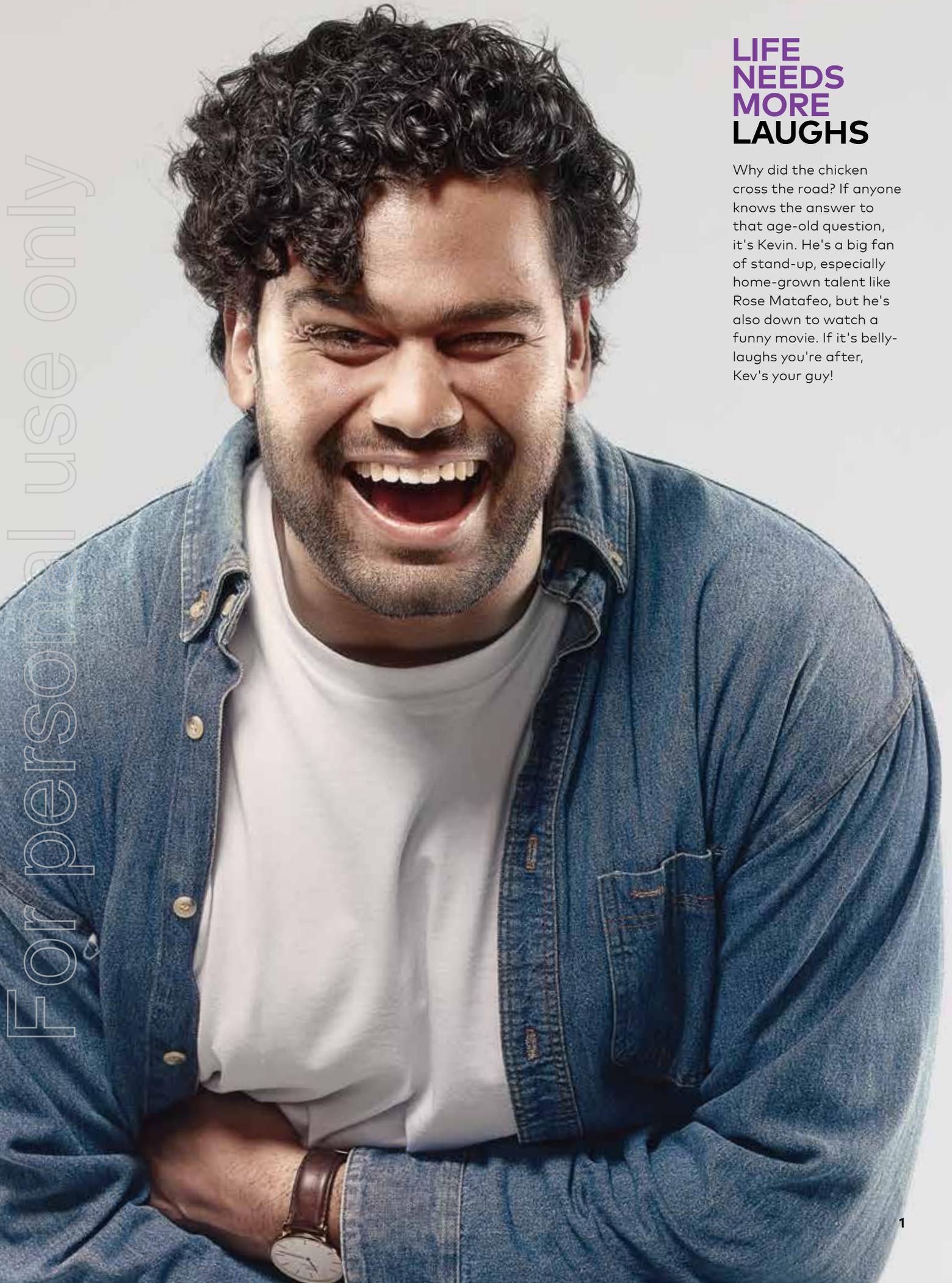
LIFE NEEDS MORE FANS

A note on our wonderful talent: the people we're featuring throughout this report are real life Kiwis and Sky customers. This document is a celebration of everything 'Sky', and that includes the fans whose enthusiasm motivates us to keep delivering amazing content. Each of these real life fans is passionate about different things, from cheering on the Blues to keeping up with the Kardashians. Luckily, no matter what they're into, Sky's got them covered. They're the ones that keep us doing what we're doing, so let's celebrate them. Life needs more fans.

LIFE NEEDS MORE LAUGHS

Why did the chicken cross the road? If anyone knows the answer to that age-old question, it's Kevin. He's a big fan of stand-up, especially home-grown talent like Rose Matafeo, but he's also down to watch a funny movie. If it's belly-laughs you're after, Kev's your guy!

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Chairman's Letter

Welcome to Sky's Annual Report for the 2021 financial year.

Sky operates in a highly competitive and rapidly evolving industry sector. In the past year the pace of change has further accelerated, with global consolidation of major players and the introduction of more direct-to-consumer services around the world. Sky is closely focussed on the opportunities and challenges that these changes present, albeit from a New Zealand market perspective. Sky is a trusted partner of key content owners and distributes content reliably to viewers from one end of the country to the other by virtue of its unique position as a provider of satellite, streaming and free-to-air services.

The results for FY21 have exceeded the Board's earlier expectations and as signalled at our recent Investor Day also modestly outperformed guidance despite this being raised twice after the start of the fiscal year. As highlighted in the financial statements, part of this out-performance arose from underlying operating improvements, and part from one-off items. The delivery of these results suggests that the transformation strategy referenced in my letter a year ago is beginning to bear fruit. It also reflects the hard work of the strengthened Sky team.

Sky is an entertainment company, connecting our customers with the great sport and entertainment they love, through the delivery mechanism that works for them. Developing enhanced data analytics to guide negotiation of key rights is a vital part of our strategy. Using these insights Sky continued to work with long-term content partners to renegotiate ongoing content, and insights also guided Sky not to renew content that had historically been purchased.

The ongoing transformation of Sky has included the appointment of Sophie Moloney as Chief Executive in December 2020, and a further recalibration of strategy as Sky looks to transition to growth. The four pillars of the strategy can be summarised as:

1. Nurturing and growing Sky Box and streaming customers
2. Being the preferred partner for key rightsholders, content creators and distributors
3. Growing existing and new revenue streams, whilst reducing operating costs
4. Creating a culture and environment where Sky crew are empowered to deliver their best

Sophie and her team have a clear customer focus with a major priority in Fiscal 2022 being the development and delivery of a new Sky Box. This new interface, which will combine the best of satellite and streaming capabilities, will cement Sky's role as the preferred aggregator in the New Zealand market. In parallel Sky plans to release further enhancements to its streaming services to support further growth in subscriber numbers following encouraging growth in Fiscal 2021.

The three-year targets we shared at the June Investor Day provide an insight into the financial profile of the path that management is following to reshape the business, grow revenues, and reduce the cost base, whilst continuing to deliver positive free cash flow. Sky is also committed to recycling capital to reinvest in areas of the business that create the most value for our customers and shareholders. In line with this approach, we successfully completed the sale of OSB during Fiscal 2021 and are currently marketing our three properties at Mt Wellington.

I noted at the Investor Day that Sky has received unsolicited approaches around potential transactions in the past year, all of which were highly conditional and incomplete. We also advised that Sky is open to reviewing strategic investment partnerships that will deliver sustained ongoing growth to the company, which in turn will accelerate the creation of shareholder values. Jarden have been appointed as strategic advisors and they continue to assess options.

In closing, I would like to extend my thanks to Derek Handley who stood down from the Sky Board during the year. Following his resignation, an independent Board evaluation was undertaken by Propero, and the process of refreshing board membership will continue in Fiscal 2022. The Board also recognises the contribution of Martin Stewart who led the initial phase of Sky's transformation before resigning as Chief Executive in December 2020. The Board also wishes to thank Sophie Moloney and her leadership team for their hard work and commitment to Sky. We have a talented and passionate management team who strive every day to meet the needs of our customers, partners, community and you, our investors.

We thank you for your support and investment in Sky, and I look forward to addressing you further at the AGM on 28th October.



Philip Bowman
Independent Chairman

CEO's Update



It is my pleasure to provide you, our investors, partners and stakeholders, with my first Annual Report as CEO.

We have completed this Annual Report at a time when fans across the country have been enthralled by the Olympics in Tokyo. The term 'A Games like no other' was regularly spoken of. With our all-female presenting crew in Tokyo, we brought those incredible moments – whether a brilliant high or a devastating low – to homes, workplaces and hospitality outlets throughout New Zealand and particularly poignantly to the families and friends of those competing: we connected kiwis to the content that matters.

I draw on the phrase as we too report on a year like no other. I'm proud of the strong work of our team and a result that delivers on our objectives for the year while navigating the ongoing impacts of COVID-19.

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Our 'gold medal' moments included:

- **Securing more of the rights that matter most to our customers: including NRL and NZRL, Discovery, Foxtel, NBCUniversal, ViacomCBS and ESPN**
- **Significant progress towards stabilising our valuable Sky Box customer base**
- **Continuing to grow our streaming services**
- **Successfully launching Sky Broadband**
- **Kick-starting our new Sky Box deployment, which will be delivered in our customers' homes in mid 2022**

Our financial result for the year is very positive, although I maintain my view (as expressed at the Interim Result) that while it's good, we need to do better.

And what does 'do better' look like?

If I can liken our story to that of an athlete returning to the Games for a victory after prior disappointments, I see Sky's current trajectory in a similar vein, a year or two out from the next big event or moment. We are in a turnaround; at an inflection point in FY22 as we set the platform for a return to growth. So 'do better' includes:

- **Delivering brilliantly to our existing Sky Box customers**, so that we continue to stabilise and grow our high-ARPU¹ base, and we remain the trusted and preferred platform for all their entertainment needs. The new Sky Box is a key part of that strategy, with the hybrid satellite and internet delivery meaning that Sky customers can access all of their favourite Sky content alongside their favourite content Apps in one easily searchable place on the Sky Box. The new Sky Box is all about maintaining for some, and recapturing for others, that choice and ease for viewers across New Zealand.
- **Enhancing our streaming services.** Neon continues to surprise and delight with its kiwi-curated content offering and Sky Sport Now had a record intake with the 'all you can eat' Olympics pass. You can expect more innovation in the coming period.
- **Making further permanent reductions to our operating costs**, in a future-focused way and with ruthless prioritisation day-to-day on what drives customer value and, in turn, investor value. We are driving our business to be smarter at what we do. Cloud-based rather than physical infrastructure that talks to a lighter capex model. Automation where customers prefer it. Not owning properties and assets where that is not needed. Partnering where it makes sense. And always, making it easier for our customers and crew to do what they need to do.
- **Innovating to engage the next generation of sports fans**, kicking off with the proposed delivery of a new digital collectible marketplace in collaboration with a number of our sport partners.

I'm mindful that while the FY21 result is a positive one, it included a number of one-off costs and revenue that will not be repeated in FY22 and beyond.

We have provided guidance today on FY22. When considering these core metrics, it is important to look through the one-off costs and revenues of FY21 when assessing the future financial position of the company.

¹Average Revenue Per User

Revenue guidance of \$715m to \$745m indicates that we expect to grow the top line for the first time in a number of years, which will be achieved through a combination of improvements in our core offerings, returning towards pre-COVID-19 levels in Advertising and Commercial, and new revenue streams. EBITDA and NPAT guidance are \$115m to \$130m and \$17.5m to \$27.5m respectively, meaning that Sky remains profitable, continues to generate free cashflows, while also having a strong balance sheet, maintaining an available bank facility of \$200m and a strong customer base.

A further note on our costs. Yes, they're higher, because we have successfully secured the content that matters to our customers and we see the current pricing in this rights cycle as the zenith across sport and entertainment. Our focus is on ensuring we make the most of those special and valuable rights, across Sky Box, streaming and free-to-access, engaging our current customers and attracting new ones. FY21 was about securing the key deals that provide the runway that we need to reset the way we operate our Sky Box business, with a sharper focus on managing operating costs while working smarter to achieve sustained efficiency gains. We are firmly focused on sustainable improvements, not short-term slashing, noting that some gains will take more time to come to fruition.

We couple this with our expectation of revenue growth for the first time in several years, and the way we are transitioning our business for further growth.

In the following pages we set out our strategy and priority areas. We report on progress in FY21 and our expectations for the next 3 years.

Always, **what matters most is our customers** (both current and future) and connecting them with great sport and entertainment in ways that work for them. I hope you notice the lovely photos in our report, all of whom are our wonderful customers – and are big fans of our large variety of sport, entertainment, news and kids' content. I love seeing their passion!

Our emphasis on **being a great partner** is also an important part of our strategy. Our global partners recognise and value the ease with which we provide access to high ARPU customers right across the country. And as we have demonstrated in recent times, we are committed to partnering with local parties where it makes sense for our customers and our bottom line.

We also recognise the need to appeal to a new customer set, and the valuable role of Sky Originals in this context. This year we have been in production on the second series of the highly successful Polynesian comedy *Sis*, a collaboration between ViacomCBS and Sky, and production is nearly complete on *Raised By Refugees*, a family comedy based on the true story of comedian and Pakistani-Iranian New Zealander, Pax Assadi.

Our focus on **being a place where our crew are empowered to do their best work** and to be themselves is very important to me. Our business is evolving, and we will continue to make changes and transform the way we do things. That impacts on our people, and it's not always easy. I am fortunate to work with talented and passionate people at Sky, and I am grateful for their commitment and hard work.

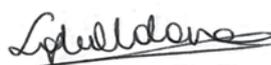
For some time we have demonstrated our commitment to diversity principles, both internally from a Sky crew perspective, and through expanding and elevating our coverage of women's sports, and playing a meaningful role in supporting the communities in which we operate.

While we have not reported on our environmental impact in recent years, we have a firm commitment to delivering our services in a sustainable way, and I have established a team to lead our sustainability journey, including the way we report our progress in FY22 and beyond.

I'm hugely optimistic about the future for Sky and remain deeply determined to deliver for our customers, our partners, our crew and, thereby, our investors. We are clear on the game plan for success. We have had a privileged place in the homes and lives of our customers for over 30 years and played a key role in New Zealand sport and creative sectors. As we look to the next 30 years, our ambition is not simply to retain that role but to enhance it even further.

I close with a note of thanks for your support as shareholders. Your team at Sky is passionate about our business and our future success, and we are relentlessly focused on delivering on the priorities we set out in this Report.

Ngā mihi nui



Sophie

2021 at a glance

Financial

REVENUE \$M

711.2  5%

EBITDA \$M

186.4  14%
Adjusted¹ ▼ 3%

OPERATING EXPENSES \$M

Includes one offs

538.3  8%
Adjusted¹ ▼ 5%

NPAT \$M

47.5  130%
Adjusted¹ ▲ 15%

Customer

TOTAL CUSTOMER RELATIONSHIPS

955,168

SKY BOX CUSTOMERS

554,690

GROWTH IN STREAMING CUSTOMERS²

57% 

¹ Refer Non-GAAP Financial Information in the Financial Overview on page 38. The % movement is calculated on FY20 and FY21 reported and adjusted numbers.

² On a like for like basis, excluding Lightbox wholesale at FY20.

Getting around our Annual Report

As you read this report, you'll find that the headings we use correlate to the 'Our Strategy' page, so you can see not only what we're focusing on, but how we're doing it.

We've summarised the strategy so it fits on one page, but we're going to dive into the details too.



Our Strategy

Our Customers

WHAT MATTERS MOST?

WHAT DO WE DO?

We connect New Zealanders with the sport and entertainment they love, in ways that work for them, right across the country

WHAT WE'RE FOCUSING ON

- | | | | |
|---|--|---|--|
| <p>1</p> <p>Nurturing and growing our Sky Box and Streaming customers</p> | <p>2</p> <p>Being the preferred partner for key rightsholders, content creators and distributors</p> | <p>3</p> <p>Growing revenues and reducing operating costs</p> | <p>4</p> <p>Being a place where our crew are empowered to do their best work</p> |
|---|--|---|--|

HOW WE WILL DELIVER

- | | | |
|--|--|--|
| <p>OUR CUSTOMERS</p> <p>Listening and responding to our customers to meet their needs</p> | <p>OUR CONTENT</p> <p>Securing the rights that matter, and creating local content that resonates with our customers</p> | <p>OUR TECHNOLOGY</p> <p>Evolving our Sky Box and Streaming technology to give customers the best experience, and using innovative technology to attract new fans</p> |
|--|--|--|

THE 'BEDROCK' OF OUR BUSINESS

- | | |
|---|---|
| <p>Rapid and sustained execution, and enabling our people to succeed</p> | <p>Being an efficient, adaptive, and profitable business</p> |
|---|---|

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LIFE NEEDS MORE SATURDAYS

Ah, Saturday mornings. For parents, no school means early-rising kids need something to do, and what better than putting them in front of TV? Extra sleep-in, and the kids certainly won't disagree. Thanks to this genius parenting technique, Beau has gained a passion for Paw Patrol. He's right at home in Adventure Bay, and loves watching Ryder, Chase, and the gang save the day. No job is too big, no pup is too small!



WHAT WE'RE
FOCUSING ON

1

Nurturing and Growing our Sky Box and Streaming customers

What matters most? Our customers, and connecting them with the sport and entertainment they love, in ways that work for them.

Our goal is to nurture and grow our customer base, across Sky Box and our streaming services, and we're constantly looking for ways to ensure our customers have the best experience possible. We're proud of what our teams have delivered in FY21 and we're excited for what's to come.

Sky Box

Sky Nation¹ feedback tells us we have a strong base of loyal customers who value the reliable performance of their Sky Box and the convenience of the complimentary Sky Go streaming app. We're putting in the work to stabilise and then grow the base, with initiatives in FY21 including the successful migration of 34,000 Vodafone Reseller customers to a direct relationship with Sky, the upgrade of Sky Go to significantly enhance the user experience, and the launch of Sky Broadband to add extra value for Sky Box customers.

In the past financial year we've been working hard to retain and win back customers with our acquisition efforts.

Some of the ways we've been improving in this area include:

- Using customer insights to inform our acquisition campaigns and continually refining the process to track campaign effectiveness;
- Targeting previous customers, resulting in over 29% of acquisitions coming from returning friends of Sky;

- Testing the application of tailored deals for our inbound call centre with really good results;
- Doubling our digital sales channel contribution following our website relaunch in October last year;
- Using improved outbound telemarketing, so that we are now holding an attachment of two or more premiums (customers taking an additional service such as Movies or Sport) for every new sale. This has increased the monthly ARPU (Average Revenue Per User) at acquisition by 12.4%.

Our Sky Go companion app is a value-add service that allows Sky Box customers to access Sky's great content when they're away from the home. Our investment in this enhanced app was released in March and already, 249k of our customers have used the new app. We know customers that engage with Sky Go are less likely to leave Sky during the first 12 months, and expect the enhanced service to further contribute to customer satisfaction.

Looking forward, we plan to maintain our strong core of loyal Sky Box customers who have been with Sky for more than five years and, as a whole, deliver stronger retention as we target annualised churn at a range less than 10%.

We're also extremely excited to be developing the new Sky Box experience which we expect to have in customers' homes next winter. The new Sky Box will be both satellite and internet enabled, and will create a customised experience to suit our customers' future viewing needs. We have more to say on page 30.

¹Sky panel with over 26,000 members, all Sky customers, who give feedback and direction on business critical projects

Our Streaming Services

While we value our strong base of loyal customers who love the Sky Box satellite service, we are also firmly focused on the growing group of 'Native Streamers' who prefer our streaming products. We have grown our streaming base consistently, trebling the number of subscribers with double the revenue of two years ago.

We've significantly improved the way we use customer insights to increase customer engagement which is key to retaining streaming customers. This is already working well with our Neon entertainment streaming product where we've introduced an automated three-step process.



Neon – for Entertainment

In July 2020, we successfully merged Neon and Lightbox with increased functionality.

- Neon's paid subscriber base has increased by 39% since the merge
- Neon successfully implemented a 14% price rise in May with subscriber numbers continuing to increase each week to the end of FY21
- We won campaign of the year in oOh!media's Innovation Awards and Neon is a finalist in two categories for the NZ Marketing Awards (to be held in September).



Sky Sport Now

FY21 was an extraordinary year for Sky Sport Now as the sports world bounced back from COVID-19 restrictions and Kiwis reaffirmed their love for live sport. The '90 day active subscriber' base grew 134% during the year.

The Sky Sport Now team have worked tirelessly on content experience with a focus on connecting fans with the sport content that matters – and the team has maintained an 75.2% monthly engagement rate with content.

Sky Broadband

Launching Sky Broadband in March was a major milestone, as we continue to implement initiatives to retain and grow our Sky Box customer base.

The appeal is quality broadband 'made for entertainment' with unlimited lightning fast fibre that enables customers to stream all the on-demand entertainment and sport they want, plus online gaming, music, video calls and more.

Sky Box customers can sign up to our super fast 900/400² Sky Broadband package for just \$79 a month, including GST, widely acknowledged as a competitive price for fibre broadband in the New Zealand market.

Adding to the superior fibre experience, Sky Broadband features the latest WiFi6 routers to extend the high speed performance throughout the home.



We were delighted to announce our partnership with Disney+ giving Sky Broadband customers a 12-month Disney+ subscription. This deal reinforced what Sky Broadband is all about - broadband made for entertainment. Customers

can experience unlimited lightning fast Sky Broadband and enjoy some of the greatest stories and exclusive originals from Disney+ on us for 12 months, alongside all of the great Sky content they already enjoy.

² Download speeds above 900Mbps and upload speeds above 400Mbps

LIFE NEEDS MORE DRAMA

Blessed be the fruit. Leah's no stranger to a good binge-watch. She's the kind of person that you can rely on to get your reference to *The Undoing* or *Yellowstone* because if it's drama, she's watched it. And, she probably did it before it was cool.

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WHAT WE'RE
FOCUSING ON

2

Being the preferred partner for key rights holders, content creators and distributors

With over 530 content provider relationships across Sport and Entertainment, Sky is the largest aggregator of content in the New Zealand market.

Through our partnerships with leading studios and sports rights holders, alongside expert curation and award-winning content production, we provide New Zealanders with an unparalleled range of acquired and created content.

The content landscape is an ever-changing space with a wide range of different providers. We know with all the choice out there it can be hard for consumers to navigate through the various options to find the content and experience they're looking for.

Sky plays a valued role as an aggregator for our customers, offering a broad range of high quality content from different

media players through our range of content deals. Our objective is to ensure our customers can access great content in ways that work for them, and we believe for some content co-exclusive rights are a way to retain customer value whilst also addressing commercial value. In the past year we've signed more co-exclusive deals than ever with some of the biggest entertainment providers on the planet.

We deeply value our relationships with our sport partners, and we work together to deliver great sport to our customers as well as to nurture and grow their sports. That includes innovating to attract the next generation of sports fans, enhancing our sport production and fan experiences, and providing funding that makes Sky one of the cornerstones of the New Zealand sports landscape.

Key Partnerships and renewals in FY21



NRL & NZRL

A long-term partnership through to 2027, founded on mutual objectives to attract and develop the next generation of fans and players. We will work together on roadshows around the country with the Vodafone Warriors and New Zealand Rugby League, partnering on NRL.com, supporting the strengthening of the women's game and helping develop the next generation of League players throughout New Zealand.



Discovery

Our deal with Discovery saw us deepen our relationship by broadening our rights and opportunities. As well as securing some of Sky's best loved channels such as Discovery Channel, Animal Planet, TLC, Discovery Turbo, and Living, and most popular premium factual content - Aussie Gold Hunters, Gold Rush, Deadliest Catch, and annual event Shark Week - and the new arrangement included the launch of new channel Investigation Discovery.

NBCUniversal

NBCUniversal

An expanded multi-year deal encompassing feature films, drama, comedy, entertainment, reality and news across broadcast channels, on demand and streaming. This agreement includes series produced by Sky Studios and the Universal Studio Group, which is comprised of Universal Television, UCP, NBCUniversal International Studios and Universal Television Alternative Studios. Movies from NBCUniversal's vast film portfolio are also part of the deal, as well as linear channel brands E! and CNBC.



ESPN

Our multi-year deal connects Sky Box Sports package customers and Sky Sport Now customers to the best in international live sport and world-class sports programming from ESPN including NFL, NBA, NHL, MLB, UFC, NCAA basketball, NCAA football, and the US Open. 30 for 30 films are included on ESPN 1 and 2, Sky Sport Now, and selected titles available on Neon. Sky customers can also use their Sky log-in to gain free access to a superb range of VOD content on the ESPN app. We're pleased to have secured this important content which has broad appeal as well as resonating with a younger audience.



Foxtel

Crime + Investigation and HISTORY's shows are loved by our customers, so our multi-year carriage deal with Foxtel ticked the boxes by locking in the content that matters. This content is available on our Sky Box Entertainment package as well as through Sky Go and Sky On Demand.



Disney+ (Sky Broadband)

The partnership with Disney+ provides Sky Broadband customers with a 12-month subscription to global Disney+ streaming platform, where they can explore the greatest stories from Disney, Pixar, Marvel, Star Wars™, National Geographic and Star, as well as exclusive Originals, complementing the great range of sport and entertainment Sky Broadband customers can access on their Sky Box.



ViacomCBS

A multi-year deal where Sky and Neon customers will continue to enjoy great content from CBS, The CW and SHOWTIME plus Paramount Television programming. The agreement includes exclusivity for SHOWTIME content and varied rights for Sky channels and platforms, including Neon, Sky Go, Sky On Demand and free-to-air channel Prime. SHOWTIME is home to acclaimed series like Billions, Your Honor, The Affair and The Good Lord Bird, as well as highly anticipated upcoming limited series, Dexter: New Blood. This follows a long-term deal Sky has in place with ViacomCBS for hit channels and mega brands MTV, Comedy Central, Nickelodeon, Nick Jr, Nick Music and MTV Music channels.



Sony

A major studio renewal that grants Sky and Neon customers exclusive access to Sony feature films for years to come with a slate that caters for all types of movie lovers. This extended agreement will see customers enjoying titles like Greta Gerwig's new interpretation of a literary classic known as Little Women to blockbuster hits such as Jumanji: Next Level and Bad Boys For Life.

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LIFE NEEDS MORE SPORT

You're seeing Eileen fresh from the golf course, because that's how much she digs her sports. No surprise then that she's a big fan of Lydia Ko. We reckon her support for our Kiwi athletes deserves its own gold medall!



WHAT WE'RE
FOCUSING ON

3

Growing revenues and reducing operating costs

Being an efficient, adaptive and profitable business is one of the cornerstones of our strategy.

The superb sport and entertainment content that we secure and produce is valued by our customers and drives revenue for our business, although it comes at a significant cost.

We know what is important to our customers and we will continue to draw on our extensive customer insights to ensure that every programming dollar we spend is used effectively to secure and deliver the content that really matters.

Acknowledging those costs, our focus is firmly on reducing our broader operating cost base and on growing revenues.

Growing revenues

Our ambition is to achieve revenue growth of \$75m - \$100m per annum by 2024.

Sky Box

Our Sky Box customers are our most valuable relationships, with the 'power of the bundle' achieving strong ARPU and customer retention. Our focus in the short term is to continue to stabilise the Sky Box customer base, transitioning the revenue trajectory from the slow, steady decline of recent years into being stabilised in the next two to three years. We saw positive signs in FY21 with the rate of decline of Sky Box customers slowing, and customer satisfaction rates increasing in the last quarter in particular. The new Sky Box in 2022 is an important initiative to support further stabilisation in the coming period.

Streaming

Building on the success of FY21, where streaming revenue grew by 24%, we are focused on continuing this success, with a target of 15% - 25% annual growth in streaming revenue over the next three years. Our ambition is for Neon to remain the preferred local SVOD service, and for the impressive growth in Sky Sport Now to continue. We are continually researching with our customers, non-customers and overseas to make sure the product and content offering suits their needs, and our digital platform allows us to change at speed.

Sky Commercial and Sky Advertising

We expect revenue to continue to recover towards pre-COVID-19 levels in the short term, with the opportunity for growth in the commercial space with our new tiered pricing model, and broadening out the customer base across all sectors.

New business revenues

Our ambition is to grow new business revenues, including Sky Broadband and RugbyPass, to 10% - 15% of total revenue in the next three years. To achieve this on Sky Broadband we are targeting an 8% - 13% attachment rate on Sky Box customers, which will also have a positive impact on overall ARPU and customer retention.

Reducing operating costs

Sky has been on a journey to transform the business over the last two years, with the goal of building a fitter, faster and flatter organisation that is utterly customer-focused and highly efficient. Whilst the changes are not only about achieving permanent cost savings, that is an important and ongoing outcome.

In the last two years Sky has achieved a net \$15m of annualised savings.

We aim to achieve a minimum of \$10m - \$15m per annum of non-programming operating cost savings by FY24. The significant transformation of Sky's technology infrastructure from on-premise, physical hardware to the Cloud, the streamlining of operations, the role automation can play in a number of areas (including customer care where that suits customer needs), and changes to ways of working and organisational structure, are all part of the equation to permanently reduce operating costs.

Sky is also undertaking a process of ruthless prioritisation to ensure the business is focused on the most important work that will drive customer value, and in turn will drive investor value.

LIFE NEEDS MORE NEWS

Want to know what's going on? Ask Judith. Trust us, she's on it. As a teacher she likes to stay informed. Different channels give her different perspectives on current events, but for Judith it was CNN that was on 24/7 over the summer. We reckon she's definitely keeping up with the kids at school!

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WHAT WE'RE
FOCUSING ON

4

Being a place where our crew are empowered to do their best work

Sky's people are a vital part of our success. Our diverse and talented workforce strive every day to meet the needs of our customers and connect them with great sport and entertainment.

We've been focused on our culture at Sky and making sure our people can be their authentic selves. We've implemented a range of initiatives in the past financial year to work towards this.

We have also reflected on our 30 years of service to our customers, investors, our community and partners, and what we need to do to succeed for the next 30 years. The transformation of our business – including driving a flatter, fitter, faster organisation, and empowering and enabling teams to deliver brilliantly on customer priorities and value – is a key focus area.

People Strategy

Our refreshed People Strategy was launched in December 2020 and sets out our key priorities, with each area of focus representing a critical component of the foundations we're building to secure our future.

- **New Operating Model** - Bringing to life the operating model, structure and ways of working that make Sky nimble, fast and customer-obsessed
- **Work Environment** - Improving and modernising the environments in which our people work
- **Culture** - Defining and living our values and building an organisation that reflects the customers and communities we want to serve
- **Tools for Productivity** - Delivering the tools, technology and connectivity for people to do their best and most productive work
- **Leadership and Capability** - Identifying capability gaps and implementing targeted development and recruitment strategies.

Life at Sky survey

In October 2020 we introduced quarterly "Life at Sky" surveys to better understand employee sentiment and engagement, target our culture and capability investments, and track progress and performance. Participation has been pleasingly high, with more than 80% of our people contributing their views and experiences in the two subsequent surveys.

Our Crew – who we are

At Sky, we value diversity of gender, age, ethnic and cultural background, sexuality, experience and beliefs. We believe that an organisation that reflects the diversity of our current and future customers will be better able to deliver personalised customer experiences that drive value, and will be key for enabling us to attract and retain the best talent.

In FY21:

- Of our 900 crew, 43.6% are women, 55.7% are men and 0.75% gender diverse
- 66% of our crew are under the age of 45
- 7.3% of our crew are part of the Rainbow community (LGBTQ+)
- 7.9% of our crew identify as having a disability or long term health condition
- We have a strong representation from a wide range of ethnicities. They include New Zealand European (45%), Indian (15%), Samoan (8%), Chinese (4%), Māori (4%), Tongan (2%), Niuean (1%), Cook Island Māori (1%), and 18% of crew from other wide ranging ethnic backgrounds.

And in the last year:

- The number of Sky crew who rated "I feel I belong at Sky" favourably improved by 10% (from 62% to 68%)
- The number of Sky crew who rated "Sky values diversity" favourably improved by 20% (from 64% to 77%)

Sky Values

The team at Sky have three core values that bring to life who we are and what is important to us:



The process to articulate and agree Sky's values began with 40 of our 'Sky Culture Champions' who collaborated in a series of workshops, followed by engagement across the business.

Our values speak to who we are, and who we aspire to be, and the behaviours that we expect in our workplace. They represent our relentless focus on our customers and they keep us accountable

when it comes to collaboration, diversity, the courage to fail and learn, and a growth mindset that we can all cultivate.

Our values have created a common understanding to influence everything from our ways of working and our interactions to our goals and outcomes - and ultimately to creating a place to do our life's best work together.

LIFE NEEDS MORE SUSPENSE

Don't worry, Sarah's on the case! Seriously, she's seen a lot of true crime, so we'd definitely trust her to figure out a whodunnit. She's into all those gripping dramas where the suspense is, well, killer. You'll find her over on Soho, or following true crime on CI.



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HOW WE
WILL DELIVER

OUR CUSTOMERS

Listening and responding to our customers to meet their needs

Listening and delivering for our customers is at the heart of what we do.

This year we've implemented a number of key data & insights tools, helping us to better understand and serve our existing customers and to unlock opportunities for growth.

Sky Nation

Our Sky Nation panel was created in April 2020 as a genuine way to get feedback from our customers. This is a space where we can co-create the future Sky with our customers, tapping into their views for testing ideas and concepts, big and small.

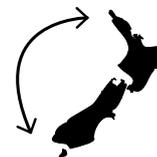
The panel has over 26,000 members, our customers, from all over New Zealand, who have given us direction and feedback on more than 15 business critical projects. We've received over 65,000 surveys and also conducted regular one to one interviews and prototype testing both at Sky and in customers' homes.

Successes

Our customers have provided a range of feedback for various initiatives over the last year. 800 Sky Nation trialists were the first to try the new Sky Go experience in January and provide feedback. An additional 5,000 customers gave their opinion on Sky Go to inform our upcoming marketing approach. Results of the upgraded Sky Go product led to a satisfaction lift of more than 10% from November 2020 to June 2021.

Sky Nation has also provided clear direction on what customers would like to see from the new Sky Box and where they would like us to focus. More than 6,000 customers have provided feedback, including in-depth interviews.

Feedback on our content line-up has also played a big part in changes we've made. This includes the recent changes to our movie channels with the introduction of Sky Movies Collection & Sky Movies Comedy channels and merger of Vintage and Classics.



From Cape Reinga to Bluff



26,000
Sky Customers



15+
Business projects



65,000
Surveys received



10+NPS
Score increase

Life stage segmentation model

Our life stage segmentation model (developed from the L.E.K NZ Market sizing study¹) helps us understand where we are today and where the spaces are for growth. Each segment has unique needs, behaviours and opportunities and the framework is an awesome tool that helps us to create winning strategies and ensure we execute with excellence, meeting if not exceeding the expectations of these consumer groups. We use this framework to guide all customer-facing initiatives in designing new products, personalising our customer experiences, through to creating content optimisation strategies and targeted marketing.



Native Streamers

Seeking convenience and entertaining content that suits their transient lifestyle.

Acquire through:
Sky Go, Neon and Sky Sport Now



Heartland Champions

They love Sky and are committed, but with increasingly tight budgets it's becoming difficult to justify.

Retain through:
Service and recognition



Budget Conscious Families

Looking for affordable content that suits the whole family.

Acquire through:
Price and package innovation



Connected Nesters

Interested in unique, curated content that's good value for money.

Nurture through:
Innovation and recognition



Aspiring Families

Looking for a one stop shop, simplicity and convenience.

Grow through:
Becoming the ultimate aggregator

¹ LEK Market sizing study n=2000 Feb 2020.

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LIFE NEEDS MORE REALITY

Reality TV? That's Tammy's type on paper. Whether she's keeping up with the Kardashians' final season, or watching Live from the Red Carpet, she's always up on the latest celebrity news. When you've watched so much Love Island that your dreams start to take on an Essex accent, you know you're living your best life. Crack on, Tammy.

HOW WE
WILL DELIVER

OUR CONTENT

Securing the rights that matter, and creating local content that resonates with our customers

Life needs more entertainment

Sky is a content business. We have strong relationships with the biggest and most renowned studios in the world right through to the local creators in Aotearoa New Zealand, and we are the largest aggregator of content in the New Zealand market. Through these partnerships with leading studios and sports rights holders, expert curation and award-winning production, we provide New Zealanders with the best range of acquired and created content.

Entertainment Content



Premium drama

Sky and Neon are known to have the most buzzworthy shows and customers were spoilt for choice again this year. Our premium drama fans were introduced to some of the most talked about new series such as HBO's Mare of Easttown, The Undoing, Your Honor, and Gangs of London. We also saw the return of fan favourites - His Dark Materials and A Discovery of Witches. And the highly anticipated return of the fourth season of The Handmaid's Tale was available to our Neon customers which was the service's most watched series of the year.



Hollywood blockbusters

Sky Movies Premiere showcased the biggest Hollywood hits with action films Bad Boys for Life and Zack Snyder's Justice League, to drama like Little Women and The King of Staten Island. We were also excited to bring the changes to our movie tier in August 2021 with the introduction of two new channels – Sky Movies Comedy and Sky Movies Collection. We introduced customers to the exciting world of premium VOD, giving our Movie lovers access to blockbuster movies at the same time as theatres.



Real life entertainment

We have a range of real life entertainment content with unmissable reality on E!, Living, TLC, MTV and Neon. In this past year we farewelled reality royalty with the final season of fan favourite, Keeping Up with the Kardashians, on E!. Love Island fans were ecstatic to see the return of the hit British series, with the 7th season premiering on Neon and Sky Go.



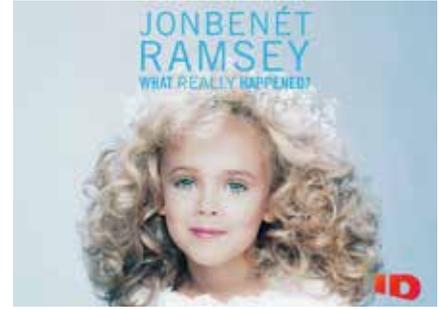
Connect with the world

The past year has shown how important our news channels are in our customers' lives. From a global pandemic to the US elections, it was a big year in the news space and our eight international news channels provided a range of views on current affairs happening around the world.



Tamariki Time – for the kids

There's something for everyone on our platforms and we want to make sure our littlest fans are always entertained as well. Sky Movies Family is the place to go for movies kids love, such as Trolls World Tour and The Secret Garden. We also have a range great kids' content across Nickelodeon, Nick Jr, Cartoon Network and CBeebies.



Crime

We know how much our customers love crime content and with the launch of Investigation Discovery in March and Universal TV in April, Sky now has more crime content than ever before. Some highlights from the past year include Chicago P.D, JonBenét Ramsey: What Really Happened?, and FBI: Most Wanted Season 2.

Local Content

Sky celebrates local and we are committed to supporting New Zealand creative industries and talent. Sky's original entertainment content strategy is to commission quality content that reflects the diversity of New Zealand. Sky NZ Originals is evolving to commissioning fewer, bigger and better projects with a focus on lifting the ambition and

scale of local content to create stories that resonate locally and travel globally.

Original content partnerships with affiliate channels have enabled Sky to amplify key content such as the upcoming preschool animated series Moe and Friends on Prime Kids and CBeebies ANZ, and Bouncers from emerging

comedian Joe Daymond, which will premiere on Comedy Central's global web channel. Hit Polynesian comedy Sis caught the eye of comedy legends in the USA, with the series currently in production now and eagerly anticipated both locally and internationally. All of these projects have been supported by NZ On Air, and we are grateful for the partnership.



Teine Sā - The Ancient Ones

LIFE NEEDS MORE MOVIES

This is Ofa's face when she's watching Outback. Talk about tension! Armed with a blanket, popcorn, and her Sky remote (of course), Ofa might look worried, but that's all part of the fun. Any time she can settle in with the family for a cosy evening with a great movie is a win, she reckons.

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The Home of Sport

Sport is in our DNA and we continue to be considered among the best sport production teams in the world. We created over 925 hours of original sports content in the past financial year, covering a breadth of sport unrivalled in Aotearoa New Zealand.

Unmissable Sporting moments – Life needs more sport

While every sports broadcaster around the world has faced issues with COVID-19-related disruption, Sky Sport has continued to produce and deliver a world class line up of live sport here in New Zealand, as well as sourcing the best events from around the world.

In total, the Sky Sport production crew produced and delivered 925 hours of live sport in New Zealand, including All Blacks test rugby, Sky Super Rugby, NPC, Farah Palmer Cup, First XV and under 21s through to International Netball, the ANZ Premiership, Sal's NBL, the NBL (featuring the Sky Sport Breakers), Football, the National Premiership Rugby League (men's and women's), motorsport and so much more.

Sky Sport crew introduced new production innovations such as the new Megalodon camera. This technology captures the magic moments of a game by way of high resolution, shallow depth of field cinematic shots. We were thrilled to launch the new technology at the first ever Super Rugby Women's match in May.

Along with Sky's 12 channels of superb sport content, we offer selected sport events free-to-air on Prime or through targeted partnerships with free-to-air channels. We partnered with Discovery to offer the opening match of the State of Origin and Wimbledon free to New Zealanders, and with TVNZ for the Tokyo 2020 Olympics.

Sky also delivered 1,888 hours free to access on Sky Sport Next; our grassroots initiative to support emerging sports such as canoe slalom, swimming, badminton, basketball, diving, volleyball, orienteering, bowls and water polo. Many of these events feature at the Olympic Games and Commonwealth Games.

In addition, Sky Sport has created over 150 hours of studio based and documentary content including the widely acclaimed All Access series, the Breakdown (Aotearoa's essential rugby show), Sky Rugby Club, the Road to Tokyo, League Insider, Warriors TV, Netball Zone, Aotearoa Rugby Pod, Rugby Nation, cricket show Smith & Hesson, The Verdict and the Playmakers series which delves into the insights and lives of New Zealand's sport leaders. Many of these shows are available free to access on podcast platforms enabling more Kiwis to understand what makes their sporting heroes tick.

Sky has a strong commitment to profiling and supporting women's sport. That includes the decision to increase our coverage of the Farah Palmer Cup from 39 matches in 2020 to 100% of matches 2021. Netball, football, basketball, rugby league and a host of gender equitable sports through Sky Sport Next continue to deliver improved profiles of women in sport, and Sky is committed to doing more in the coming years. We are thrilled to be the home of the IWC Women's World Cup in 2021 and the FIFA Women's World Cup in 2023.

Sky's sponsorship continues to generate positive feedback and opportunities for engagement. From Sky Stadium and the Sky Sport Rooftop Tour at Eden Park through to sponsorship of Super Rugby, the Sky Sport Breakers, the Sky Rugby League Premiership for women, the ANZ Premiership and Silver Ferns, the Kiwi Ferns, Kiwis and Junior Kiwis, the Tall Ferns, the Wellington Phoenix and the Warriors Men and Women. Sky supports sport at every level – from grassroots through to premier level.

LIFE NEEDS MORE WINS

The years since 2003 have been long for Auckland's die-hard Blues Fans. Just ask Mark, a longtime supporter whose passion has finally paid off in 2021. Of course, there's room for more than rugby in Mark's life. He's always got Sky Sport on, so he's watched all sorts. Now that's a guy we'd like on our pub quiz team!

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HOW WE
WILL DELIVER

OUR TECHNOLOGY

We're evolving our Sky Box and Streaming technology to give customers the best viewing experience and using innovative tech to attract new fans

Technology transformation and additional capability is delivering a more nimble Sky.

At the beginning of 2020 over 90% of our technology infrastructure was on-premise, physical hardware. Fast-forward to today and over 80% of systems have moved to the Cloud, with more in transition. As a result, we have enhanced our ability to keep pace with customer expectations by leveraging the innovation and investment of our Cloud partners without having to plan for and deliver traditional upgrades to our technology.

By simplifying and streamlining operations we are lowering operating costs, reducing risk and enabling

a more agile Sky. One example of this is the implementation of a single data lake enabling greater insight into customer experience, behaviours and preferences. This is providing Sky with a 'single source of truth' around which we can plan the future delivery for our customers.

This technology transformation is enabling increased momentum in our delivery to customers which we've demonstrated through the launch of the merged Neon platform, enhanced Sky Go, and launch of Sky Broadband.

Sky is continuing to build on the investments we have made over the past 2 years on our new digital platform and cloud technology. We're excited to be bringing another great product to market in 2022 that will join our current offering to shape Sky's digital future.

New hybrid Sky Box

The development of our new Sky Box started with customers. Working closely with our Sky Nation panel we identified what mattered most to our customers for the new box. Our goal is to be the primary entertainment provider in the homes of New Zealanders, and our Sky Nation panel told us clearly what we would need to deliver to achieve this goal.

We announced at Investor Day in June that we will launch a hybrid box that offers the reliability of satellite TV and the flexibility of internet-delivered on-demand content and streaming apps.

Our proof point for the new box is Sky Go where we have already developed much of the required user experience for the new Sky Box as reusable digital components.

The new Sky Box is essentially these digital components packaged in a new device, designed and curated for the big screen and a remote control.

When we showed the concepts for the new Sky Box experience, and tested it further with New Zealanders, we had a positive response. We saw wide appeal across four segments of our Sky base, from Native Streamers through to Connected Nesters. 85% of existing customers loved the new capabilities and features the Sky Box will bring, particularly with the increased recording space and the step change in discovering Sky's content. Significantly, 77% of non-customers who have been identified as 'open to subscribing to Sky' found the concept appealing.

We've selected Android TV Operator Tier for the box and its features include:

- A unified experience across the Sky Box and Sky Go, with instant on-demand 'pause and play' between Box and personal devices
- More recording capability than ever before as we know our customers love to store and manage a collection of their favourite content
- An experience that is more personalised, with multiple profiles and recommendations based on what you've watched and enjoyed
- 4K-HDR ready
- Google Play Store built in to enable the Sky Box to be the true hub of our customers' in-home experience
- A voice-enabled remote which includes Google Assistant to easily allow content discovery across Sky and partner content



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Neon

Since merging Lightbox and Neon in July 2020, we've implemented a range of improvements to the SVOD service making it easier for subscribers to find the content they want to watch. Some of these changes include a new sign-up journey, download improvements, mobile player improvements including fast forward/rewind/10 seconds and new navigation to make the overall experience easier for customers.

We know that some of our customers value having closed captions, and we're making solid improvements to meet their needs. In the last six months the Neon team has prioritised the inclusion of captions on over a thousand hours of key content. As the availability of captions increases across the catalogue, positive feedback has confirmed we're on the right track, reducing churn and increasing positive sentiment. The Neon site now has captioned rails and categories to increase discoverability, and further search enhancements are on the way.

Sky Go

The Sky Go app is free for Sky customers with a Sky Box in their home and lets them watch on their personal devices, anywhere in New Zealand so they can take Sky with them. Towards the end of FY21 we launched the updated version of our Sky Go app built on our new digital platform, with a range of significant improvements and the volume of monthly unique users increasing significantly since relaunch.

Listening to our loyal customer base identified a long list of enhancements which we have delivered into the Sky Go experience. These include:

- Around 13,000 hours of VOD content
- An increase of both video on demand content and linear channels
- More HD content
- Collection pages that allow customers to browse through Sky's impressive content library by associated channel, content category (Movies, Kids, TV), sport category, genre, and by hand-picked theme and mood curated selections
- Ability to filter programmes based on what's downloadable, customer subscriptions, and recently added
- Chromecast or airplay to your big screen.

LIFE NEEDS MORE ADVENTURE

Matt's not sure he'd ever want to join Bear Grylls on one of his epic Amazon journeys, but he does know he loves to watch it. From Outback Opal Hunters, to Naked and Afraid, if it's got adventure in it, Matt's there. Seriously, you should see him during Shark Week.



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Board of Directors



Philip Bowman
INDEPENDENT CHAIRMAN

Philip was appointed Chair of Sky in September 2019. Philip is a distinguished businessman who has led several major global companies and served on the board of a significant number of public and private companies. Philip brings knowledge of the media sector, including having served on the board of Sky UK for ten years. Other roles include Group Finance Director of Bass, CEO of Bass Retail, CEO of Allied Domecq, CEO of Scottish Power, CEO of Smiths Group, senior non-executive director of Burberry, Chairman of Liberty, Chairman of Coral Eurobet, Chairman of Miller Group, and non-executive director of Scottish & Newcastle. He currently sits on the boards of two other listed companies, Kathmandu and Ferrovial SA. Philip has a degree with honours in Natural Sciences (University of Cambridge) and Master in Natural Sciences (University of Cambridge). He is also a Fellow of the Institute of Chartered Accountants of England and Wales.



Joan Withers
INDEPENDENT DIRECTOR

Joan was appointed to the board in September 2019. She brings a wealth of experience spanning a 25-year career in the media industry, including CEO positions at Fairfax and the Radio Network as well as being the former Chair of TVNZ. Joan's depth of governance experience includes her current roles as Chair of The Warehouse Group, a director of ANZ Bank New Zealand, Origin Energy Ltd and she has previously held Chair positions at Auckland International Airport and Mercury NZ Ltd. Joan is a Trustee of the Louise Perkins Foundation, and is Chair of a steering committee working to increase the percentage of South Auckland Maori and Pacific Island students taking up roles in the health sector. She holds a Masters Degree in Business Administration from the University of Auckland. In 2015 Joan was named Supreme Winner in the Women of Influence Awards and was named as Chairperson of the Year in the Deloitte Top 200 Management Awards.



Keith Smith
INDEPENDENT DIRECTOR

Keith was appointed to the board in April 2020. He has a long-standing record of leadership as a director and advisor to companies in a diverse range of industries, including the energy sector, rural services, printing, media and exporting. Keith is Chair of listed company Goodman (NZ) Limited (the Manager of Goodman Property Trust), and is a director of Mercury NZ Ltd and several other private companies. He is a past President of the Chartered Accountants Australia and New Zealand.



Mike Darcey
INDEPENDENT DIRECTOR

With an extensive track record of strategy and delivery across television, publishing and technology, Mike was appointed to the board in September 2017. A New Zealander, he has lived and worked in the UK since 1989. Fifteen of those years were spent at Sky UK, initially as the Director of Strategy, then six years as Chief Operating Officer. He played a prominent role in most of Sky UK's major strategic decisions and its major commercial and regulatory dealings during this period. From 2013 to 2015 Mike was CEO of News UK. Since 2015, Mike has had a series of non-executive roles and these currently include Chairman of British Gymnastics and director of Arqiva Group Limited (the UK's main independent provider of television broadcast infrastructure). He is also active as a strategy advisor to a series of major players in the media sector.



Geraldine McBride
INDEPENDENT DIRECTOR

Geraldine was appointed to the board in September 2013. A renowned Enterprise Business Technology and AI thought leader with a science background, Geraldine's global career spans 30 years, with senior executive roles in IBM, Dell and SAP. Her most recent roles were President & CEO of SAP North America and SAP Asia Pacific Japan. Geraldine is a Director of Fisher and Paykel Healthcare Corporation. She is also CEO & Director of MyWave.AI (My Wave Holdings Limited), a market leading Enterprise AI company focused on Intelligent Personalisation by putting the customer at the centre of business.

Our 2021 Financials

For the year ended 30 June 2021

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Financial Overview

Summary

The 2021 financial year has seen Sky continue to build on the positive momentum seen in the previous year. Strategic execution and operational improvements in the year have seen growth in streaming revenue, continued reductions in Sky Box churn, important programming renewals, and the launch of Sky Broadband.

The COVID-19 pandemic has presented challenges for the business, and Sky's operations are being continuously adapted to respond to changes in sport competitions and studio content, and the impact of travel restrictions. Sky continues to strive to minimise the impact on customers, employees and shareholder value.

The reported profit after tax is \$47.5m, compared to a loss of \$156.8m in the prior year. On an adjusted basis, net profit after tax of \$47.1 million exceeded expectations and guidance provided to the market and compares positively to an adjusted net profit of \$41.0 million in the prior year.

FY21 saw one-off expenses of \$10.3 million, offset by non-recurring income of \$10.8 million. The FY21 result also benefited from COVID-19 related reductions in sports rights and production costs, which more than offset the revenue impacts for commercial customers and advertising revenues. One-off expense adjustments in the prior year were \$28.2 million.

Sky's seven year \$100 million of retail bonds were repaid on 31 March 2021 out of cash reserves. As at 30 June 2021 Sky had not drawn down funds from its banking facility.

Non-GAAP Financial Information

Sky has used a number of non-GAAP profit measures when discussing financial performance. The Directors and management believe that these measures provide useful information on the underlying performance of the Group. They are used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures are not prepared in accordance with NZ IFRS and are not uniformly defined and therefore should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

The results and adjustments are summarised below:

Group Consolidated Results for the years ended 30 June

in NZD millions	2021 (adjusted)	2021 (reported)	2020 (adjusted)	2020 (reported)	% inc/(dec) (adjusted)
Financial performance data					
Total revenue	711.2	711.2	746.6	746.6	(4.7)
Other income	2.7	13.5	1.0	1.0	170.0
Total operating expenses	528.0	538.3	555.2	583.4	(4.9)
EBITDA	185.9	186.4	192.4	164.2	(3.4)
Less					
Depreciation, amortisation and impairment (1)	108.0	108.0	119.3	119.3	(9.5)
Net operating profit before interest, income tax and impairment of goodwill	77.9	78.4	73.1	44.9	6.6
Impairment of goodwill	-	-	-	177.5	-
Net finance costs	10.5	10.5	13.7	13.7	(23.4)
Adjusted profit before tax	67.4	67.9	59.4	(146.3)	13.5
Income tax expense	20.3	20.4	18.4	10.5	10.3
Profit/(loss) after tax	47.1	47.5	41.0	(156.8)	14.9

Adjusted earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) for the year ended 30 June 2021 are \$185.9 million, a decrease of 3.4% on the previous year's comparative of \$192.4 million.

Adjusted operating profit before interest, tax, and impairment of goodwill increased by 6.6% from \$73.1 million to \$77.9 million.

Summary of Adjustments

FY21 included a number of one-off expenses totalling \$10.3 million, comprising \$7.5 million of programming impairments (refer note 10) and costs associated with the mutually agreed exit of the former CEO of \$2.8 million (refer note 29). Other income (refer note 5) includes \$10.8 million of non-recurring income relating to the gain on sale of Outside Broadcasting assets of \$5.8 million, the settlement of the RugbyPass earnout resulting in a provision release of \$3.6 million, and a RugbyPass provision release of \$1.5 million. Prior year expense adjustments were \$28.2 million, being redundancy costs, a Holidays Act compliance provision, non-recurring consultancy fees, satellite reservation fees and programming impairments.

The adjustments referred to above do not include the impacts of COVID-19.

In NZD millions	30 - Jun - 21	30 - Jun - 20
Statutory profit/(loss) after tax	47.5	(156.8)
Adjustments to earnings as follows:		
Content write-offs	7.5	3.2
Non-recurring costs included in other costs ¹	2.8	25.0
Non-recurring income included in other income	(10.8)	-
Impairment of goodwill	-	177.5
Tax effect of adjustments	0.1	(7.9)
Total adjustments	(0.4)	197.8
Adjusted profit after tax	47.1	41.0

(1) Adjustments in FY20 for non-recurring costs include redundancy costs of \$15.5 million, Holidays Act compliance provision of \$3.2 million, consultancy costs of \$3.3 million and a satellite reservation fee of \$3.0 million.

Customers

The Sky Box customer base continues to stabilise, evidenced through further reductions in the rate of churn for Sky Box customers in FY21. These improvements are driven by retaining similar levels of acquisitions whilst improving levels of churn through enhanced customer insights, marketing and retention programmes. Average revenue per user (ARPU) has declined due to the impacts of COVID-19 related discounts, offering discounts following the migration of reseller customers to direct billing relationships and a small drop in average package holdings.

Following the strong levels of streaming customer growth in FY20 through Neon and Sky Sport Now, there was a small decline in FY21 due to the change in focus in RugbyPass, away from a subscription product service to an audience and network business, as well as a drop in Neon subscribers following the churn of some Lightbox customers on bundled services, albeit this was then followed by significant growth over the remainder of the year. Sky Sport Now benefited from the improvement in COVID-19 related sport restrictions in New Zealand and Neon had a strong content line-up.

	2021	2020	2019	2018	2017
Sky Box customers (1)	561,989	585,248	619,073	661,361	705,652
Streaming customers (2)	393,179	404,321	159,767	106,366	110,861
Other customers (3)	-	-	-	-	8,269
Total customers	955,168	989,569	778,840	767,727	824,782
Net customer growth - Sky Box	-4%	-5%	-6%	-6%	-5%
Net customer growth - streaming	-3%	153%	50%	-4%	22%
Sky Box acquisition (4)	47,273	41,510	49,952	59,603	79,685
Sky Box churn (4)	(69,287)	(74,643)	(91,841)	(103,394)	(113,226)
Sky Box ARPU (\$ monthly) (5)	78.40	82.08	83.46	84.54	85.05
Streaming ARPU (\$ monthly) (6)	17.46	19.80	-	-	-

(1) Sky Box customer groups comprise residential, commercial (including reseller in prior years), and broadband customers.

(2) Streaming customer groups comprises Neon, Lightbox, Sky Sport Now, RugbyPass and retransmission.

(3) Other customers include customers from non-trading businesses, IGLOO and Fatso.

(4) Sky Box acquisition and churn is for Sky residential customers only, including reseller.

(5) Sky Box ARPU is average revenue per user for Sky residential customers only, including reseller customers, calculated as the average for the twelve month period.

(6) Streaming ARPU is the blended rate across Neon, Lightbox, Sky Sport Now, RugbyPass, and retransmission.

Financial Commentary (Continued)

Revenue Analysis

Sky's total revenue was \$711.2 million, as follows:

In NZD millions	2021	2020	% inc/(dec)
Sky Box subscriptions (1)	532.1	582.0	(8.6)
Other subscriptions (2)	117.0	105.4	11.0
Total subscription revenue	649.1	687.4	(5.6)
Advertising	44.9	45.2	(0.7)
Installation and other revenue	17.2	14.0	22.9
Total other revenue	62.1	59.2	4.9
Total revenue	711.2	746.6	(4.7)

(1) Sky Box subscription revenue includes Sky Box customers (including reseller) and broadband customers.

(2) Other subscriptions include Neon, Sky Sport Now, RugbyPass, retransmission and commercial customers (and included Lightbox in 2020).

Residential (Sky Box) subscription revenue decreased by 8.6% to \$532.1 million mainly due to a loss in Sky Box customer numbers year on year. Customers were migrated from reseller arrangements in the year, resulting in one-off billing discounts to align billing dates, and then honouring discount package pricing already in place. Overall, the average uptake on premium packages was down slightly year on year, and COVID-19 impacted pay-per-view events resulting in lower event buys. These all contributed to lower ARPU in the period. A continuing focus on customer retention saw an 3.2% improvement in annual churn to 12.2% from 12.6% in the prior year as targeted initiatives gained traction.

Other subscription revenue includes commercial revenue earned from Sky subscriptions at hotels, motels, licenced premises and commercial customers, streaming revenue from services such as Neon, Lightbox (prior to merging with Neon in July 2020), Sky Sport Now, RugbyPass and revenue derived from transmission of programming for third parties. These revenues increased 11.0% to \$117.0 million mainly due to the growth of Neon in late FY20 and throughout FY21, and Sky Sport Now when sport returned after COVID-19 restrictions were lifted in New Zealand.

Advertising sales revenue remained stable at approximately \$45 million. The advertising market was significantly impacted by COVID-19 in the final quarter of FY20, with recovery through FY21 meaning revenues for the year were broadly flat with the prior financial year. Sky's market share in FY21 was 8.6% compared to 9.3% in FY20, falling due the impact on Sky's sport related sales and the advertising on Discovery channels now being sold directly by Discovery. The fall in market share was offset with a growing advertising market following a greater impact of COVID-19 in FY20.

Installation and other revenues increased from \$14.0 million to \$17.2 million due to an increase in installation and late payment fees in the year.

Expense Analysis

A further breakdown of Sky's operating expenses is provided below:

In NZD millions	30 - Jun - 21				30 - Jun - 20		
	Adjusted	Reported	% inc/(dec) adjusted	% of revenue adjusted	Adjusted	Reported	% of revenue adjusted
Programming	321.8	329.3	(4.1)	45.2	335.5	342.1	44.9
Subscriber related costs	93.0	93.0	(8.7)	13.1	101.9	106.6	13.6
Broadcasting and infrastructure	60.7	60.7	(13.7)	8.5	70.3	77.9	9.4
Other costs	52.5	55.3	10.5	7.4	47.5	56.8	6.4
Depreciation, amortisation and impairment	108.0	108.0	(9.5)	15.2	119.3	119.3	16.0
Total operating expenses	636.0	646.3	(5.7)	89.4	674.5	702.7	90.3

Programming costs comprise both the costs of programme rights and also programme operating costs. Programme rights costs include sport rights, pass-through channel rights (e.g. ESPN, Living Channel, National Geographic etc.), movies (including pay-per-view), streaming and on demand rights, and music rights. Programme operating costs include the production of live sport events, satellite and fibre linking costs and original studio productions.

Programming costs have decreased by 4.1% mainly due to the impacts of COVID-19 on live sports events and competitions, and the availability of entertainment content from studio partners.

Sky's adjusted programming costs have decreased by \$13.7 million to \$321.8 million and equate to 45.2% of total revenue in FY21, up from 44.9% in FY20. The programming costs in both FY21 and FY20 have been adjusted for one-off impairments.

Subscriber related costs include the costs of servicing and monitoring equipment installed at customers' homes, indirect installation costs, the costs of Sky's customer service department, sales and marketing activities and general administrative costs associated with managing customer relationships.

Subscriber related costs reduced by 8.7% in FY21 due to a stronger emphasis on cost control and efficiencies gained in the year. There remained a strong focus on improving customer services across various platforms in the year.

Broadcasting and infrastructure costs mainly consist of transmission and linking costs for transmitting Sky and Prime's content from its studios in Auckland to customers over satellite to devices in the home, streaming content over IP, and other distribution platforms and the costs of operating Sky's television stations and employee working environments at Mt Wellington and Albany.

These costs remained consistent year on year on an adjusted basis, driven mainly by stabilisation of Sky Box subscribers and the associated service costs. Internet delivery costs for streaming services also stabilised and consist mainly of fixed costs which are not affected significantly by customer numbers. The adjustments in FY20 relate to a \$3.0 million satellite reservation fee and \$4.6 million restructuring costs.

Other costs include advertising costs, and overhead costs relating to corporate management of the Sky Group including consultancy costs. The adjusted other costs increased by 10.5% to \$52.5 million, due to higher insurance costs as part of the annual renewal cycle and FY21 related short term incentive payments (which were cancelled in FY20).

Depreciation, amortisation and impairment costs include depreciation charges including subscriber equipment including satellite dishes and decoders owned by Sky, fixed assets such as television station facilities, amortisation of the right-of-use assets created under NZ IFRS 16 and amortisation of computer software and intangible assets. Depreciation of property, plant and equipment has decreased as decoders and installation costs reach the end of their useful lives while amortisation of intangibles has increased due to acquired intangibles for Lightbox and RugbyPass.

Depreciation, amortisation and impairment costs are summarised below:

In NZD millions	2021	2020
Depreciation of property, plant and equipment	36.4	54.7
Amortisation of intangibles	35.4	31.0
Depreciation of right-of-use assets	36.2	33.6
Total depreciation, amortisation and impairment	108.0	119.3

Finance costs, net

Decreased from \$13.7 million to \$10.5 million. Interest expense reduced from \$16.0 million to \$11.9 million due to the repayment of the \$100 million bond in March 2021 and a reduction in bank interest due the repayment of bank debt in the prior year and subsequently not drawing down from the facility during the period.

Capital expenditure

Sky's capital expenditure is summarised as follows:

In NZD millions	2021	2020
Subscriber equipment	3.5	4.4
Installation costs	14.8	12.6
Projects under development	2.0	11.7
Software	24.2	19.7
Other	6.6	8.1
Capital expenditure	51.1	56.5
Assets acquired by way of business acquisitions	0.2	16.4
Total capital expenditure	51.3	72.9

Capital expenditure has continued to transition towards a greater emphasis on growth focused areas, including migration of platforms and services to the cloud, improvements in data management services and the implementation of Sky's Broadband service. A number of these investments have been foundational to the development of the new Sky Box. Investments in Sky's satellite delivery platform have been reducing and Sky continues to move towards a less capital intense operating model.

Financial Performance Trends

In NZD 000	2021	2020	2019	2018	2017
For the year ended 30 June					
Income statement					
Total revenue and other income	724,754	747,646	795,126	852,710	893,485
Total operating expenses	538,338	583,395	564,958	566,900	601,145
EBITDA (1)	186,416	164,251	230,168	285,810	292,340
Depreciation, amortisation and impairment (2)	107,991	119,318	131,103	102,414	105,148
Impairment of goodwill	-	177,500	670,000	360,000	-
Net interest expense and financing charges	11,715	15,859	13,650	17,576	20,470
Losses/(gains) on currency and other	(1,179)	(2,120)	(1,208)	(66)	(850)
Net profit/(loss) before income tax	67,889	(146,306)	(583,377)	(194,114)	167,572
Balance sheet					
Property, plant, and equipment, intangibles and right-of-use assets	220,165	287,962	213,702	268,925	301,008
Goodwill	255,245	256,312	395,331	1,065,331	1,425,331
Total assets	701,648	837,936	771,353	1,503,002	1,887,200
Interest bearing loans and liabilities	77,547	212,513	193,662	235,344	298,663
Working capital (3)	58,642	90,291	8,607	9,038	10,215
Total liabilities	278,154	462,966	419,785	476,315	559,322
Total equity	423,494	374,970	351,568	1,026,687	1,327,878
Cash flow					
Net cash from operating activities	107,208	157,300	178,026	213,613	244,536
Net cash used in investing activities	(44,187)	(74,627)	(69,780)	(58,194)	(79,640)
Lease repayments (4)	(37,503)	(36,901)	-	-	-
Free cash flow (5)	25,518	45,772	108,246	155,419	164,896
Capital expenditure					
Capital expenditure	51,071	56,458	76,300	58,200	79,700
Assets acquired by way of business combination (6)	203	16,354	-	-	-
Assets disposed of in the period (6)	(9,095)	-	-	-	-
	42,179	72,812	76,300	58,200	79,700

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

(2) The FY21 year includes depreciation on right-of-use assets of \$36.2 million (FY20 \$33.6 million).

(3) Working capital excludes current borrowing, bonds, derivative financial instruments, available for sale financial assets and contract liabilities and lease liabilities. Prior periods have been adjusted to exclude contract liabilities.

(4) Lease repayments prior to FY20, and the adoption of NZIFRS16, were included within net cash from operating activities.

(5) Free cash flow is after lease repayments for the period that are categorised in financing cash flows, but before other financing activities.

(6) RugbyPass and Lightbox, acquired in the 2020 financial year (refer note 28), were the only substantial acquisitions in the last five years. The OSB business was sold in the 2021 financial year.

Directors' Responsibility Statement

The directors of Sky Network Television Limited (Sky) are responsible for ensuring that the consolidated financial statements of Sky and its subsidiaries (the Group) present fairly the financial position of the Group as at 30 June 2021 and the results of its operations and cash flows for the year ended on that date.

The directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

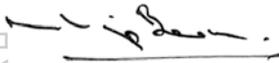
The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors present the consolidated financial statements of the Group for the year ended 30 June 2021.

The Board of Directors of Sky authorise these consolidated financial statements for issue on 24 August 2021.

For and on behalf of the Board of Directors.



Philip Bowman
Director and Chairman



Keith Smith
Director

Date: 24 August 2021

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Consolidated Income Statement

For the year ended 30 June 2021

In NZD 000	Notes	30-Jun-21	30-Jun-20
Revenue	4	711,234	746,641
Other income	5	13,520	1,005
Expenses			
Programming		329,354	342,096
Subscriber related costs		93,070	106,554
Broadcasting and infrastructure		60,655	77,942
Depreciation, amortisation and impairment of assets	6	107,991	119,318
Other costs		55,259	56,803
Total expenses		646,329	702,713
Operating profit before impairment		78,425	44,933
Impairment of goodwill	16	-	177,500
Operating profit/(loss)		78,425	(132,567)
Finance costs (net)	19	10,536	13,739
Profit/(loss) before tax		67,889	(146,306)
Income tax expense	8	20,343	10,466
Profit/(loss) for the year		47,546	(156,772)
Attributable to			
Equity holders of the Company	7	47,228	(156,979)
Non-controlling interests		318	207
		47,546	(156,772)
Profit/(loss) per share			
Basic and diluted profit/(loss) per share (cents)	7	2.70	(23.91)

Consolidated Statement of Comprehensive Income

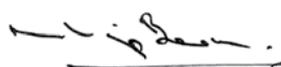
For the year ended 30 June 2021

In NZD 000	30-Jun-21	30-Jun-20
Profit/(loss) for the year	47,546	(156,772)
Items that may be reclassified to profit or loss		
Exchange difference on translation of foreign operations	(291)	220
Deferred hedging gains transferred to operating expenses during the year	1,056	1,196
Income tax effect	(296)	(335)
Net other comprehensive income to be reclassified to profit or loss, net of income tax	469	1,081
Items that may not be reclassified to profit or loss		
Deferred hedging losses transferred to non-financial assets during the year	(367)	(51)
Income tax effect	103	14
Net other comprehensive loss not being reclassified to profit or loss, net of income tax	(264)	(37)
Total comprehensive profit/(loss) for the year	47,751	(155,728)
Attributable to:		
Equity holders of the Company	47,433	(155,935)
Non-controlling interest	318	207
	47,751	(155,728)

Consolidated Balance Sheet

As at 30 June 2021

In NZD 000	Notes	30-Jun-21	30-Jun-20
Current assets			
Cash and cash equivalents		34,800	110,677
Trade and other receivables	9	65,615	56,854
Programme rights inventory	10	103,154	115,672
Derivative financial instruments	22	1,347	3,265
		204,916	286,468
Non-current assets			
Property, plant and equipment	13	100,192	124,585
Right-of-use assets	14	64,272	96,821
Intangible assets	15	55,701	66,556
Deferred tax asset	8	6,162	216
Goodwill	16	255,245	256,312
Derivative financial instruments	22	1,724	461
		483,296	544,951
Assets held for sale	12	13,436	8,367
Total assets		701,648	839,786
Current liabilities			
Interest bearing loans and borrowings	17	1,137	100,765
Lease liabilities	18	39,074	36,562
Trade and other payables	11	137,077	177,871
Contract liabilities	11	52,267	51,180
Income tax payable		7,850	15,041
Derivative financial instruments	22	1,495	922
		238,900	382,341
Non-current liabilities			
Interest bearing loans and borrowings	17	1,035	1,883
Lease liabilities	18	36,301	73,303
Trade and other payables	11	1,576	-
Contingent consideration	27	-	5,283
Derivative financial instruments	22	342	405
		39,254	80,874
Liabilities associated with assets held for sale	12	-	1,601
Total liabilities		278,154	464,816
Equity			
Share capital	20	768,766	767,608
Reserves	21	1,035	991
Retained deficit		(347,647)	(394,875)
Total equity attributable to equity holders of the Company		422,154	373,724
Non-controlling interest		1,340	1,246
Total equity		423,494	374,970
Total equity and liabilities		701,648	839,786



Philip Bowman
Director and Chairman



Keith Smith
Director

For and on behalf of the Board 24 August 2021

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

In NZD 000	Notes	Attributable to owners of the parent					Non-controlling interest	Total equity
		Share capital	Reserves	Retained deficit	Total			
For the year ended 30 June 2021								
Balance at 1 July 2020		767,608	991	(394,875)	373,724	1,246	374,970	
Net profit 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	21	-	496	-	496	-	496	
Total comprehensive 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	29	1,158	(161)	-	997	-	997	
		1,158	(161)	-	997	(224)	773	
Balance at 30 June 2021		768,766	1,035	(347,647)	422,154	1,340	423,494	
For the year ended 30 June 2020								
Balance at 1 July 2019		577,403	(53)	(227,111)	350,239	1,329	351,568	
Impact of adoption of new accounting standard		-	-	(10,785)	(10,785)	-	(10,785)	
Adjusted balance		577,403	(53)	(237,896)	339,454	1,329	340,783	
Net loss for the year		-	-	(156,979)	(156,979)	207	(156,772)	
Exchange difference on translation of foreign operations		-	220	-	220	-	220	
Cash flow hedges, net of tax	21	-	824	-	824	-	824	
Total comprehensive loss for the year		-	1,044	(156,979)	(155,935)	207	(155,728)	
Transactions with owners in their capacity as owners								
Rights issue and placement of shares	20	157,091	-	-	157,091	-	157,091	
Issue of ordinary shares related to business combination	20	24,378	-	-	24,378	-	24,378	
Issue of ordinary shares to NZ Rugby Union	10,20	15,436	-	-	15,436	-	15,436	
Transaction costs relating to share issues	20	(7,086)	-	-	(7,086)	-	(7,086)	
Dividend paid		-	-	-	-	(290)	(290)	
CEO share based remuneration	29	386	-	-	386	-	386	
		190,205	-	-	190,205	(290)	189,915	
Balance at 30 June 2020		767,608	991	(394,875)	373,724	1,246	374,970	

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

In NZD 000	Notes	30-Jun-21	30-Jun-20
Cash flows from operating activities			
Profit/(loss) before tax		67,889	(146,306)
Adjustments for:			
Depreciation and amortisation	6	107,991	119,318
Impairment of goodwill		-	177,500
Impairment of programme rights	10	7,466	3,240
Unrealised foreign exchange (gain)/loss	19	(656)	1,953
Interest expense	19	11,941	16,020
Bad debts and movement in provision for loss allowance	6	1,454	1,352
Other non-cash items		(259)	1,040
Movement in working capital items:			
(Increase)/decrease in receivables		(9,283)	10,128
(Decrease)/increase in payables		(39,237)	17,631
Decrease/(increase) in programme rights		5,052	(5,056)
Cash generated from operations		152,358	196,820
Interest paid		(11,250)	(15,995)
Bank facility fees paid		(900)	(25)
Income tax paid		(33,000)	(23,500)
Net cash from operating activities		107,208	157,300
Cash flows from investing activities			
Acquisition of property, plant, and equipment	13	(25,657)	(27,470)
Acquisition of intangibles	15	(25,414)	(28,988)
Acquisition of subsidiaries, net of cash acquired	28	-	(18,169)
Proceeds from disposal of OSB business	28	6,884	-
Net cash used in investing activities		(44,187)	(74,627)
Cash flows from financing activities			
Proceeds from rights issue and placement of shares	20	-	157,091
Transaction costs incurred for rights issue	20	-	(7,086)
Repayment of borrowings - bank loan	17	-	(207,000)
Repayment of borrowings - bonds	17	(100,000)	-
Advances received - bank loan	17	-	119,000
Repayment of other borrowings	17	(1,171)	(1,093)
Payments for lease liability principal	18	(37,503)	(36,901)
Dividend paid to minority shareholders		(224)	(290)
Net cash (used in)/from financing activities		(138,898)	23,721
Net (decrease)/increase in cash and cash equivalents		(75,877)	106,394
Cash and cash equivalents at beginning of year		110,677	4,283
Cash and cash equivalents at end of year		34,800	110,677

Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1 General Information

This section sets out the Group's accounting policies that relate to the consolidated financial statements as a whole. They have been presented in a structure which is intended to make them more relevant to shareholders. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

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 financial statements for the year ended 30 June 2021 comprise Sky Network Television Limited 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 consolidated financial statements of the Group have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

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

These consolidated financial statements were authorised for issue by the Board on 24 August 2021.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purpose of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS).

These consolidated financial statements are prepared on the basis of historical cost except where otherwise identified.

The consolidated financial statements are presented in New Zealand dollars.

Group structure

The Group has a majority share in the following subsidiaries:

Name of Entity	Principal Activity	Country of Incorporation	Parent	Interest held	
				Jun-21	Jun-20
Sky DMX Music Limited	Commercial Music	New Zealand	Sky	50.50%	50.50%
Sky Ventures Limited	Investment	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)	Non-trading	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	Streaming services	Ireland	Sky Investment Holdings Limited	100.00%	100.00%
RugbyPass Asia Pte Ltd	Management services	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%	-
RugbyPass UK Limited (incorporated 26 Jan 2021)	Streaming services	New Zealand	Sky Investment Holdings Limited	100.00%	-

2. Basis of Consolidation

The Group financial statements consolidate the financial statements of Sky and its subsidiaries. The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred and the liabilities incurred. Each identifiable asset and liability is generally measured at its acquisition date fair value except if another NZ IFRS requires another measurement basis. The excess of the consideration of the acquisition and the amount of any non-controlling interest in the acquired company, less the Group's share of the identifiable assets acquired and the liabilities assumed, is recognised as goodwill. Acquisition related costs are expensed as incurred.

Subsidiaries

Subsidiaries are entities that are controlled, either directly or indirectly, by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns from its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains unless the transaction provides evidence of an impairment of the asset transferred.

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant Accounting Policies and Critical Judgements and Estimation

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 subsequent reduction of sport and entertainment content. There continues to be uncertainties due to the COVID-19 epidemic 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 assessed the recoverable amounts for each cash generating unit for potential impairment at 30 June 2021, and also considered whether there are any events or changes in circumstances since the recognition of impairment as at 30 June 2020 and the signing of the 2020 financial statements that may indicate further impairment by considering factors such as:

- The Group's results for the year, which have exceeded the prior year and the plan;
- The improvement in the Group's share price between 30 June 2020 and 30 June 2021; and
- The premium of net assets to market capitalisation being broadly consistent to the position as at 30 June 2020 noting that the market capitalisation excludes any control premium,

and have concluded that no further impairment of goodwill is required at 30 June 2021.

Programming rights – the ability to monetise prepaid and future sports programming rights. 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. Management has also considered any negotiations for equitable reductions due to COVID-19 that have been concluded prior to balance date. Management also considered the valuation of the programme rights arising from the share issue to the NZ Rugby Union and assessed the carrying value as remaining appropriate as the future economic benefit is still expected to be realised.

RugbyPass contingent consideration – The fair value of the contingent consideration was assessed at \$5.3 million at the acquisition date. Considering the current performance of RugbyPass, its new strategic direction, the uncertainty surrounding the economic environment given the existence of COVID-19 and the probability of payment, management negotiated with the vendor to settle the contingent consideration for a value of USD 1.25 million (\$1.7 million). The agreement was formalised on 9 February 2021 and the release of \$3.6 million is included in other income (refer note 5).

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

Capital Structure – As at 30 June 2021 the Group had negative working capital of \$34 million compared to negative working capital of \$96 million at 30 June 2020. The Group carries a level of negative working capital mainly due to deferred income recognised. The \$100 million bond was repaid on 31 March 2021 out of the Group's cash reserves (refer note 17).

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 a period of at least 12 months from approving the consolidated financial statements after taking into consideration the current trading results and the undrawn banking facility of \$200 million as at 30 June 2021 (refer note 17).

Accounting policies

The accounting policies applied by the Group in these consolidated 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 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Foreign currency translation

Functional and presentation currency: The Group's consolidated financial statements are presented in New Zealand dollars (NZD or \$) which is the Group's functional and presentation currency.

Transactions and balances: Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign operations: The income statements of foreign operations are translated into the Group's reporting currency at average exchange rates for the period and the assets and liabilities of foreign operations are translated into NZD at the exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated into NZD at the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

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 or net asset position of the Group.

Goods and services tax (GST)

The consolidated statement of comprehensive income and consolidated statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the consolidated balance sheet are stated net of GST with the exception of receivables and payables, which include GST invoiced.

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.

Transitioning systems to the cloud is a strategic priority of the Group. At the time of finalising the 30 June 2021 financial statements the review process over SaaS¹ 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 related value is in the vicinity of \$15 million to \$20 million. We are in the process of reviewing these SaaS related capitalised costs to quantify the extent of any adjustment that may be required due to the revised accounting policy. 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 have a clear understanding of the situation in the following financial year.

(1) Software as a Service

4. Segment and Revenue Information

In NZD 000	30-Jun-21	30-Jun-20
Sky Box subscriptions	532,122	581,962
Other subscriptions	117,017	105,381
Advertising	44,866	45,155
Other revenue	17,229	14,143
	711,234	746,641

Description of revenue streams

Within its operating business segment Sky has several revenue streams which it reports against. These include:

Sky Box subscription revenue: This includes revenue from Sky's subscription services linked to its Sky Box customers.

Customers are invoiced on a monthly basis and contracts are normally for a period of 6 or 12 months with monthly renewals thereafter. Early termination fees apply. Revenue is recognised over the period to which the subscription related.

Sky offers bundled services to its Sky Box customers which includes broadband and related equipment. Under NZIFRS 15 these services are considered separate performance obligations and the revenue is allocated to each service proportionately based on their stand-alone selling price.

Unearned subscriptions and deferred revenues are revenues that have been invoiced relating to services not yet performed and are reported as contract liabilities (refer note 11).

Other subscription revenue: This includes commercial revenue earned from Sky subscriptions at businesses throughout New Zealand, revenue from content sold to third parties for retransmission and revenue from streaming services such as Neon, Sky Sport Now and RugbyPass. This revenue is recognised over time based on the timing of the services provided. Contracts vary in length, including daily, weekly, monthly and are payable in advance.

Contracts with wholesale customers, where some of the Group's services, (including Neon and Sky Sport Now) are combined with the customer's products and sold as part of a bundled service, have differing provisions such that the Group has been determined to be either the principal or the agent depending on the wholesale contract terms. Revenue from these contracts is invoiced monthly depending on the services provided, and is reported on a gross basis with the commission paid or discount offered being treated as an operating expense where the Group is determined to be the principal and on a net basis where the Group is determined to be the agent.

Advertising revenue: This relates to revenue received from customers in return for advertising placed on the Group's services. This revenue is reported when the advertisement is screened. Contract terms and rates vary depending on the customer and services provided. Customers are billed monthly in arrears. Revenue is earned at a point in time

Other revenue: This includes revenue from installation services, transmission services and various other non-subscriber related revenue. This revenue is recorded when the product or service has been delivered to the customer at a point in time or when the performance obligation is received by the customer.

Key estimates and judgements

Gross versus net presentation

If the Group has control of goods or services when they are delivered to a customer, then the Group is the principal in the sale to the customer, otherwise the Group is acting as an agent. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating flows. Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group contracts through a third party to deliver its services such as Neon, Sky Sport Now and RugbyPass to customers via a bundled service offering.

4. Segment and Revenue Information (continued)

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 telecommunication services in New Zealand. RugbyPass has been identified as a separate operating segment and is a separate cash generating unit for the year ended 30 June 2021. 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 below shows the disaggregation of the Group's revenue from contracts with customers on the basis of when revenue is recognised for its principal revenue streams as described below.

In NZD 000	Residential subscriptions	Other subscriptions	Advertising	Other revenue	Total revenue from contracts with customers
For the year ended 30 June 2021					
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
For the year ended 30 June 2020					
Revenue from customers	581,962	105,381	45,155	28,000	760,498
Inter-segment revenue	-	-	-	(13,857)	(13,857)
Total revenue	581,962	105,381	45,155	14,143	746,641
Timing of revenue recognition					
At a point in time	10,822	-	45,155	7,563	63,540
Over time	571,140	105,381	-	6,580	683,101
	581,962	105,381	45,155	14,143	746,641

Inter-segment revenue relates to intergroup services relating to sports productions provided by OSB until 31 March 2021, when OSB was sold to NEP Limited (refer note 28).

5. Other Income

Other income consists of:

In NZD 000	Notes	30-Jun-21	30-Jun-20
Government grant R&D tax credit		1,752	1,005
Gain on sale of OSB	28	5,787	-
RugbyPass provision release	27	1,476	-
RugbyPass earnout release	27	3,553	-
Other income		952	-
		13,520	1,005

Other income: Income not related to revenue from contracts with customers is required to be disclosed separately in the financial statements and includes investment income, gains or losses on disposal of assets, lessor revenue and other income not related to customer contracts.

6. Operating Expenses

Profit before tax includes the following separate expenses/(credits):

In NZD 000	Notes	30-Jun-21	30-Jun-20
Depreciation, amortisation and impairment			
Depreciation and impairment of property, plant and equipment (1)	13	36,355	54,698
Amortisation of intangibles	15	35,396	31,050
Depreciation and impairment of right-of-use assets	14	36,240	33,570
Total depreciation, amortisation and impairment		107,991	119,318
Credit loss			
Movement in provision		374	319
Net write-off		1,080	1,033
Total credit loss	9	1,454	1,352
Fees paid to external auditors			
Audit fees paid to principal auditors (2)		589	649
Regulatory reporting		9	3
Non-assurance services by principal auditors			
Agreed upon procedures on bank compliance certificate		-	3
Treasury related financial markets risk analysis and commentary		9	35
Scenario analysis of property requirements		-	36
Total fees to external auditors		607	726
Employee costs (3)		82,416	105,707
Kiwisaver employer contributions		2,134	2,304
Donations		187	302
Operating lease and rental expenses		922	916

(1) The majority of depreciation and amortisation relates to broadcasting assets (refer note 13).

(2) The audit fee includes the fee for both the annual audit of the financial statements and the review of the interim financial statements.

(3) The decrease in employee costs in 2021 is primarily due to one-off redundancy costs of \$15.5 million and a Holidays Act 2003 compliance provision of \$3.2 million recognised in the prior year.

Employee entitlements to salaries, wages and annual leave, to be settled within 12 months of the reporting date represent present obligations resulting from employees services provided up to the reporting date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

Incentive plans are recognised as a liability and an expense for discretionary short-term incentives (STIs) based on a formula that takes into account the economic value added by employees during the reporting period. The Group recognises this provision where contractually obliged or where there is a past practice that has created a constructive obligation.

7. Earnings Per Share

Basic and diluted earnings/(loss) per share

	30-Jun-21	30-Jun-20
Profit/(loss) after tax attributable to equity holders of the parent (NZD 000)	47,228	(156,979)
Weighted average number of ordinary shares on issue (thousands)	1,746,480	656,639
Basic and diluted earnings/(loss) per share(cents)	2.70	(23.91)

	30-Jun-21	30-Jun-20
Issued ordinary shares at the beginning of the year	1,746,279,558	389,139,785
Ordinary shares issued on 19 August 2019	-	25,085,408
Ordinary shares issued on 1 November 2019	-	21,801,325
Ordinary shares issued on 21 February 2020	-	200,000
Ordinary shares issued on 2 June 2020	-	998,629,091
Ordinary shares issued on 16 June 2020	-	311,423,949
Ordinary shares issued on 1 March 2021	600,000	-
Total number of shares on issue	1,746,879,558	1,746,279,558
Weighted average number of ordinary shares on issue	1,746,480,106	656,638,762

Basic earnings or loss per share

Basic earnings or loss per share is calculated by dividing the profit attributable to equity holders of Sky by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share

Diluted earnings or loss per share is calculated by adjusting the weighted average of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Sky had no dilutive potential ordinary shares during the current or prior period.

8. Taxation

Income tax expense

The total charge for the year can be reconciled to the accounting profit/(loss) as follows:

in NZD 000	30-Jun-21	30-Jun-20
Profit/(loss) before tax	67,889	(146,306)
Prima facie tax expense at 28%	19,009	(40,966)
Non-assessible income	(1,268)	-
Non-deductible expenses	710	49,806
Prior year adjustment	372	9
Adjustment for change to building depreciation	153	(2,487)
Tax loss not recognised	611	1,813
Other	-	2
Effect of foreign tax rates	756	2,289
Income tax expense	20,343	10,466
Allocated between:		
Current tax payable	26,416	27,656
Deferred tax	(6,073)	(17,190)
Income tax expense	20,343	10,466

As a result of a change in tax legislation enacted on 25 March 2020 with effect from 1 July 2020, the ability to tax depreciate buildings was reinstated. The change required the restatement of the tax base (representing the future benefit of available tax deductions) in the 2019/2020 income year. This resulted in a decrease to the deferred tax liability in the prior period of \$2,486,958.

Current income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax, except to the extent that it relates to items recognised directly in other comprehensive income, in which case the tax expense is also recognised in other comprehensive income. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the rates that have been enacted or substantively enacted by the balance date.

Imputation credits

in NZD 000	30-Jun-21	30-Jun-20
Imputation credits available for subsequent reporting periods based on a tax rate of 28%	161,341	145,963

The above amounts represent the balance of the imputation credit account as at the end of the reporting period adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax;
- Imputation debits that will arise from the payment of dividends. Availability of these credits is subject to continuity of ownership requirements.

8. Taxation (continued)

Deferred tax assets and (liabilities)

The following are the major deferred tax liabilities and assets and the movements thereon during the current and prior reporting periods.

In NZD 000	Notes	Fixed assets	Leased assets	Other	Recognised directly in equity	Total
For the year ended 30 June 2021						
At 1 July 2020		(1,899)	(6,878)	9,348	(355)	216
Disposal of subsidiaries	28	-	66	-	-	66
NZ IFRS 9 hedging adjustment recognised through other comprehensive income	21	-	-	-	(193)	(193)
Credited/(charged) to profit and loss		2,795	6,591	(3,313)	-	6,073
Balance at 30 June 2021		896	(221)	6,035	(548)	6,162
For the year ended 30 June 2020						
At 1 July 2019		(8,178)	(15,983)	5,271	(34)	(18,924)
Acquired on acquisition of subsidiaries	28	(1,923)	-	-	-	(1,923)
NZ IFRS 9 hedging adjustment recognised through other comprehensive income	21	-	-	-	(321)	(321)
Reinstatement of building depreciation		2,487	-	-	-	2,487
Leased assets under NZ IFRS 16 - retained earnings impact on transition	3	-	4,194	-	-	4,194
Credited/(charged) to profit and loss		5,715	4,911	4,077	-	14,703
Balance at 30 June 2020		(1,899)	(6,878)	9,348	(355)	216

Certain deferred tax assets and liabilities have been offset as allowed under NZ IAS 12 where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities are levied by the same taxation authority.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction neither affects accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Key estimates and judgements

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits. No deferred tax asset has been recognised in relation to the RugbyPass accumulated losses of \$19,412,000 (30 June 2020: \$14,506,000) and Sky Network Services Limited's (previously Igloo Limited) accumulated losses of \$12,150,000 (30 June 2020: \$12,150,000). These tax losses can be carried forward for use against future taxable profits of both entities subject to meeting the requirements of the income tax legislation in the local tax jurisdiction including shareholder continuity.

9. Trade and Other Receivables

In NZD 000	Note	30-Jun-21	30-Jun-20
Trade receivables		37,694	40,193
Less provision for loss allowance		(1,272)	(898)
Trade receivables - net		36,422	39,295
Other receivables		8,847	6,019
Owing by NEP	28	7,000	-
Prepaid expenses		13,346	11,540
Balance at end of year		65,615	56,854
Deduct receivables not classified as financial assets ¹		(13,601)	(11,540)
Financial instruments	26	52,014	45,314

(1) Receivables not classified as financial instruments include prepaid expenses, tax receivable and facility fees.

Impairment of trade receivables

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses trade receivables have been grouped based on the shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of revenue over the prior 24 months and the corresponding historical credit losses experienced within this period. As a result of the COVID-19 pandemic the Group increased its expected loss rates due to the uncertain future outlook for its residential and commercial Sky Box customers in FY20.

The ability of these customers to settle receivables in the near future is not currently considered to relate to the historical credit risk characteristics of those customers.

The impairment of trade receivables as at 30 June 2021 is as follows:

In NZD 000	30-Jun-21		30-Jun-20	
	Gross	Impairment	Gross	Impairment
Residential subscribers	24,326	(1,099)	24,383	(653)
Commercial subscribers	4,759	(32)	2,975	(58)
Wholesale customers	1,004	-	7,900	-
Advertising	4,680	(60)	2,894	(32)
Other	2,925	(81)	2,041	(155)
	37,694	(1,272)	40,193	(898)

9. Trade and Other Receivables (continued)

As at 30 June, the ageing analysis of trade receivables is as follows:

30-Jun-21				30-Jun-20			
In NZD 000	Expected loss rate	Gross carrying amount	Loss allowance	In NZD 000	Expected loss rate	Gross carrying amount	Loss allowance
Not past due	0.2%	31,483	75	Not past due	0.2%	34,735	71
Past due 0-30 days	2.3%	3,832	87	Past due 0-30 days	2.2%	3,566	80
Past due 31-60 days	7.3%	1,075	79	Past due 31-60 days	6.4%	937	60
Past due 61-90 days	55.8%	557	311	Past due 61-90 days	53.7%	406	218
Greater than 90 days	96.4%	747	720	Greater than 90 days	85.4%	549	469
		37,694	1,272			40,193	898

Movements in the provision for impairment of receivables were as follows:

In NZD 000	Note	30-Jun-21	30-Jun-20
Opening balance		898	579
Charged during the year	6	1,454	1,352
Utilised during the year		(1,080)	(1,033)
Closing balance		1,272	898

The provision charged and the amount utilised for impaired receivables has been included in subscriber related costs in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of receiving additional cash, usually ninety days after a customer has been disconnected. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Group holds collateral of \$1.2 million (30 June 2020: \$1.2 million) in the form of deposits for Sky Box customers.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. An impairment loss is recognised based on expected credit losses for each trade receivable group.

10. Programme Rights Inventory

In NZD 000	Note	30-Jun-21	30-Jun-20
Opening balance		115,672	89,458
Acquired as part of acquisition of RugbyPass and Lightbox	28	-	9,517
Settled by issue of shares to NZ Rugby Union	20	-	15,436
Acquired during the year ¹		266,348	282,097
Written off during the year		(7,466)	(3,240)
Charged to programming expenses		(271,400)	(277,596)
Balance at end of year		103,154	115,672

(1) Prior year acquired programme rights have been amended due to a reclassification as described in note 3.

Programme rights inventories for broadcast are stated at the lower of cost and net realisable value, and net of the accumulated expense charged to the income statement to date. Such programming rights are included as inventories when the legally enforceable licence period commences and all of the following conditions have been met: (a) the cost of each programme is known or reasonably determinable; (b) the programme material has been accepted by the Group in accordance with the conditions of the rights; and (c) the programme is available for its first showing.

Prior to being included in inventories, the programming rights are classified as television programme rights not yet available for transmission and not recorded as inventories on the Group's balance sheet and are instead disclosed as contractual commitments (refer note 30).

The cost of television programme inventories is recognised as programming rights in the 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, 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 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 income statement on an "as played" basis over the period for which the broadcast rights are licensed.
- Pass through channels – the cost is amortised in the month of activity.
- Entertainment streaming content is amortised on a straight-line basis over the licence period.

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 income statement is made. Any reversals of inventory write-downs are recognised as reductions in operating expense.

Key estimates and judgements

The COVID-19 pandemic has resulted in uncertainty around the valuation and amortisation of sports rights specifically in relation to the value of major sports competitions. Some competitions have been delayed or postponed. As at 30 June 2021 it is still not clear when and if certain sports events will take place, and as a consequence, management have exercised judgement in assessing the value of programming rights at year end and the estimated amortisation of rights costs. Where the Group has negotiated an equitable reduction due to COVID-19 prior to balance date on contracted payments for certain sports rights where content has been prepaid but not delivered or where content has been contracted for but will not be delivered, the amortisation expense has been adjusted accordingly.

11. Trade and Other Payables and Contract Liabilities

In NZD 000	Notes	30-Jun-21	30-Jun-20
Trade payables		83,710	94,009
Deferred consideration	28	-	10,522
Employee entitlements		10,560	7,307
Tax payables		7,377	13,750
Accruals		31,119	41,159
Provisions ¹	27	5,887	11,124
Balance at end of year		138,653	177,871
Current		137,077	177,871
Two to five years		1,576	-
		138,653	177,871
Less			
Payables not classified as financial instruments ²		(23,824)	(32,181)
Financial instruments	25	114,829	145,690

(1) Prior year provisions have been amended due to a reclassification as described in note 3.

(2) Tax payables, provisions and employee benefits do not meet the definition of a financial instrument and have been excluded from the "Trade and other payables" category.

Trade and other payables, other than contingent consideration which is measured at fair value, are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Contract liabilities

IN NZD 000	30-Jun-21	30-Jun-20
Deferred revenue	52,267	51,180

Contract liabilities of \$51,180,000 were released during the year (30 June 2020: \$54,396,000).

Contract liabilities are not classified as financial instruments.

Contract liabilities are recognised for payments received from customers in advance and are recognised in revenue over the service period. Sky invoices customers in advance for both residential and commercial subscriptions. Contract liabilities recognised at the end of the financial year are recognised as revenue in the following year.

12. Assets Held for Sale

On 15 May 2021 the Sky land and buildings known as Studios 2 and 3 were listed for sale. Sky announced its intention to sell on the NZX on 26 March 2021. As at 30 June 2021 a sale had not yet been completed and the land and buildings were classified as held for sale in the financial statements. The assets held for sale have been reported at their book value.

The Board continues to assess the strategy relating to the Mt Wellington property portfolio, including Studios 2 and 3, but also options relating to the land and buildings known as Studio 1.

On 11 February 2020, the Board made the decision to dispose of the assets of Outside Broadcasting Limited (OSB) a subsidiary of Sky. As at 30 June 2020 the assets were classified as held for sale in the financial statements. Assets and liabilities held for sale have been reported at their book values. OSB was part of the Sky operating segment until the sale of the assets was completed at 31 March 2021 (refer note 28).

In NZD 000	Note	30-Jun-21	30-Jun-20
Assets			
Property, plant and equipment (net)	13	13,436	7,245
Right-of-use assets (net)	14	-	1,122
Assets held for sale		13,436	8,367
Liabilities			
Employee entitlements		-	235
Short term lease liabilities	18	-	349
Long term lease liabilities	18	-	1,017
Liabilities associated with assets held for sale		-	1,601

The movements in assets held for sale are:

In NZD 000	Property, plant and equipment	Right-of-use assets	Other assets	Lease liabilities	Other liabilities	Total
Balance at 1 July 2020	7,245	1,122	-	(1,366)	(235)	6,766
Depreciation	(53)	(193)	-	-	-	(246)
Lease repayments	-	-	-	209	-	209
Employee accruals adjustment	-	-	-	-	235	235
Additions	13,436	-	1,133	-	-	14,569
Disposals (note 28)	(7,192)	(929)	(1,133)	1,157	-	(8,097)
Balance at 30 June 2021	13,436	-	-	-	-	13,436

13. Property, Plant and Equipment

In NZD 000	Land, buildings & leasehold improvements	Broadcasting & studio equipment	Decoders & associated equipment	Capitalised installation costs	Other plant & equipment	Projects under development ¹	Total ¹
For the year ending 30 June 2021							
Cost							
Balance at 1 July 2020	70,763	100,645	304,083	251,921	92,542	2,386	822,340
Transfer between categories	(222)	8,709	-	32	(10,108)	(1,532)	(3,121)
Assets held for sale (note 12)	(19,701)	-	-	-	-	-	(19,701)
Additions	1,122	1,468	2,030	14,846	5,379	812	25,657
Disposals	(8,163)	(104)	(52,058)	(21,621)	(9,986)	-	(91,932)
Balance at 30 June 2021	43,799	110,718	254,055	245,178	77,827	1,666	733,243
Accumulated depreciation							
Balance at 1 July 2019	28,522	99,868	296,107	209,893	63,365	-	697,755
Transfer between categories	-	747	(3)	19	(3,885)	-	(3,122)
Depreciation for the year	2,371	2,555	3,703	19,843	7,883	-	36,355
Assets held for sale (note 12)	(6,265)	-	-	-	-	-	(6,265)
Disposals	(7,911)	(104)	(52,057)	(21,621)	(9,979)	-	(91,672)
Balance at 30 June 2021	16,717	103,066	247,750	208,134	57,384	-	633,051
Net book value at 30 June 2021	27,082	7,652	6,305	37,044	20,443	1,666	100,192
For the year ending 30 June 2020							
Cost							
Balance at 1 July 2019	70,011	144,811	321,242	261,914	89,091	9,440	896,509
Acquired as part of the acquisition of RugbyPass and Lightbox	-	-	-	-	385	-	385
Transfer between categories	(2,408)	(78)	-	-	2,486	-	-
Transfer from projects	937	1,676	-	-	4,663	(9,440)	(2,164)
Assets held for sale (note 12)	(196)	(48,942)	-	-	(6,485)	(52)	(55,675)
Additions	2,419	3,681	681	12,597	5,654	2,438	27,470
Disposals	-	(503)	(17,840)	(22,590)	(3,252)	-	(44,185)
Balance at 30 June 2020	70,763	100,645	304,083	251,921	92,542	2,386	822,340
Accumulated depreciation							
Balance at 1 July 2019	26,267	136,325	298,351	209,012	63,337	-	733,292
Depreciation for the year	2,380	6,460	15,586	23,471	6,801	-	54,698
Assets held for sale (note 12)	(125)	(42,414)	-	-	(5,891)	-	(48,430)
Disposals	-	(503)	(17,830)	(22,590)	(882)	-	(41,805)
Balance at 30 June 2020	28,522	99,868	296,107	209,893	63,365	-	697,755
Net book value at 30 June 2020	42,241	777	7,976	42,028	29,177	2,386	124,585

(1) The prior year closing balances have been updated to exclude \$33.4 million of fully depreciated projects under development for both cost and accumulated depreciation. The net effect on the opening net book value is nil.

13. Property, Plant and Equipment (continued)

Land, buildings, and leasehold improvements at 30 June 2021 includes land with a cost of \$2,625,000 (30 June 2020: \$8,820,000). The land and buildings identified as Studios 2 and 3 were listed for sale on 15 May 2021 and have been classified as held for sale in the financial statements (refer note 12). Depreciation related to broadcasting assets (including decoders and capitalised installation costs) of \$26,101,000 (30 June 2020: \$45,527,000) accounts for the majority of the total depreciation charge.

Due to immateriality of the remaining depreciation, no allocation of depreciation has been made across expense categories in the consolidated statement of comprehensive income.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except land which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Capitalised installation costs are represented by the cost of satellite dishes, installation costs and direct labour costs. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The cost of additions to plant and other assets constructed by the Group consist of all appropriate costs of development, construction and installation, comprising material, labour, direct overhead and transport costs. For qualifying assets directly attributable interest costs incurred during the period required to complete and prepare the asset for its intended use are capitalised as part of the total cost. All other costs are recognised in profit or loss as an expense is incurred. Additions in the current year include \$207,450 of capitalised labour costs (30 June 2020: \$2,064,000). Additions for 30 June 2020 also included \$205,000 of capitalised interest.

Projects under development comprise expenditure on partially completed assets. The projects include items of property, plant and equipment and intangible assets. At completion of the project the costs are allocated to the appropriate asset categories and depreciation or amortisation commences.

Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognised in other costs.

Depreciation

Property, plant and equipment are depreciated using the straight-line method so as to allocate the costs of assets to their residual values over their estimated useful lives as follows:

Leasehold improvements	5-50 years
Buildings	50 years
Broadcasting and studio equipment	5-10 years
Decoders and other customer premises equipment	4-5 years
Other plant and equipment	3-10 years
Capitalised installation costs	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Key estimates and judgements

The estimated life of technical assets such as decoders and other broadcasting assets is based on management's best estimates. Changes in technology may result in the economic life of these assets being different from that estimated previously. The Board and management regularly review economic life assumptions of these assets as part of management reporting procedures.

14. Right-Of-Use Assets

In NZD 000	Transmission	Property	Equipment	Motor vehicles	Total
Right-of-use assets					
Balance at 1 July 2020	79,432	9,597	7,587	205	96,821
Additions	652	-	5,181	-	5,833
Lease modification	-	(1,794)	4,035	178	2,419
Terminations	-	(2,696)	(1,719)	(146)	(4,561)
Depreciation & impairment	(27,388)	(1,655)	(7,066)	(131)	(36,240)
Balance at 30 June 2021	52,696	3,452	8,018	106	64,272
Right-of-use assets					
Transition balance on 1 July 2019	61,898	7,602	8,038	424	77,962
Reclassify assets relating to finance leases previously recognised	-	-	2,387	-	2,387
Held for sale (note 12)	-	(1,029)	-	(93)	(1,122)
Additions and lease modification	42,875	5,628	3,504	21	52,028
Terminations	-	(864)	-	-	(864)
Depreciation	(25,341)	(1,740)	(6,342)	(147)	(33,570)
Balance at 30 June 2020	79,432	9,597	7,587	205	96,821

Right-of-use assets are measured at cost which includes the initial measurement of the lease liability, plus any lease payment made before the commencement date, initial direct costs and restoration costs less any lease incentives received. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group leases various premises, transmission equipment, motor vehicles and sundry equipment. Rental contracts vary between one and five years with some office leases containing renewal options. The Group has incorporated renewal options into the lease term where it is reasonably certain that the lease will be extended.

A review of Sky's property portfolio has resulted in a reassessment of some of its property leases resulting in cancelling the lease or shortening the lease term.

Due to COVID-19 some lessors have provided the Group with lease concessions by way of reduction or postponement of monthly payments, for periods of up to three months. These concessions have not resulted in any changes in either the lease asset or the lease liability (refer note 18). The value of lease concessions received is \$29,000 (30 June 2020: \$309,000) for property leases and nil (30 June 2020: \$440,000) for equipment leases. These are recorded as a deduction from operating expenses.

15. Intangible Assets

In NZD 000	Notes	Software	Other intangibles	Projects under development	Total
For the year ending 30 June 2021					
Cost					
Balance at 1 July 2020		181,742	9,057	9,291	200,090
Transfer between categories		-	(369)	-	(369)
Transfer from projects under development		8,907	-	(8,907)	-
Acquired as part of the acquisition of Sports Analytics		12	192	-	204
Additions		24,150	-	1,264	25,414
Disposals		(9,788)	(1,597)	-	(11,385)
Balance at 30 June 2021		205,023	7,283	1,648	213,954
Accumulated amortisation					
Balance at 1 July 2020		130,751	2,783	-	133,534
Transfer between categories		-	(369)	-	(369)
Amortisation for the year		33,325	2,071	-	35,396
Disposals		(9,488)	(820)	-	(10,308)
Balance at 30 June 2021		154,588	3,665	-	158,253
Net book value at 30 June 2021		50,435	3,618	1,648	55,701
For the year ending 30 June 2020					
Cost					
Balance at 1 July 2019		151,889	1,083	-	152,972
Acquired as part of the acquisitions	28	7,995	7,974	-	15,969
Transfer from projects under development	13	2,164	-	-	2,164
Additions		19,697	-	9,291	28,988
Disposals		(3)	-	-	(3)
Balance at 30 June 2020		181,742	9,057	9,291	200,090
Accumulated amortisation					
Balance at 1 July 2019		101,424	1,063	-	102,487
Amortisation for the year		29,330	1,720	-	31,050
Disposals		(3)	-	-	(3)
Balance at 30 June 2020		130,751	2,783	-	133,534
Net book value at 30 June 2020		50,991	6,274	9,291	66,556

Software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (generally three to five years).

Direct costs associated with the development of broadcasting and business software for internal use are capitalised where it is probable that the asset will generate future economic benefits. Capitalised costs include external direct costs of materials and services consumed and direct payroll-related costs for employees (including contractors) directly associated with the project and interest costs incurred during the development stage of a project. Additions in the current year to software include \$9,498,000 of accumulated capitalised labour costs (30 June 2020: \$9,432,000), \$6,975,000 of which were incurred in the current year (30 June 2020: \$7,956,000) and \$242,000 of capitalised interest (30 June 2020; \$513,000).

Projects under development comprise expenditure on partially completed assets. The projects include items of property, plant and equipment and intangible assets. At completion of the project the costs are allocated to the appropriate asset categories and depreciation or amortisation commences.

Key estimates and judgements

Assets that are subject to amortisation and depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

16. Goodwill

In NZD 000	Notes	30-Jun-21	30-Jun-20
Opening balance		256,312	395,331
Acquisition of subsidiary	28	-	38,481
Disposal of OSB	28	(1,067)	-
Impairment		-	(177,500)
Closing balance		255,245	256,312

Assets that have an indefinite useful life are not subject to amortisation and are tested at each reporting date for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment tests are performed by assessing the recoverable amount of each individual asset or cash generating unit (CGU). The recoverable amount is determined as the higher amount calculated under a value-in-use or a fair value less costs of disposal calculation. Both methods utilise pre-tax future cash flows which are included in the Group's five-year business plan.

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition and the fair value of the non-controlling interest in the acquired subsidiary. Prior to 30 June 2020 the goodwill balance had been allocated to the Group's single reportable segment. The majority of goodwill arose as a result of the acquisition of Sky by Independent Newspapers Limited (INL) in 2005. Subsequent acquisitions have resulted in increases to goodwill, including in August 2019 with the acquisition of RugbyPass and associated goodwill of \$38.5 million (refer note 28).

From the year ended 30 June 2020, RugbyPass has been reported as a separate CGU, albeit it continues to be included as part of the Group's single reportable segment (refer note 4). Subsequent to the December 2019 reporting date, the Board had reassessed their view of the Group's CGUs and determined that the separation of Sky and RugbyPass into individual CGUs represented the lowest level for which there are separately identifiable cash inflows largely independent of the cash inflows from other assets. This reassessment was largely driven by COVID-19 and the uncertainty it caused in the global sporting rights market. This uncertainty had led the Board to pivot the RugbyPass strategy away from content rights monetisation through streaming to the monetisation of its audience reach and self-generated content through advertising, sponsorship and lower priced subscriptions. This meant the forecast revenue model for RugbyPass largely differed from that of Sky's which continued to primarily be subscriber-based content rights monetisation. In 2021 the Group sold the streaming business of RugbyPass to Premier Sports Ltd (refer note 28).

In separating out the RugbyPass CGU from Sky's, all of the RugbyPass acquisition goodwill of \$38.5 million was allocated to the RugbyPass CGU as it was management's view that, in conjunction with the factors described above, the existing Sky business had not received any material synergy benefits from the acquisition of RugbyPass. This goodwill was subsequently impaired by \$27.5 million at 30 June 2020.

On 31 March 2021 the Group disposed of Outside Broadcasting Limited (OSB) (refer note 28). NZ IAS 36 requires that any goodwill associated with an operation that has been disposed must also be disposed of.

In performing impairment testing, if the carrying values exceed the recoverable amounts of the CGU, then the goodwill allocated to each of these units is considered to be impaired and an impairment expense is recognised in the income statement. The recoverable amounts of both CGUs for the year ended 30 June 2021 have been determined based on fair value less cost of disposal calculations using the discounted cash flow (DCF) model. Calculations for the year ended 30 June 2020 were completed by an independent third-party valuer, and for the year ending 30 June 2021 management has utilised the same valuation approach and model used by the independent valuer with updated assumptions including some changes to revenue and cost assumptions. This valuation methodology uses level three inputs in terms of the fair value hierarchy in NZ IFRS 13.

The fair value less cost of disposal calculations include benefits of future changes to the cost structure as the Group leverages new technologies and continues to refine its operating models. For RugbyPass, it also includes the impacts of the change in strategy. Some of these changes would not be included if value-in-use calculations were used to determine the recoverable amounts of the CGUs and therefore fair value less cost of disposal calculations leads to the highest recoverable amounts for both CGUs.

Key estimates and judgements

The determination of CGUs and the allocation of goodwill to these CGUs requires a degree of judgement by management and this has been outlined above.

The forecasts used in impairment testing also requires assumptions and judgements about the future, such as discount rates, terminal growth rates, forecast revenues, and assumptions around programming rights, and other costs and capital expenditure to which the impairment models are very sensitive, and which are inherently uncertain. Actual results may differ materially from those forecast or implied. The forecasts are not, and should not be read as, a forecast of, or guidance as to, the future financial performance and earnings of the Group.

16. Goodwill (continued)

Cash flows over the forecast period (FY22 to FY26)

Forecast cash flows are prepared based on management's current expectations, with consideration given to internal information and relevant external industry data and analysis. The cash flow assumptions reflect the Group's growth ambitions which are included in the latest Board approved five-year plan.

In determining the cash flows for the five-year business plan, the Group acknowledges that there continues to be ongoing uncertainties surrounding factors such as:

- the ongoing uncertainty caused by the COVID-19 pandemic;
- the quantum and timing of subscription revenues including expected acquisition and retention rates for streaming and Sky Box customers;
- timing of live sports across the various sporting codes and delivery of rights according to contract, or delivery of equivalent content, and assumptions around the cost of renewing key rights agreements in the future;
- formalising agreements for equitable cost reductions for sports rights which have been impacted by Covid-19 and/or other commercial factors; and
- expansion of content delivery by means other than satellite, specifically the launch of broadband services.

While the core strategy and direction of the business remains broadly the same as the previous five-year plan, which was the basis of the impairment testing at 30 June 2020 and was prepared during the early stages of the COVID-19 pandemic, the latest Board approved plan reflects changes in the business since that time, as well as areas where there has been a shift in focus, such as:

- the better than expected trading performance for the year ended 30 June 2021;
- a more positive outlook for Sky Box, reflecting the focus on stabilising and then growing subscriber numbers, as evidenced by the favourable trends and outlook for customer acquisitions and churn as compared to assumptions made twelve months ago in the heightened uncertainty of the early stages of COVID-19;
- a less aggressive, but still ambitious, growth outlook in streaming;
- changes to sport and entertainment costs to reflect new and/or revised rights deals (e.g. securing the long-term partnerships with NRL and New Zealand Rugby League) and revised assumptions around content renewals in the future;
- a refined broadband plan reflecting the proposition that was recently launched in market;
- the disposal of the RugbyPass streaming business in January 2021 (refer note 28), with a resulting revision of the RugbyPass forecasts; and
- other structural changes e.g. the sale of the Outside Broadcasting business.

Valuation approach

Management has performed a roll-forward of the 2020 independent valuation, based on the latest Board approved five-year plan, and used the same discount rates and terminal growth rates as the 2020 valuation, other than for broadband (which is part of the Sky CGU) whereby the discount rate has been reduced to reflect the recent launch of the broadband proposition into market during the last quarter of the 2021 financial year.

16. Goodwill (continued)

Key cash flow assumptions include the following:

Sky CGU

Residential Sky Box and streaming revenues have been forecast based on management's current expectations of subscriber numbers and average revenues per user (ARPU). In forming these expectations, management has referenced past churn and acquisition performance, and factored in management interventions and planned growth strategies, specifically plans for a new set top box, initiatives focused on customer retention and loyalty, and for streaming, continued growth following the merger of the Lightbox platform with Neon, and the repositioning of Sky Sport Now to increase its appeal to customers.

Broadband revenues represent a new revenue stream for Sky following its launch in the 2021 financial year and are estimated based on management's expectations of Sky's market penetration with reference to relevant industry data and Sky's expected ARPU.

Programming expenses include both programming rights and programming costs. Programming rights expenses have been forecast with reference to contractual arrangements for content currently in place and management's expectations of future renewal of content arrangements. Management assumes the continuity of rugby content supply as envisioned in the short form agreements ("NZR Agreements") entered into by Sky, SANZAAR and NZ Rugby in October 2019. The parties continue to negotiate relevant updates to the NZR Agreements reflecting changes to rugby content and competitions as a result of restrictions arising from COVID-19 or as mutually agreed by the contractual parties. Management has assumed that sufficient volume and quality of rugby content will be delivered for the length of the contracted period and that the applicable contracted payments will be made. Programming costs largely comprise of sports production costs and are forecast with reference to the latest sporting calendar and management's expectations of future events and renewal assumptions.

Broadcasting and infrastructure expenses are forecast with reference to historical trends with assumed cost savings as Sky continues to refine its operational activities through a period of transformational change and right-sizes its cost base.

RugbyPass CGU

Future RugbyPass revenues and costs are estimated with reference to comparable content generation, subscription, and marketing businesses leveraging RugbyPass' existing industry and user relationships, audience reach and content engagement.

Capital expenditure

Within both CGUs is forecast with reference to revenue consistent with historical trends and the changing nature of the Group's asset base.

Discount rates and terminal growth rates

The terminal growth rates and discount rates used in the 30 June 2021 impairment assessment calculations (and the equivalent assumptions for 30 June 2020) are detailed below. Costs of disposal are assumed to be 1% (30 June 2020: 1%) of enterprise value.

	30-Jun-21		30-Jun-20	
	Sky CGU	RugbyPass CGU	Sky CGU	RugbyPass CGU
Terminal growth rate	1.4%	2.0%	1.4%	2.0%
Discount rate (post-tax)	14.3%	35.0%	15.3%	35.0%
Discount rate (pre-tax)	19.9%	48.6%	21.3%	48.6%

The 1.4% terminal growth rate for the Sky CGU takes into account the surety of content supply from entering into long term content supply agreements in the current financial year, the changing balance of future revenues with streaming and other subscription revenue that are likely to more than offset the decline of residential Sky Box revenues. Any risks of not achieving long term growth rate have been adequately factored into the discount rate.

The discount rates represent the current assessment of the risks specific to each CGU, considering the time value of money and risks of achieving the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGUs and is derived from its weighted average costs of capital (WACC).

16. Goodwill (continued)

Conclusion

As outlined in note 3, Management and the Directors have assessed the recoverable amounts for each CGU, and also considered whether there are any events or changes in circumstances that may indicate impairment, and concluded that no impairment of goodwill is required at 30 June 2021 for both CGU's.

In NZD 000	Notes	30-Jun-21		30-Jun-20	
		Sky CGU	RugbyPass CGU	Sky CGU	RugbyPass CGU
Opening balance		245,331	10,981	395,331	-
Acquisition of RugbyPass	28	-	-	-	38,481
Impairment		-	-	(150,000)	(27,500)
Disposal of OSB	28	(1,067)	-	-	-
Closing balance		244,264	10,981	245,331	10,981

Sensitivities

The impact of planned new product offerings, proposed price changes and market changes arising from competition make it difficult to estimate subscriber numbers with a high degree of accuracy and therefore there is significant uncertainty in the level of future subscriber numbers. Actual results may be materially different from the plan due to changes in the key assumptions, in particular changes in the quality, pricing or retention of key content contracts, the continued uncertainty regards Covid-19, subscriber numbers and ARPU could give rise to impairment of goodwill.

The key forecast cash flow assumptions by CGU are outlined in the following table. For each key assumption management has identified what a reasonable possible change may be, based on expected ranges which would significantly impact the recoverable amount. The expected impacts on the CGU recoverable amount which result from a sensitivity to subscribers also captures the change in the directly attributable variable costs caused by the increase/decrease to subscribers. The expected impact on the CGU recoverable amount from the cost sensitivities do not capture any changes in revenue which may result if costs were to increase/decrease.

	Sensitivity	Expected impact on CGU recoverable amount	
		Upside \$million	Downside \$million
Sky CGU			
Residential Sky Box revenues	+/-10% change to subscribers ¹	230.2	(230.2)
	+/-10% change to ARPU ¹	379.3	(379.3)
Streaming revenues	+/-10% change to subscribers	43.8	(44.3)
	+/-10% change to ARPU	60.0	(60.6)
Sky CGU costs	+/-20% change to programming cost renewals ¹	368.9	(368.9)
	+/-1% change to capex as % of revenue	77.1	(77.1)
DCF assumptions	+/-2% change to discount rate	143.2	(95.3)
	+/-1% change to terminal growth rate	46.4	(38.0)
RugbyPass CGU			
Revenues	+/-10% change to revenue	1.4	(1.4)
DCF assumptions	+/-10% change to discount rate	11.3	(5.5)
	+/-1% change to terminal growth rate	0.4	(0.3)

(1) For the most material forecast cashflow assumptions, namely Sky Box subscriber numbers, Sky Box ARPU and programming cost renewals, the sensitivity levels at which goodwill headroom reduces to nil are: Sky Box subscribers numbers (6.6)%, Sky Box ARPU (4.0)%, and programming cost renewals 8.2%. For other sensitivities shown the reasonably possible changes would not result in an impairment.

Market capitalisation comparison

The Group compares the carrying amount of net assets with its market capitalisation value at each reporting balance date. The share price as at 30 June 2021 was \$0.174 equating to a market capitalisation of \$303.9 million, and the share price on the day the financial statements were signed was 16.2 cents equating to market capitalisation of \$283.0 million. This market value excludes any control premium and may not reflect the value of the Group's net assets. The carrying amount of the Group's net assets as at 30 June 2021 was \$423.5 million (\$0.24 per share). Management and the Directors have considered the market capitalisation and net assets and concluded that there is no impairment.

17. Borrowings

In NZD 000	30-Jun-21			30-Jun-20		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings ¹	1,137	1,035	2,172	970	1,883	2,853
Bonds	-	-	-	99,795	-	99,795
	1,137	1,035	2,172	100,765	1,883	102,648

(1) Borrowings include third-party loans.

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) a general security deed granted by each of Sky Network Television Limited, RugbyPass Limited, Sky Network Services Limited, Outside Broadcasting 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 \$1,511,000 (30 June 2020; \$1,902,000) have been set off against cash balances.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings, using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. Bank overdrafts that are repayable on demand and which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Bonds

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

Bonds are recognised initially at fair value less costs of issue. Costs of issue are amortised over the period of the bonds. Subsequent to initial recognition, bonds are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the bonds, using the effective interest method.

17. Borrowings (continued)

Changes in liabilities arising from financing activities

In NZD 000	1 July 2020	Adoption NZ IFRS 16	Additions	Repayment	Fees	Reclass	Other ¹ movements	30 June 2021
Current liabilities								
Third party loan	970	-	-	(1,171)	-	1,137	201	1,137
Bonds	99,795	-	-	(100,000)	205	-	-	-
Lease liabilities	36,562	-	-	-	-	2,512	-	39,074
Non- current liabilities								
Borrowings	(289)	-	-	-	88	-	201	-
Third party loan	2,172	-	-	-	-	(1,137)	-	1,035
Lease liabilities	73,303	-	5,181	(37,503)	-	(2,512)	(2,168)	36,301
	212,513	-	5,181	(138,674)	293	-	(1,766)	77,547

In NZD 000	1 July 2019	Adoption NZ IFRS 16	Additions	Repayment	Fees	Reclass	Other ¹ movements	30 June 2020
Current liabilities								
Third party loan	1,093	-	-	(1,093)	-	970	-	970
Bonds	-	-	-	-	-	99,795	-	99,795
Finance lease	608	-	-	-	-	(608)	-	-
Lease liabilities	-	-	-	-	-	36,562	-	36,562
Derivatives - Interest rate	631	-	-	-	-	-	(631)	-
Non- current liabilities								
Borrowings	87,356	-	119,000	(207,000)	212	143	-	(289)
Third party loan	3,287	-	-	-	-	(1,115)	-	2,172
Finance lease	1,796	-	-	-	-	(1,796)	-	-
Lease liabilities	-	95,357	52,028	(36,901)	-	(34,156)	(3,025)	73,303
Bonds	99,522	-	-	-	273	(99,795)	-	-
Derivatives - Interest rate	(11)	-	-	-	-	-	11	-
	194,282	95,357	171,028	(244,994)	485	-	(3,645)	212,513

(1) Other movements include, exchange differences, and changes in fair value.

18. 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 year ending 30 June 2021					
Balance at 1 July 2020	91,438	10,688	7,532	207	109,865
Additions for the period	-	-	5,181	-	5,181
Lease modifications and terminations	10	(4,503)	2,337	31	(2,125)
Add interest for period	2,658	424	384	11	3,477
Less repayments	(30,971)	(2,594)	(7,275)	(140)	(40,980)
Foreign currency revaluation	237	-	(280)	-	(43)
Balance at 30 June 2021	63,372	4,015	7,879	109	75,375
Current	32,694	1,492	4,815	73	39,074
Two to five years	30,678	2,523	3,064	36	36,301
Balance at 30 June 2021	63,372	4,015	7,879	109	75,375
For the year ending 30 June 2020					
Transition balance on 1 July 2019	75,353	8,954	8,211	426	92,944
Reclassification of finance leases previously recognised	-	-	2,413	-	2,413
Additions for the period	42,875	5,628	3,504	21	52,028
Add interest for period	2,258	550	530	19	3,357
Lease terminations	-	(913)	-	-	(913)
Held for sale (note 11)	-	(1,270)	-	(96)	(1,366)
Less repayments	(30,459)	(2,261)	(7,375)	(163)	(40,258)
Foreign currency revaluation	1,411	-	249	-	1,660
Balance at 30 June 2020	91,438	10,688	7,532	207	109,865
Current	29,828	1,979	4,657	98	36,562
Two to five years	61,610	7,981	2,875	109	72,575
More than five years	-	728	-	-	728
Balance at 30 June 2020	91,438	10,688	7,532	207	109,865

Short term leases costs included in expenses in the consolidated statement of comprehensive income are \$3,172,000 (30 June 2020: \$6,471,000). Several leases were terminated or assigned to other parties during the period resulting in a lease gain of \$197,000 (30 June 2020; \$50,000) which is recorded in other income in the consolidated income statement.

On 29 June 2020 the Group agreed a variation of its satellite lease with Optus which extended the lease period until the launch of a new satellite which is expected to be between 31 December 2023 and 31 May 2024. The lease also alters the payment profile of the transponders and allows the Group to utilise between five and seven transponders. The variation has been treated as a lease modification which increased lease assets and lease liabilities by a value of \$42,875,000.

The Group leases various properties, transmission equipment, motor vehicles and sundry equipment. Rental contracts vary between one and five years with some office leases containing renewal options. Sky has incorporated renewal options into the lease term where it is reasonably certain that the lease will be extended.

18. Lease Liabilities (continued)

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. Renewal 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.

A change in the strategic direction of Sky has resulted in a reassessment of some of its property leases resulting in cancelling the lease or shortening the lease term. This has resulted in a reduction in the lease liability and right-of-use asset (refer note 14), with the resulting loss being recorded as an impairment charge.

The COVID-19 pandemic resulted in some lessors providing the Group with lease concessions for periods of up to three months. These concessions have not resulted in any changes in either the lease asset or the lease liability (refer note 14). The value of lease concessions received is \$29,000 (30 June 2020; \$749,000). These are recorded as a deduction from operating expenses.

19. Finance Costs, Net

In NZD 000	30-Jun-21	30-Jun-20
Finance income		
Interest income	(226)	(161)
Finance expense		
Interest expense on bank loans	3,036	5,952
Interest expense on bonds	4,688	6,155
Lease interest	3,527	3,357
Amortisation of bond costs	205	273
Bank facility finance fees	485	283
Total interest expense	11,941	16,020
Unrealised exchange (gain)/loss - foreign currency payables	(2,510)	401
Unrealised exchange loss - foreign currency hedges	1,854	1,552
Realised exchange gain - foreign currency payables	(523)	(4,073)
	10,536	13,739

Interest income is recognised on a time-proportion basis using the effective interest method, which is the rate that exactly discounts estimated future cash flow receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing costs directly attributable to acquisition, construction or production of an asset that takes a substantial period of time to prepare for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs with the borrowing of funds.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated to New Zealand dollars at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss except where hedge accounting is applied and foreign exchange gains or losses are deferred in other comprehensive income.

20. Share Capital

	Notes	30-Jun-21		30-Jun-20	
		Number of shares (000)	Ordinary shares (NZD 000)	Number of shares (000)	Ordinary shares (NZD 000)
Shares on issue at beginning of year		1,746,279	767,608	389,140	577,403
Shares issued for purchase of RugbyPass	28	-	-	25,085	24,378
Shares issued to NZ Rugby Union	10	-	-	21,801	15,436
Shares issued to Chief Executive	29	600	1,158	200	386
Rights issue and placement May 2020		-	-	1,310,053	157,091
Less transaction costs		-	-	-	(7,086)
		1,746,879	768,766	1,746,279	767,608

On 21 February 2020, 200,000 ordinary shares were issued to Sky's Chief Executive Martin Stewart as part of Mr Stewart's employment agreement. On 1 March 2021 the remaining 600,000 ordinary shares included in Sky's former Chief Executive Martin Stewart's employment contract were issued in accordance with his agreement (refer note 29) at a value of \$1.93 per share.

Prior year transactions

On 19 August 2019 Sky issued 25,085,408 shares at a value of \$1.24 to RugbyPass Investors LLC as part of the consideration for the purchase of RugbyPass (refer note 28).

On 1 November 2019 Sky issued 21,801,325 shares at a value of \$0.92 to the NZ Rugby Union as part of the consideration in relation to the SANZAAR and Rugby Union Partnership agreement. The shares were valued at fair value being the listed price on the acquisition date less an attributable discount (refer note 10). The Group has measured the value of the consideration received indirectly by reference to the fair value of the equity instruments granted and recorded this as a prepayment for programme rights which have been amortised over the contract term.

Due to restriction clauses in both contracts for disposal of the shares, a discount was allocated to determine the fair value of the consideration for the shares as follows:

In NZD 000	RugbyPass	NZ Rugby Union
Shares issued at market value	31,106	20,057
Translation adjustment	(1,506)	-
Less discount	(5,222)	(4,621)
Fair value of consideration	24,378	15,436

On 21 May 2020 the Group announced an equity raising at an offer price of NZ\$0.12 per share, comprising: a fully underwritten \$9.0 million institutional placement and fully underwritten \$148.0 million pro-rata non-renounceable accelerated entitlement offer (the Offer) to eligible shareholders, at a ratio of 2.83 for 1. A total of 1,310,053,040 new shares were issued under the Offer raising a total amount of approximately \$157.0 million. Transaction costs of \$7.1 million have been deducted from the proceeds of the Offer.

21. Reserves

In NZD 000	Notes	Hedge reserve	Share based compensation reserve	Currency translation reserve	Total reserves
As at 30 June 2021					
Balance as at 1 July 2020		610	161	220	991
Translation of subsidiary		-	-	(291)	(291)
Employee share scheme	29	-	997	-	997
Credit to equity for equity-settled share based payment	20	-	(1,158)	-	(1,158)
Cash flow hedges (net of tax)					
Revaluation		1,056	-	-	1,056
Reclassification to profit or loss		(367)	-	-	(367)
Deferred tax	8	(193)	-	-	(193)
Balance at 30 June 2021		1,106	-	(71)	1,035
As at 30 June 2020					
Balance as at 1 July 2019		(214)	161	-	(53)
Translation of subsidiary		-	-	220	220
Employee share scheme	29	-	386	-	386
Credit to equity for equity-settled share based payment	20	-	(386)	-	(386)
Cash flow hedges (net of tax)					
Revaluation		2,243	-	-	2,243
Reclassification to profit or loss		(1,098)	-	-	(1,098)
Deferred tax	8	(321)	-	-	(321)
Balance at 30 June 2020		610	161	220	991

22. Derivative Financial Instruments

In NZD 000	Notes	30-Jun-21			30-Jun-20		
		Assets	Liabilities	Notional amounts	Assets	Liabilities	Notional amounts
Forward foreign exchange contracts - cash flow hedges	25	2,525	(615)	192,951	2,926	(683)	127,920
Forward foreign exchange contracts - dedesignated	25	546	(1,222)	92,443	800	(644)	102,910
Total forward foreign exchange derivatives		3,071	(1,837)	285,394	3,726	(1,327)	230,830
Analysed as:							
Current		1,347	(1,495)	161,445	3,265	(922)	165,900
Non-current		1,724	(342)	123,949	461	(405)	64,930
		3,071	(1,837)	285,394	3,726	(1,327)	230,830

Foreign exchange rates

Foreign exchange rates used at balance date for the New Zealand dollar are:

	30-Jun-21	30-Jun-20
USD	0.7002	0.6402
AUD	0.9311	0.9342
GBP	0.5058	0.5216
EUR	0.5883	0.5712
JPY	77.3772	68.9423

Sensitivity analysis for foreign exchange

A 10% strengthening or weakening of the NZD against the following currencies as at 30 June would have resulted in changes to equity (hedging reserve) and unrealised gain/losses (before tax) as shown below. Based on historical movements, a 10% increase or decrease in the NZD is considered to be a reasonable estimate. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the prior year.

In NZD 000 Gain/(loss)	10% rate increase		10% rate decrease	
	Equity	Profit or loss	Equity	Profit or loss
As at 30 June 2021				
Foreign currency payables				
USD	-	2,876	-	(3,515)
AUD	-	7,836	-	(9,577)
Foreign exchange hedges				
USD	(8,193)	(1,730)	10,103	2,115
AUD	(9,489)	(3,008)	11,598	3,676
	(17,682)	5,974	21,701	(7,301)
As at 30 June 2020				
Foreign currency payables				
USD	-	3,036	-	(3,711)
AUD	-	6,222	-	(7,640)
Foreign exchange hedges				
USD	(3,535)	(2,804)	4,321	3,427
AUD	(8,262)	(6,553)	10,098	8,009
	(11,797)	(99)	14,419	85

22. Derivative Financial Instruments (continued)

Interest rates

During the year ended 30 June 2021, interest rates on borrowings varied in the range of 2.1% to 6.25% (30 June 2020:2.1% to 6.25%).

The Group's interest rate structure is as follows:

In NZD 000	Notes	30-Jun-21			30-Jun-20		
		Effective interest rate	Current	Non-current	Effective interest rate	Current	Non-current
Assets							
Cash and cash equivalents		0.25%	34,800	-	0.41%	110,677	-
Liabilities							
Borrowings	17	5.42%	(1,137)	(1,035)	5.42%	(970)	(2,172)
Lease liabilities	18	4.00%	(39,074)	(36,301)	4.30%	(36,562)	(73,303)
Bonds	17	-	-	-	6.16%	(99,795)	-
			(5,411)	(37,336)		(26,650)	(75,475)

Gains and losses on interest rate hedges recognised in the hedging reserve in equity (refer note 21) are released to profit or loss within finance cost until the repayment of the bank borrowings.

As at 30 June 2021 the Group does not hold any variable rate loans, nor any interest rate hedges.

Derivative financial instruments

Derivative financial instruments are used to hedge the Group's exposure to foreign exchange and interest rate risks. The Group does not hold or issue derivatives for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are re-measured at their fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At inception the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. All derivatives are designated as hedges on a portfolio basis to specific firm commitments or forecast transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Derivatives consist of currency forwards and interest rate swaps. The fair value is recognised in the hedging reserve within equity until such time as the hedged items will affect profit or loss. The amounts accumulated in equity are either released to profit or loss or used to adjust the carrying value of assets purchased. For example, when hedging forecast purchase of programme rights in foreign currency, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the programme rights. The deferred amounts are ultimately recognised in programme rights' expenses in profit or loss.

Amounts accumulated in the hedging reserve in equity on interest rate swaps are recycled in profit or loss in the periods when the hedged item affects profit or loss (for example when the forecast interest payment that is hedged is made). The gain or loss relating to any ineffective portion is recognised in profit or loss as "interest rate swaps - fair value" in finance costs. The gain or loss relating to interest rate swaps which do not qualify for hedge accounting is recognised in profit or loss within the interest expense charge in "finance costs, net". Currently Sky does not hold any interest rate derivatives as it has no variable debt.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

23. Financial Risk Management - Market Risk

Financial risk management objectives

The Group undertakes transactions in a range of financial instruments which include cash and cash equivalents, receivables, payables, derivatives and various forms of borrowings including bonds and bank loans.

These activities result in exposure to financial risks that include market risk (foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of currency and interest rate risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provides written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports monthly to the Board. The Audit and Risk Committee (a standing committee of the Board) is responsible for developing and monitoring the Group's risk management policies and advising the Board in this respect.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board. In general, the Group seeks to apply hedge accounting in order to manage income statement volatility.

a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian dollar and the United States dollar in relation to purchases of programme rights and the lease of transponders on the satellite. Foreign exchange risk arises when purchases are denominated in a currency that is not the entity's functional currency. The net position in each foreign currency is managed by using forward currency contracts and foreign currency options and collars to limit the Group's exposure to currency risk.

The Group's risk management policy is to hedge foreign capital expenditure (Capex FX) and foreign operating expenditure (Transactional FX) in accordance with the following parameters. Twelve-month forecasts by currency are updated on a rolling monthly basis.

	Percentage of net exposure hedged		
	Period	FEC ¹ , Collars and Options	
		Minimum	Maximum
Year rolling 12 months	1	80%	100%
	2	70%	100%
	3	0%	90%
	4	0%	50%
	5	0%	50%
	6 - 10	0%	25%

(1) Forward exchange contracts

Due to COVID-19 there was uncertainty of timing of future foreign currency commitments and the Board approved an exemption to operate outside the hedging policy until the commitments were confirmed. Sky has operated within the hedging policy parameters since 31 August 2020.

23. Financial Risk Management - Market Risk (continued)

The Group's exposure to foreign currency risk that has been covered by forward foreign exchange contracts is as follows:

In NZD 000	30-Jun-21			30-Jun-20		
	USD	AUD	OTHER	USD	AUD	OTHER
Foreign currency payables	(22,152)	(80,252)	(587)	(33,397)	(67,013)	(1,162)
De-designated forward exchange contracts	21,607	70,836	-	30,500	72,410	-
Net balance sheet exposure	(545)	(9,416)	(587)	(2,897)	5,397	(1,162)
Forward exchange contracts (for forecasted transactions)	88,877	104,074	-	37,060	90,860	-
Total forward exchange contracts	110,484	174,910	-	67,560	163,270	-

b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain its borrowings in fixed rate instruments as follows:

	Period	Minimum hedging	Maximum hedging
Variable rate borrowings	1 - 3 years	40%	90%
	3 - 5 years	20%	60%
	5 - 10 years	0%	30%

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Group also enters into fixed-to-floating interest rate swaps to hedge fair value interest rate risk arising where it has borrowed at fixed rates. The Board approved short term exemptions for interest rate hedging parameters while the long-term capital structure is revisited.

24. Financial Risk Management - Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from cash and cash equivalents, deposits with banks, derivative financial instruments and the Group's receivables from customers. The carrying amount of these financial assets represents the maximum exposure to credit risk at year end.

Credit control assesses the credit quality of the customer, taking into account, its financial position, past experience and other factors. In monitoring customer credit risk, customers are grouped according to their classification and their credit characteristics and the existence of any previous financial difficulties.

Credit risk with respect to individual residential and commercial customer receivables is limited due to the large number of subscribers included in the Group's subscriber base. The credit risk for advertising and wholesale customers is assessed individually and trade receivables aging is reviewed monthly. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. The Group establishes an impairment loss that represents its estimate of expected credit losses in respect of trade receivables. The main component of the impairment loss is based on a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets (refer note 9).

As a result of the COVID-19 pandemic the Group has increased its expected loss rates due to the uncertain future outlook for its residential and commercial Sky Box customers. The ability of these customers to settle receivables in the near future is not currently considered to relate to the recent historical credit risk characteristics of those customers.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution. The maximum exposure to credit risk on the derivative financial instruments is the value of the derivative assets' receivable portion of \$3,071,000 (30 June 2020: \$3,726,000).

25. Financial Risk Management - Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available. During COVID-19 the Group has strengthened its focus on managing working capital, including increase in control around accounts payable, more frequent review of cash balances, and a higher level of interaction with customers having overdue balances.

Management monitors the Group's cash requirements, on a daily basis, against expected cash flows based on a rolling daily cash flow forecast for at least 90 days in advance. In addition, management compares actual cash flow reserves against forecast and budget on a monthly basis.

The Group has an undrawn facility balance of \$200,000,000 as at 30 June 2021 (30 June 2020: \$200,000,000) that can be drawn down to meet short-term working capital requirements. The facility limit at 30 June 2021 and 30 June 2020 is \$200,000,000.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments in respect of financial liabilities and the net settled interest rate derivatives that are in a loss position at balance date. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

In NZD 000	Notes	Carrying amount	Contractual cash flows	Less than one year	1-2 years	>3 years
At 30 June 2021						
Non derivative financial liabilities						
Third party loans	17	2,172	(2,219)	(1,172)	(1,047)	-
Lease liabilities	18	75,375	(78,451)	(38,672)	(25,811)	(13,968)
Trade and other payables	11	114,658	(114,658)	(113,082)	(430)	(1,146)
Contingent consideration	28	171	(171)	(68)	(68)	(35)
Derivative financial liabilities						
Forward exchange contracts used for hedging - net outflow/inflow ¹	22	1,837	(1,841)	(1,495)	(233)	(113)
		194,213	(197,340)	(154,489)	(27,589)	(15,262)
At 30 June 2020						
Non derivative financial liabilities						
Third party loans	17	2,853	(3,391)	(1,172)	(1,172)	(1,047)
Lease liabilities	18	109,865	(114,696)	(38,662)	(27,695)	(48,339)
Bonds	17	99,795	(106,250)	(106,250)	-	-
Trade and other payables	11	145,690	(145,690)	(145,690)	-	-
Contingent consideration	27	5,283	(5,283)	-	(5,283)	-
Derivative financial liabilities						
Forward exchange contracts used for hedging - net outflow/inflow ¹	22	1,327	(1,330)	(923)	(407)	-
		364,813	(376,640)	(292,697)	(34,557)	(49,386)

(1) The table excludes the contractual cash flows of the interest rate swaps and forward exchange contracts which are included in assets.

25. Financial Risk Management - Liquidity Risk (continued)

The table below analyses the Group's foreign exchange derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Inflows have been calculated using balance date spot rates.

In NZD 000	Exchange rate	Contractual cash flows foreign exchange amount	Contractual cash flows	Less than one year	1-2 years	3-5 years
At 30 June 2021						
Forward foreign exchange contracts						
Outflow (at FX hedge rate)						
USD			(110,483)	(65,425)	(42,799)	(2,259)
AUD			(174,910)	(96,020)	(71,032)	(7,858)
Inflow (at year end market rate)						
USD	0.7002	77,438	110,594	65,492	42,842	2,260
AUD	0.9311	162,974	175,034	96,088	71,082	7,864
			235	135	93	7
At 30 June 2020						
Forward foreign exchange contracts						
Outflow (at FX hedge rate)						
USD			(67,560)	(62,655)	(4,905)	-
AUD			(163,270)	(103,245)	(60,025)	-
Inflow (at year end market rate)						
USD	0.6402	44,676	69,783	64,717	5,066	-
AUD	0.9342	152,559	163,305	103,267	60,038	-
			2,258	2,084	174	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure. On 31 March 2021 the Group repaid its bond of \$100 million out of cash reserves (refer note 17). In May 2020 the Group conducted an equity raise comprised of a placement of shares to institutional investors and a pro-rata non-renounceable entitlement offer of shares to eligible shareholders of 2.83 new shares for every 1 existing at the record date at an offer price of 12 cents per share (the Offer). The Offer was fully underwritten and raised a total of approximately \$157 million. The Offer was conducted to help ensure the group is well capitalised to withstand the impacts of COVID-19 and positioned to execute on future growth opportunities as conditions improve.

The capital structure of the Group consists of debt which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of Sky comprising share capital, reserves and retained earnings as disclosed in note 20.

The Board reviews the Group's capital structure on a regular basis. The Group has a facility agreement in place with a syndicate of banks. The group's bank loan facility is subject to a number of covenants, including interest and debt cover ratios, calculated and reported quarterly, with which it has complied for the entire year reported (2020: complied).

As at 30 June 2021 the Group's debt excluding lease liabilities is \$2.0 million (30 June 2020: \$102.0 million) This is covered by cash reserves of \$34.8 million (30 June 2020; \$111.0 million).

25. Financial Risk Management - Liquidity Risk (continued)

Fair value estimation

The methods used to estimate the fair value of financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or 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.

The Group's financial assets and liabilities carried at fair value are valued on a level 2 basis.

In NZD 000	Note	30-Jun-21	30-Jun-20
Assets measured at fair value			
De-designated forward exchange contracts	22	546	2,926
Derivatives used for hedging - cash flow hedges	22	2,525	800
Total assets		3,071	3,726
Liabilities measured at fair value			
Contingent consideration	27,28	(171)	(5,283)
De-designated forward exchange contracts	22	(1,222)	(683)
Derivatives used for hedging - cash flow hedges	22	(615)	(644)
Total liabilities		(2,008)	(6,610)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group uses a variety of methods and assumptions that are based on market conditions existing at each balance date.

Techniques, such as estimated discounted cash flows, are used to determine the fair value of financial instruments. The fair value of forward exchange contracts is based on market forward foreign exchange rates at year end. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates, observable yield curves and the current creditworthiness of the swap counterparties

Contingent consideration is valued on a level 2 basis at market value less an appropriate discount rate (refer note 27).

26. Classification of Financial Instruments

Financial assets are classified in the following categories: those to be measured subsequently at fair value through other comprehensive income or profit or loss, and those to be measured at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The following table presents the Group's financial assets and liabilities according to classifications:

In NZD 000	Notes	30-Jun-21		30-Jun-20	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost					
Cash and cash equivalents		34,800	34,800	110,677	110,677
Trade and other receivables	9	52,014	52,014	45,314	45,314
Finance lease receivable					
Financial assets at fair value through profit or loss					
Derivatives designated as hedging instruments (cash flow hedges)	22	2,525	2,525	2,926	2,926
Derivatives not designated as hedging instruments	22	546	546	800	800
		89,885	89,885	159,717	159,717
Financial liabilities at amortised cost					
Other loans	17	2,172	2,046	3,287	3,218
Bonds	17	-	-	99,795	101,380
Lease liabilities	18	75,375	70,023	109,865	102,463
Trade and other payables	11	114,829	114,829	145,690	145,690
Financial liabilities at fair value through profit or loss					
Contingent consideration	27	-	-	5,283	5,283
Financial liabilities at fair value through OCI					
Derivatives designated as hedging instruments (cash flow hedges)	22	615	615	683	683
Derivatives not designated as hedging instruments (fair value hedges)	22	1,222	1,222	644	644
		194,213	188,735	365,247	359,361

Prepaid expenses, contract liabilities, 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.

The fair values of financial assets and financial liabilities are determined as follows:

Cash and cash equivalents, trade and other receivables carried at amortised cost, trade and other payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of quoted notes and bonds is based on price quotations at the reporting date being a 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.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised costs and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (refer note 9 for further details).

27. Contingent Consideration and Provisions

In NZD 000	Note	30-Jun-21	30-Jun-20
Contingent consideration ¹	28	171	5,283
Provision for holiday pay ²		3,400	3,215
Provision for onerous contracts ³		1,970	2,520
Provision for restructuring ³		346	5,389
Balance at 30 June 2021	11	5,887	16,407

(1) Contingent consideration - Earnout on acquisition of RugbyPass

The contingent consideration was valued at \$5.3 million as at acquisition date based on certain performance targets. Having considered the current performance and uncertain market conditions and the sale of the Streaming business (refer note 28), the Group has reassessed the strategic direction of Rugby Pass and renegotiated the contingent consideration amount with the vendor of RugbyPass resulting in a final settlement of \$1.7 million being paid.

Contingent consideration on the acquisition of Sports Analytics (refer note 28) was assessed at \$171,000.

(2) Holidays Act 2003 compliance provision

Included within other provisions is a provision for holiday pay of \$3.4 million (30 June 2020: \$3.2 million). This provision arose from leave entitlement calculation issues under the Holidays Act 2003 and represents management's best estimate of outstanding remediation payments to the current and former staff. The provision contains an element of uncertainty around the anticipated rate of success in tracing former staff and judgement has been applied in estimating this rate.

(3) Other provisions

These include restructuring and provision for onerous contracts. The restructuring provision in the prior year is mostly comprised of redundancy costs incurred as a result of the Group's change in strategic direction. Redundancy costs of \$100,000 (30 June 2020: \$15,479,000) have been included within employee costs (note 6). The prior year provision for onerous contracts has been updated due to a reclassification as described in note 3.

The movements in provisions are as follows:

In NZD 000	Notes	Contingent consideration	Holidays Act 2003 compliance provision	Other provisions	Total
Balance at 1 July 2020		5,283	3,215	7,909	16,407
Arising during the year	28	171	185	1,970	2,326
Utilised/paid out		(1,730)	-	(6,087)	(7,817)
Release of provisions	5	(3,553)	-	(1,476)	(5,029)
Balance at 30 June 2021		171	3,400	2,316	5,887
Current - within one year	28	171	3,400	740	4,311
Long term - later than one year		-	-	1,576	1,576
		171	3,400	2,316	5,887

Provisions are recognised when:

- there is a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of economic resources will be required to settle the obligation; and the amount can be reliably estimated.

Measurement is the present value of the expenditure expected to be required to settle the obligation.

Key estimates and judgements

Provision for remediation of under-payments under the Holidays Act 2003.

The estimated liability has been recalculated over the population of employees and former employees impacted. The full population of employees were grouped across occupational groupings to recalculate the underpayments and reach the estimated liability. The Group has consulted with an expert and obtained external legal advice where necessary to ensure correct interpretation of the Group employment agreements against the Holidays Act 2003. Key decisions and methodologies were documented, presented and discussed with the Audit and Risk Committee.

28. Business Acquisitions and Disposals

Acquisitions - Financial year 2021

On 1 January 2021 the Group, through its subsidiary Sky Investment Holdings Limited, acquired 81% of the share capital of Sports Analytics Pty Limited, a company registered in South Africa. Sports Analytics specialises in deep-data analysis, trend identification and data leveraging.

The purchase price comprises a payment of 50% share of profits after tax for a period of three years. Based on the three-year forecasts provided by the vendor the contingent consideration has been assessed at \$171,000. The fair value of the assets acquired include working capital of \$32,000 and \$203,000 of intangible assets less attributable deferred tax of \$64,000.

Acquisitions - Financial year 2020

On 19 August 2019 the Group, through its subsidiary Sky Investment Holdings Limited, acquired 100% of the share capital of Rugby Pass Limited (Ireland) and Rugby Pass Asia Pte Limited (together RugbyPass).

RugbyPass is an online destination for global rugby fans, and at the time it was acquired offered a live streaming rugby service across Asia, Australia and Europe, along with a wide array of original video content, news, analysis, statistics and a world-first rugby player and team rankings system, the RugbyPass Index.

On 31 January 2020 the Group acquired 100% of the share capital Lightbox New Zealand Limited (Lightbox) from Spark New Zealand Limited (Spark). Lightbox was an entertainment streaming service operating in New Zealand. The assets acquired included subscribers, technology platforms to manage customers and provide entertainment content to a wide range of devices, prepaid content rights and the Lightbox brand. Spark continues to make Lightbox and its successor service NEON available to its customers for an agreed period.

Details of the purchase consideration, the net assets acquired, and goodwill for both acquisitions are as follows:

In NZD 000	Notes	RugbyPass	Lightbox	Total
Cash paid		15,633	2,977	18,610
Payable for acquisition	11	-	10,522	10,522
Ordinary shares issued	20	24,378	-	24,378
Contingent consideration	27	5,283	-	5,283
Total consideration		45,294	13,499	58,793

The fair value of the 25,085,408 shares issued as part of the consideration paid for RugbyPass was based on the published share price on 19 August 2019 of \$1.24 per share less an attributable discount (refer note 20).

The fair value of the assets and liabilities recognised as a result of the acquisitions are as follows:

In NZD 000	Notes	RugbyPass	Lightbox	Total
Cash		441	-	441
Trade and other receivables		734	614	1,348
Inventories	10	1,882	7,635	9,517
Intangible assets	15	7,851	8,118	15,969
Property, plant and equipment	13	-	385	385
Trade payables		(2,081)	(1,565)	(3,646)
Deferred revenue		(76)	(267)	(343)
Deferred tax liability	8	(711)	(1,212)	(1,923)
Other liabilities		(1,227)	(209)	(1,436)
Net identifiable assets acquired		6,813	13,499	20,312
Add goodwill		38,481	-	38,481
Fair value of purchase consideration		45,294	13,499	58,793

28. Business Acquisitions and Disposals (continued)

For financial reporting purposes the assets and liabilities of Rugby Pass were valued and consolidated as if the acquisition had occurred on 1 July 2019 which is the date the Group effectively obtained control of RugbyPass. For the period from acquisition date to 30 June 2020 RugbyPass contributed revenue of \$4,653,000 and losses of \$14,506,000 to the Group. This excluded the impact of an impairment of RugbyPass goodwill of \$27,500,000 at 30 June 2020 (refer note 16). A deferred tax asset has not been recorded as recovery is not expected in the short term.

Lightbox contributed revenue of \$10,456,000 and losses of \$3,968,000 to the Group for the period 1 February 2020 to 30 June 2020.

Key estimates and judgements

Significant estimate: RugbyPass contingent consideration

The acquisition agreement for RugbyPass allowed for a maximum earnout amount of USD 10.0 million based on the achievement of certain specified targets during the earnout period from 1 January 2020 to 31 December 2022. The agreement also provided for an interim earnout amount of up to a maximum of USD 3.5 million for the 18-month period from 1 January 2020 to 30 June 2021. The contingent consideration was valued at \$5.3 million at the acquisition date. As at 30 June 2020, the Group continued to measure the fair value of the contingent consideration at \$5.3 million. In coming to this conclusion, the Group considered the current performance of RugbyPass, the uncertainty surrounding the current economic environment given the existence of COVID-19 and the probability of payment. In February 2021 the Group reached agreement with the vendor for final settlement of the earnout for a value of \$1,730,000. The difference of \$3,553,000 has been recorded in the income statement as other income.

Business disposals - Outside Broadcasting Limited (OSB)

On 11 August 2020 the Group entered into an agreement with NEP New Zealand Limited (NEP) to sell the assets and liabilities of OSB to NEP for \$14.2 million. The sale was subject to Commerce Commission approval that was subsequently granted on 4 February 2021, with completion of the sale occurring on 31 March 2021.

The book values of the assets and liabilities derecognised as a result of the disposal are as follows:

Disposal proceeds	Notes	In NZD 000
Contracted price		14,248
Less employee accruals		(248)
Plant & equipment adjustment		(116)
Net selling price		13,884
Less cash received at completion		(6,884)
Owing by NEP (due 30 September 2021)	9	7,000
Assets and liabilities disposed of		In NZD 000
Property, plant and equipment		7,192
Right-of-use assets		929
Goodwill		1,067
Lease liabilities		(1,157)
Deferred Tax	8	66
Net assets disposed of		8,097
Disposal price		13,884
Gain on sale	5	5,787

Business disposals - RugbyPass streaming business

In January 2021 RugbyPass signed an agreement to sell its streaming business to Premier Sports Ltd. The fair value of the consideration is based on a sharing of forecast revenues for the period 1 December 2020 to 31 December 2021 and has been assessed at \$813,000. The book value of the assets disposed of was \$998,000 resulting in a loss on sale of \$185,000 included in other income.

29. Related Parties

There were no loans to directors by the Group or associated parties at any of the reporting dates.

Related party transactions include the following:

in NZD 000	30-Jun-21	30-Jun-20
Income statement		
Remuneration of key personnel (included in employee costs)	8,131	8,691
CEO share based remuneration (refer note 20)	997	386
Directors' fees	737	826
My Wave Limited (included in subscriber related costs)	256	-
Total related party transactions included in the income statement	10,121	9,903
Balance Sheet		
My Wave Limited (included in prepayments)	1,192	-
Total Related Party transactions through consolidated balance sheet	1,192	-

On 1 December 2020 Martin Stewart left by mutual agreement and Sophie Moloney was appointed the new CEO on that date.

The year ending 30 June 2021 includes the cost of termination benefits associated with the former CEO of \$1,453,000 and accrued short-term employee benefits of \$340,000 which was 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 instalments 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).

The Group's directors and key management personnel collectively hold shareholdings of 3,518,269 shares (30 June 2020: 3,491,032 shares) which carry the normal entitlement to dividends. Share transactions undertaken by directors can be found as part of the statutory disclosures in the annual report.

During the year the Group entered into a commercial agreement with My Wave Limited, a software company that provides interactive device solutions, as disclosed above, with an additional commitment of \$500,000 payable in the next financial year. Geraldine McBride is a Director of the Group as well as a Director of My Wave Limited.

30. Commitments

in NZD 000	30-Jun-21	30-Jun-20
Lease commitments		
Year 3	13,149	-
Year 4	22,552	13,105
Year 5	22,552	22,466
Later than year 5	122,098	144,159
	180,351	179,730
Contracts for transmission services:		
Year 1	637	1,355
Year 2	668	680
Year 3	668	680
Year 4	283	607
Year 5	-	607
	2,256	3,929
Contracts for future programmes:		
Year 1	299,002	255,100
Year 2	266,550	237,100
Year 3	225,998	184,800
Year 4	193,366	143,100
Year 5	97,121	139,600
Later than year 5	49,964	55,500
	1,132,001	1,015,200
Capital expenditure commitments:		
Property, plant and equipment		
Year 1	7,132	861
Year 2	901	-
Year 3	556	-
	8,589	861
Other services commitments:		
Year 1	25,398	20,660
Year 2	17,667	10,475
Year 3	15,459	856
Year 4	12,289	43
Year 5	12,172	-
Later than year 5	57,292	-
	140,277	32,034

31. Contingent Liabilities

The Group has no undrawn letters of credit at 30 June 2021 (30 June 2020: \$nil).

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

32. Subsequent Events

COVID-19

At the date of signing these financial statements, New Zealand was at COVID-19 Alert Level 4, following an announcement by the New Zealand Government on 17 August 2021 and subsequent updates. At this time no changes have been made to assumptions relating to the Group's key estimates and judgments 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.

Share Consolidation

On 24 August 2021 the Board resolved to undertake a share consolidation, to rationalise the number of shares on issue, with every 10 Sky shares held at 5pm (NZT) on 16 September 2021 to be consolidated into 1 share.

33. Non-GAAP Financial Information

Sky has used operating profit before impairment, which is a non-GAAP profit measure when discussing financial performance. The directors and management believe that this measure provides useful information on the underlying performance of the Group. This is used internally to evaluate performance, analyse trends, and allocate resources. Operating profit before impairment does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

Independent Auditor's Report

To the shareholders of Sky Network Television Limited

Our Opinion

In our opinion, the accompanying consolidated financial statements of Sky Network Television Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out agreed upon procedures in respect of regulatory reporting and treasury related financial markets risk analysis and commentary. In addition, certain partners and employees of our firm may subscribe to the Group's services on normal terms within the ordinary course of the trading activities of the Group. These other services and relationships have not impaired our independence as auditor of the Group.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter

Goodwill impairment assessment

The carrying amount of goodwill as at 30 June 2021 amounted to \$255 million (2020: \$256 million).

The carrying value of goodwill is an area of focus for the audit and a key audit matter as it is a significant amount in the consolidated balance sheet, is dependent on future cash flows and there is a history of impairments recognised in previous years.

At 30 June 2021, the Group considered the recoverable amount using the Fair Value Less Costs of Disposal (FVLCD) methodology as being the most appropriate approach to assess whether or not there is an impairment in the carrying value of goodwill allocated to the two cash generating units (CGU) identified by management. The forecasts in the impairment model prepared by the Group are based on the Group's strategy, some elements of which would be excluded under a Value In Use (VIU) methodology under NZ IAS 36, Impairment of assets. As such, management has concluded that the FVLCD methodology results in a higher recoverable amount compared to VIU.

The future cash flows in the FVLCD models were prepared based on the Board approved five year forecast cash flows.

The key assumptions used in the impairment models are the following:

- residential Sky Box and streaming revenues (including subscriber numbers and average revenue per user (ARPU));
- broadband revenues;
- programming expenses;
- broadcasting and infrastructure expenses;
- capital expenditure;
- cost of disposal;
- discount rates; and
- terminal growth rates.

The assessment did not result in goodwill impairment in the year ended 30 June 2021.

Reasonably possible changes in certain key assumptions that could result in an impairment are disclosed in note 16 to the consolidated financial statements.

How our audit addressed the key audit matter

We obtained the impairment model prepared by management and held discussions with them to understand the assumptions used in the goodwill impairment assessment. We gained an understanding of the current and forecast outlook for the industry and the strategic direction of the business and considered management's assessment of FVLCD based on market capitalisation at balance date.

We then performed the following audit procedures:

- assessed the appropriateness of using a FVLCD approach against NZ IAS 36;
- considered whether the identification of CGU's and the carrying value, including the allocation of goodwill, was appropriate;
- checked the mathematical accuracy of the calculation and compared the resulting balances to the relevant carrying values of each CGU;
- engaged our own valuation expert to assist us to:
 - understand the valuation methodology applied by management;
 - assess the economic and industry forecasts, cost of capital and other inputs to comparable organisations in relation to discount rates and terminal growth rates; and
 - challenge the rate used for cost of disposal by comparing it to external evidence;
- challenged management on the reasonableness of key cash flow assumptions, including movements in subscriber numbers and ARPU to actual historical trends experienced by the Group and programming costs to independent market data on rights renewal assumptions and recent renewals negotiated by the Group;
- considered the appropriateness of changes in key assumptions from the previous year by performing a lookback procedure against the actual FY21 results, understanding the key elements of the forecast cash flows approved by the Board versus the prior year and considered the impact on our assessment of forecast cash flows;
- obtained and evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes and also considered alternative possible scenarios; and
- considered the appropriateness of the disclosures in note 16 to the consolidated financial statements against the requirements of the accounting standards.

Description of the key audit matter

Recognition of revenue

The Group's total revenue for the year ended 30 June 2021 amounted to \$711 million (2020: \$747 million).

There has been a significant focus by management on retaining and growing its customer base which included the following, amongst other activities, in executing the Group's strategy:

- merging its streaming services following the acquisition of Lightbox in the previous year;
- migrating Vodafone reseller customers to Sky Box; and
- launching Sky broadband in March 2021.

Given these changes during the year, revenue recognition was an area of audit focus which required significant audit attention and therefore is a key audit matter.

Refer to note 4 of the consolidated financial statements for disclosures on revenue and business segments.

How our audit addressed the key audit matter

Our audit approach for revenue testing is a combination of controls and substantive testing. In order to determine whether the revenue has been recognised in accordance with the relevant accounting standards, our audit procedures included:

- updating our understanding of the systems, processes and controls in place over the recognition of revenue;
- testing the controls around restricted access to the revenue billing system;
- testing the controls over subscriber additions, disconnections and refunds in the revenue billing system by comparing samples to supporting customer information;
- performing a recalculation of Sky Box subscription revenue;

On a sample basis, we also:

- verified revenue against supporting documentation and customer contracts;
- tested the completeness of revenue transactions recognised by haphazardly identifying Sky subscribers and checking they were active customers within the revenue billing system during the year;
- validated the pricing and payment of advertising and other revenue transactions to customer contracts;
- tested whether revenue transactions recorded near year end was recognised in the correct period; and
- checking customer arrangements to validate management's conclusion on whether the Group is a principal or agent and the timing of when revenue is recognised.

Carrying value of programme rights inventory

At 30 June 2021, programme rights inventory amounted to \$103 million (2020: \$116 million).

COVID-19 continues to have an impact on the Group as a result of ongoing uncertainties relating to the reduction of sports, scheduling of sports events and subsequent reduction of sport and entertainment content. Given the level of audit work and attention required, the carrying value of programme rights inventory was an area of audit focus and a key audit matter.

Refer to note 10 of the consolidated financial statements for disclosures on programme rights inventory.

Our procedures to address this area of focus included:

- checking the control that programme rights inventory is reviewed against supporting contracts or signed agreements;
- testing a sample of additions by agreeing to the relevant contractual arrangement;
- testing the reasonableness of amortisation expense recognised for the period by recalculating the amount based on the period the Group utilises and consumes the programming rights;
- evaluating management's assessment over the valuation of programming rights based on content that is no longer expected to generate value in the future, such as programmes that are discontinued or no longer resonate with customers;
- assessing the appropriateness of recognising equitable reductions by checking against supplier contracts and for credit notes;
- checking future programme rights' commitments on a sample basis for onerous contracts; and
- reviewing the disclosures in the consolidated financial statements.



Our Audit Approach



Overview

Overall group materiality: \$4.6 million, which represents approximately 2.5% of earnings before interest, taxes, depreciation and amortisation (EBITDA).

Given the volatility in profit before income tax over recent years and the Group continuing to execute its growth strategy, in our judgement EBITDA provides an appropriate benchmark for calculating materiality.

As reported above, we have three key audit matters, being:

- Goodwill impairment assessment
- Recognition of revenue
- Carrying value of programme rights inventory

Following our assessment of the risk of material misstatement, we:

- selected the Sky Network Television Limited parent entity for a full scope audit; and
- performed specified audit and analytical review procedures on the remaining 13 entities.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
24 August 2021

Auckland

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Corporate Governance

Sky's Board is committed to fulfilling its corporate governance obligations and maintaining high ethical standards. The Board regularly reviews Sky's corporate governance framework to ensure it is consistent with best practice.

This section of our annual report includes key information about Sky's corporate governance policies and practices. You will find a more detailed corporate governance statement online at <https://www.sky.co.nz/investor-centre/corporate-governance> which provides further information covering all of the required disclosures under the ASX Corporate Governance Principles and Recommendations (4th edition) (ASX Recommendations) and the NZX Corporate Governance Code (NZX Code). The corporate governance statement has been approved by the Board.

Board Of Directors

Committees

The Board operates two permanent board committees, namely the Audit and Risk Committee and the People and Performance Committee. The members of the Audit and Risk Committee are Keith Smith (Chair), Philip Bowman (Board Chair) and Joan Withers. The members of the People and Performance Committee are Geraldine McBride (Chair) and Joan Withers.

Independent and Executive Directors

At 30 June 2021 all of the directors of Sky were considered to be independent directors. Each of the directors is considered independent because they are not an "Employee" of Sky and do not have any "Disqualifying Relationship" (as defined by the NZX Listing Rules), and the factors contained in NZX Recommendation 2.4 and ASX Recommendation 2.3 have been considered by the Board in determining the independence of each director.

In considering the factors in NZX Recommendation 2.4 and ASX Recommendation 2.3, the Board has had careful regard to whether Geraldine McBride's status as an independent director has changed by virtue of her interests and position in MyWave Limited (MyWave), which supplies services to Sky in support of Sky's Fan Experience platform.

In particular, Geraldine is the CEO and director of MyWave (and its holding company, MyWave Holdings Limited), and currently holds shares in MyWave Holdings Limited. Under ASX Recommendation 2.3, the relationship between Sky and MyWave is likely to be considered a 'material business relationship' and, given that Geraldine is an officer of MyWave (as a CEO and director of MyWave), Geraldine's interest and position in MyWave notionally falls within one of the examples set out in Box 2.3 of the ASX Recommendations.

The Board has considered this relationship and concluded that, notwithstanding this, it is not sufficiently material so as to interfere with Geraldine's capacity to bring an independent judgement to bear on issues before the Board (which will exclude matters related to MyWave) and to act in the best interest of Sky and to represent the interests of its shareholders generally rather than the interests of an individual securityholder or other party. The Board came to this view having regard to a number of matters, including that:

- the supplier relationship with MyWave is not material to Sky in the context of Sky's consolidated gross revenue and market capitalisation;
- the services being provided by MyWave relate to discrete matters only, do not relate to the group as a whole and do not relate to Sky's core business;
- Geraldine has not been part of the team from MyWave providing the services to Sky;
- Sky has appropriate corporate governance measures in place, such that Geraldine will be excluded voting on a board resolution, or being counted in the quorum for any discussion, on the entry into, and terms of, existing and future arrangements with MyWave; and
- none of the other examples in Box 2.3 of the ASX Recommendations apply to Geraldine.

For completeness, the Board notes that consistent with Geraldine McBride's interests disclosures recorded in Sky's interests register, Geraldine McBride is to be regarded as interested in Sky transactions involving MyWave and as such has not voted (and will not vote) on any Board resolutions in relation to such transactions (or be counted towards any Board quorum for any Board discussion on such transactions, although Geraldine McBride may participate (and has participated) in the Board's discussions in relation to such transactions).

Diversity

Sky recognises diversity and inclusion as a strategic asset for the company's current and future success. Sky values diversity of gender, age, ethnic and cultural background, sexuality, experience and beliefs. Sky's Board and management believe that an organisation that reflects the diversity of its current and future customers will be able to deliver more personalised customer experiences, and customer value, to continue to grow successfully, and to attract and retain the best talent.

Sky's Diversity Policy reflects the company's continuing commitment to diversity and inclusion. This policy requires the commitment of the Board to set measurable objectives for achieving diversity in areas requiring improvement and to assess annually both the objectives and Sky's progress in achieving them. Sky proactively considers diversity in all recruitment activities, especially in leadership positions. Sky is also committed to growing the capability of all Sky staff to leverage diversity to deliver a better employee experience, a better customer experience and improved business performance.

The Board acknowledges the importance of gender diversity both on boards and within companies, and as noted in Sky's Diversity Policy, this is one of the diversity characteristics that is considered when evaluating new director candidates. As at 30 June 2021, Sky's Board had two female directors and three male directors (compared to three female directors and five male directors as at 30 June 2020).

Sky's officers (being a person who is concerned or takes part in the management of Sky and reports to the Board, or to a person who reports to the Board) includes one female officer and three male officers¹.

Sky takes a holistic approach to diversity. Sky's measurable objectives for achieving diversity are that:

- Each quarter, Sky measures and reports on employees' feedback regarding diversity and belonging, and delivers organisational development actions in response to this feedback.
- Each year, the Board actively considers the composition of the Board and any opportunities for new directors to join the Board with diversity (including gender diversity) being one of the key criteria when considering new appointments.
- Each year the Board compares the number of female and male employees at Sky to the previous financial year's figures to ensure that Sky is maintaining a strong level of female participation at all levels of the organisation.
- Each year the Board considers the extent of age diversification at Sky by comparing the number of employees aged over and under 45 years to the previous financial year's figures, in order to ensure Sky is benefiting from a mix of experience and new ways of thinking.

For the year ended 30 June 2021, the Board is satisfied that Sky achieved its diversity objectives as follows:

- Sky maintained consistent levels of gender and age diversification amongst employees across the organisation (increasing female representation from 43% to 44%).
- Sky improved by 10% (from 62% to 68%) the number of staff who rated "I feel I belong at Sky" favourably.
- Sky improved by 20% (from 64% to 77%) the number of staff who rated "Sky values diversity" favourably.

(1) The "officers" include the CEO and the members of Sky's executive leadership team who report directly to the CEO.

The table below provides a detailed breakdown of the age diversification of Sky's workforce at 30 June 2021:

Board Level	Officers ⁽¹⁾	All Staff
No of Women: 2	No of Women: 1	No of Women: 399
Total number: 5	Total Number: 4 ⁽²⁾	Total Number: 900
2020	2020	2020
No of Women: 3	No of Women: 2	No of Women: 427
Total number: 8	Total Number: 9	Total Number: 992
Over 45 – 100%	Over 45 – 75%	Over 45 – 33%
(2020 – 88%)	(2020 – 89%)	(2020 – 36%)

(1) For the purpose of Recommendation 1.5(c)(3) of the ASX Corporate Governance Principles and Recommendations (4th Edition), "senior executives" has the same meaning as the "officers" referenced in the chart above as defined under the NZX Listing Rules.

(2) A restructure of the executive team in April 2021 saw the total number of executive officers change from 9 to 5. At the end of FY21, one of the executive officer positions was vacant and one under recruitment with a seconded partner from Deloitte filling that position.

Diversity (cont)

The table below provides a detailed breakdown of the age diversification of Sky's workforce at 30 June 2021:

Age	2021	2020
<30	18%	21%
30 - 40	32%	31%
40 - 50	29%	28%
50 - 60	16%	15%
60 - 70	4%	4%
>70	1%	1%

In accordance with Sky's Diversity Policy, Sky has also committed to setting non-numerical objectives in respect of diversity and inclusion through recruitment and selection practices at all levels, a detailed training program to enhance the skills and knowledge of employees and enhanced flexible work practices.

Risk Management

Sky's risk framework is overseen and monitored by both the Board and the Audit and Risk Committee. Sky maintains a risk register and the Audit and Risk Committee, in conjunction with management, regularly report to the Board on the effectiveness of the management of Sky's business risks and whether the risk management framework and systems of internal compliance and control are operating efficiently and effectively in all material respects.

Sky has a Controlling and Managing Risk Policy which provides an overview of its risk management process. The policy outlines Sky's strategic risk management objectives and guidelines and provides a framework to identify, manage and report on risks, both financial and non-financial. The Audit and Risk Committee reviews the Controlling and Managing Risk Policy annually. The Audit and Risk Committee reviewed Sky's risk management framework during the reporting period to 30 June 2021 and is satisfied that Sky has in place a robust risk management process.

In keeping with its focus on managing both near and long-term risk, the committee is overseeing an extensive management review of the risk management framework across the business to identify and implement any potential improvements and ensure it remains appropriate for Sky's current and future business and operating environment.

Sky's internal audit function is contracted out to an independent third party. An annual internal audit plan is presented and approved by the Audit and Risk Committee and the Audit and Risk Committee receives internal audit reports during the year and monitors completion of action items that arise.

Material exposure to economic, environmental and social sustainability risks

Sky identifies and assesses material exposure to economic, environmental and social sustainability risks on an annual basis. A summary of Sky's risk management framework, the key economic, environmental and social sustainability risks it faces, and how Sky intends to manage those risks is included in the Controlling and Managing Risk Policy on Sky's website (at <https://www.sky.co.nz/investor-centre/corporate-governance>).

Principal risks that could affect results and performance include:

- Regulatory environment;
- Competition;
- Programming rights;
- Content protection;
- Business disruption;
- Investment strategy – Adoption of new technology;
- Financial risks;
- Reputational risks and brand perception;
- Business transformation; and
- Customer value proposition.

Interests Register

Disclosures of Interest – General Notices

Directors have given general notices disclosing interests in various entities pursuant to section 140(2) of the Companies Act 1993. Those notices which remain current as at 30 June 2021 are as follows:

Director	Entity	Relationship
Philip Bowman	Better Capital PCC Limited	Director
	Kathmandu Holdings Limited (Listed)	Director
	Tegel Group Holdings Limited	Chair
	Ferrovial SA (Listed)	Director
	Majid al Futtaim Holding LLC	Director
	Majid al Futtaim Properties LLC	Chair
	Majid al Futtaim Capital LLC	Director
	Atropos SCI	Président Directeur Générale
	Tom Tom Holdings, Inc.	Director
Michael Darcey	Vinula Pty. Limited	Director
	Vinula Super Fund Pty. Limited	Director
	M247 ²	Chair
	Arqiva Group Limited	Director
Derek Handley (resigned)	British Gymnastics	Chair
	Premier League Basketball UK ¹	Shareholder
	Aera Limited	Director
	Aera Foundation	Trustee
Geraldine McBride	Aera VC Management Limited	Director
	My Wave Holdings Limited	Director, CEO
	My Wave Limited	Director
	Fisher & Paykel Healthcare Corporation Limited	Director
Susan Paterson ONZM (retired)	National Australia Bank Limited ²	Director
	Reserve Bank of New Zealand	Director
	Theta Systems Limited	Chair, Director
	Les Mills Holdings Limited	Director
	Goodman (NZ) Limited and associated companies	Director
	Arvida Group Limited	Director
	Steel and Tube Holdings Limited	Chair, Director
	The Electricity Authority	Board Member
EROAD Limited	Director	
Keith Smith	Anderson & O'Leary Limited and associated companies	Chair
	Enterprise Group Holdings Limited and associated companies	Chair
	Goodman (NZ) Limited and associated companies	Chair
	H J Asmuss & Co Limited and associated companies	Chair
	Healthcare Holdings Limited and associated companies	Chair
	Mercury NZ Limited	Director
	Mobile Surgical Services Limited	Chair
	The Warehouse Group Limited and associated companies ²	Director
	Tree Scape Limited	Director
Gwendoline Holdings Limited (non-trading)	Director	
Joan Withers	The Warehouse Group Limited and associated companies	Chair
	ANZ Bank New Zealand Limited	Director
	Louise Perkins Foundation	Trustee
	Origin Energy Limited ¹	Director

(1) Entries added during the period from 1 July 2020 to 30 June 2021.

(2) Entries removed by notices given by the directors during the year ended 30 June 2021.

Disclosures of Interest – Particular Transactions/Use of Company Information

During the year to 30 June 2021, in relation to Sky:

- no specific disclosures were made in the Interests Register under section 140(1) of the Companies Act 1993; and
- no entries were made in the Interests Register as to the use of company information under section 145(3) of the Companies Act 1993.

Disclosures of Relevant Interests in Securities

During the year to 30 June 2021, the following disclosures were made in the Interests Register in relation to Sky's directors and senior managers acquiring a relevant interest in Sky's shares under section 148 of the Companies Act 1993 and under the Financial Markets Conduct Act 2013:

- Martin Stewart (former director and CEO) made three disclosures during the 2021 financial year:
 - on 11 September 2020 regarding the acquisition of 250,000 ordinary shares in Sky;
 - on 19 November 2020 regarding the acquisition of 150,000 ordinary shares in Sky; and
 - on 8 March 2021 regarding the vesting of 600,000 ordinary shares in Sky as the balance of the shares under the contractual entitlement to receive a total of 800,000 ordinary shares (with the balance vesting if Mr Stewart is no longer Chief Executive).
- Keith Smith (director) made one disclosure on 1 October 2020 regarding his indirect interest in the acquisition of 40,000 ordinary shares in Sky by Lily Wong.
- Philip Bowman (director and Chair) made two disclosures during the 2021 financial year:
 - on 24 September 2020 regarding the acquisition of 250,000 ordinary shares in Sky; and
 - on 8 March 2021 regarding the acquisition of 250,000 ordinary shares in Sky.
- Derek Handley (former director) made one disclosure on 14 May 2021 regarding the acquisition of 1,125,023 ordinary shares in Sky.
- Susan Paterson (former director) made one disclosure on 16 September 2020 regarding a beneficial interest in the acquisition of 125,000 ordinary shares by herself and Richard Taylor jointly as trustees of the SM Taylor Family Trust.

Insurance and Indemnities

Sky has in place directors' and officers' liability insurance to cover risks normally covered by such policies arising out of acts or omissions of Sky directors or employees in that capacity. In addition, Sky has in place additional insurance in respect of directors' liability that may arise as a result of the capital raise which was announced to the market on 21 May 2020.

Sky has entered into a deed of indemnity pursuant to which it has agreed to indemnify directors, senior management and officers of Sky against liability incurred from acts or omissions of such directors, senior management or officers, subject to certain exceptions which are normal in such indemnities.

Sky Subsidiaries' Interests Registers

The directors of Sky's subsidiaries have given notices disclosing interests in various entities pursuant to section 140 of the Companies Act 1993. Those notices included in the interests register during the financial year ended 30 June 2021 are set out below:*

- Screen Enterprises Limited: Martin Stewart gave a general notice disclosing interests arising from being an employee of Sky.
- Sky DMX Music Limited: Martin Stewart and Chaz Savage each gave a general disclosure notice disclosing interests arising from being senior employees of Sky and, in Martin Stewart's case, a shareholder of Sky.
- Believe It Or Not Limited: Chaz Savage gave a notice disclosing interests arising from being an employee of Sky. Brendan Lohead gave a general notice disclosing his interest arising from being a shareholder of Believe It Or Not Limited and a director and shareholder of Mad If You Don't Limited. Annabelle Lohead gave a general notice disclosing her interest arising from being the wife of Brendan Lohead (who is a shareholder of Believe It Or Not Limited) and a director and shareholder of Mad If You Don't Limited.
- Lightbox New Zealand Limited: Martin Stewart gave a general notice disclosing interests arising from being an employee of Sky.
- Sky Investment Holdings Limited: Martin Stewart, Sophie Moloney and Blair Woodbury each gave a general disclosure notice disclosing interests arising from being senior employees and shareholders of Sky.

*Martin Stewart retired as a director of Sky, Lightbox New Zealand Limited, Media Finance Limited, Non Trading PS Limited, Screen Enterprises Limited, Sky DMX Music Limited, Sky Investment Holdings Limited, Sky Network Services Limited and Sky Ventures Limited on 7 December 2020. Chaz Savage retired as a director of Believe it Or Not Limited on 19 April 2021 and retired as a director of Sky DMX Music Limited on 11 May 2021. David Hoodis retired as a director of Sky DMX Music Limited on 6 January 2021. Blair Woodbury retired as a director of Sky Investment Holdings Limited on 18 September 2020.

Company Information

Directors Holding and Ceasing Office

- Philip Bowman (Chair)
- Martin Stewart (resigned 7 December 2020)
- Michael Darcey
- Derek Handley (resigned 15 January 2021)
- Geraldine McBride
- Susan Paterson, ONZM (retired 13 October 2020)
- Joan Withers
- Keith Smith

Statement of Directors' Interests

For the purposes of NZX Listing Rule 3.7.1(d), the following table sets out the quoted financial products in which each director had a relevant interest as at 30 June 2021:

Relevant interests	Shares
Philip Bowman	1,000,000
Michael Darcey	1,500,000
Geraldine McBride	88,151
Keith Smith ¹	255,118
Joan Withers	Nil

(1) 75,068 shares jointly held by Keith and his brother Robert Smith as trustees of the Gwendoline Trust (in which Keith Smith has no beneficial interest); 80,050 shares held by Gwendoline Holdings Limited (Keith Smith is a discretionary beneficiary of a trust which owns Gwendoline Holdings Limited); and 100,000 shares held by Keith Smith's partner Lily Wong.

Subsidiaries

At 30 June 2021, Sky had the following subsidiary companies:

Subsidiary	Director(s)	Business during FY21
Believe It Or Not Limited	Anabelle Lohead Brendan Lohead Christopher Shaw Chaz Savage (retired 19 April 2021) Jonathon Errington (appointed 19 April 2021)	Quizzes for the hotel entertainment industry.
Lightbox New Zealand Limited	Sophie Moloney (appointed 7 December 2020) Martin Stewart (retired 7 December 2020)	Streaming services within New Zealand.
Media Finance Limited	Sophie Moloney (appointed 7 December 2020) Martin Stewart (retired 7 December 2020)	Did not trade.
Non-Trading PS Limited (previously Outside Broadcasting Limited)	Sophie Moloney (appointed 7 December 2020) Martin Stewart (retired 7 December 2020)	Mobile on-site broadcasting facilities and services (up until 31 March 2021).
Screen Enterprises Limited	Sophie Moloney (appointed 7 December 2020) Martin Stewart (retired 7 December 2020)	Did not trade.
Sky DMX Music Limited	Steven Hughes David Hoodis (resigned 6 January 2021) Chaz Savage (resigned 11 May 2021) Martin Stewart (resigned 7 December 2020) Sophie Moloney (appointed 7 December 2020) Malcolm McRoberts (appointed 9 March 2021) Jonathon Errington (appointed 11 June 2021)	Operated the Sky DMX music business.
Sky Investment Holdings Limited	Martin Stewart (resigned 7 December 2020) Sophie Moloney Blair Woodbury (resigned 18 September 2020)	Investment in the form of acquisition of RugbyPass Limited (Ireland) and RugbyPass Asia Pte Limited (Singapore).
Sky Network Services Limited (previously Igloo Limited)	Sophie Moloney (appointed 7 December 2020) Martin Stewart (resigned 7 December 2020)	Did not trade.
Sky Ventures Limited	Sophie Moloney (appointed 7 December 2020) Martin Stewart (retired 7 December 2020)	Did not trade.
RugbyPass Asia Pte Limited (Singapore)	Tang Edmund Koon Kay Timothy Martin (retired 27 July 2020)	Management service.
RugbyPass Limited (Ireland)	Timothy Martin (retired 21 August 2020) Neil Martin Martin Stewart (appointed 21 August 2020; resigned 7 December 2020) Sophie Moloney (appointed 7 December 2020) Hazel Dodd (appointed 4 June 2021)	International streaming service. Content generation, subscription and marketing.
RugbyPass UK Limited (UK) (incorporated 26 January 2021)	Neil Martin (appointed 26 January 2021) Sophie Moloney (appointed 26 January 2021)	Did not trade.
Sports Analytics Ltd (South Africa) (acquired 1 January 2021)	Neil Martin (appointed 1 January 2021) Kevin Bower (appointed 3 October 2019)	Sports data collection and analysis.

The remuneration of Sky's employees acting as directors of subsidiary companies is disclosed in the relevant banding for employee remuneration or, in the case of Martin Stewart prior to his retirement, and Sophie Moloney following her appointment, their remuneration is disclosed under the heading of "Chief Executive Remuneration".

No director of any subsidiary company received directors' fees or extra benefits by virtue of the fact that they are acting as directors of subsidiary companies.

Remuneration of Directors

The total remuneration and value of other benefits received by directors of Sky during the year 1 July 2020 to 30 June 2021 was as follows:

Name	Board Fees	Audit and Risk Committee	People and Performance Committee	Total Remuneration
Martin Stewart ¹	-	-	-	-
Derek Handley (resigned 15 January 2021)	54,167	6,500	2,708	63,375
Geraldine McBride	100,000	-	-	100,000
Susan Paterson (retired 13 October 2020)	29,167	3,500	3,500	36,167
Mike Darcey	100,000	-	-	100,000
Philip Bowman	200,000	-	-	200,000
Joan Withers	100,000	12,000	5,000	117,000
Keith Smith	100,000	20,000	-	120,000
Totals	683,334	42,000	11,208	736,542

(1) Martin Stewart did not receive any remuneration for the performance of his duties as a director during the year to 30 June 2021. His remuneration for the performance of his duties as CEO is set out below.

The directors' fee pool has been set at a maximum amount of \$950,000 per annum since October 2015. The current fees paid to Sky directors are set out in the table above. Directors do not receive any performance or equity-based remuneration or superannuation or retirement benefits (for their role as directors). This reflects the role of the directors which is to provide oversight and guide strategy, whereas the role of management is to operate the business and execute Sky's strategy.

Chief Executive Remuneration

The CEO remuneration is a mix of base salary, short-term incentive (STI) and share entitlements, and is benchmarked against the market annually.

Martin Stewart was CEO of Sky for 5 months of the FY21 period (from 1 July 2020 to 1 December 2020). Sophie Moloney was appointed to replace Martin from 1 December 2020.

The CEO's remuneration for the years ending 30 June 2021 and 30 June 2020, for both Martin and Sophie, is illustrated in the two separate tables below:

Martin Stewart from 1 July 2020 to 1 December 2020:

	2021	2020
Base salary	625,000	1,500,000
Termination benefits	1,453,000	-
STI	340,000	-
Ordinary Shares	1,158,000	-
Total remuneration	3,576,000	1,500,000

On 1 December 2020 Martin Stewart left the position of CEO by mutual agreement and Sophie Moloney was appointed the new CEO on this date.

During the year termination benefits associated with the former CEO of \$1,453,000 were paid.

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 instalments 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 were vested on 1 March 2021 and have been recognised at balance date. 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).

Sophie Moloney from 1 December 2020 to 31 June 2021:

	2021
Base salary ¹	544,000
STI	236,000
Total remuneration	780,000

(1) Sophie Moloney's base salary is \$932,500 per annum.

The CEO is entitled to participate in an STI scheme based on 40% of the CEO's base salary (in FY21). The STI framework and specific metrics are considered by the People and Performance Committee and recommended to the Board for approval on an annual basis. The Board is extremely cognisant of the requirement to ensure that any STI is aligned to shareholder interests.

Shareholders

Substantial Product Holders

According to notices given to Sky under the Financial Markets Conduct Act 2013 and the ASX Listing Rules the following persons were substantial product holders in Sky as at 16 July 2021:

Substantial Product Holder Name	Date of Substantial Product Holder Notice	Number of Shares in Substantial Product Holding at year end and at 16 July 2021¹	% held at year end and at 16 July 2021¹
Jupiter Asset Management Limited and its related bodies corporate	15 September 2020	158,022,414	9.04
Accident Compensation Corporation	21 September 2020	145,942,382	8.357
UBS Group AG and its related bodies corporate	18 June 2020	93,369,859	5.35
Black Crane Asia Pacific Opportunities Fund	18 June 2020	89,496,785	5.12
FMR LLC	21 June 2021	89,676,881	5.134

(1) Based on disclosures to the company

At Sky's 30 June 2021 year end and at 16 July 2021 the total number of ordinary shares on issue was 1,746,879,558.

Twenty Largest Shareholders as at 16 July 2021

Name	Number of Shares	% of Issued Capital
HSBC Nominees (New Zealand) Limited	208,689,383	11.95
Accident Compensation Corporation	157,938,098	9.04
JPMorgan Chase Bank NA NZ Branch-Segregated Clients ACCT	122,655,315	7.02
New Zealand Depository Nominee Limited	111,916,769	6.41
HSBC Nominees (New Zealand) Limited A/C State Street	104,483,599	5.98
BNP Paribas Nominees (NZ) Limited	91,101,169	5.22
Citibank Nominees (New Zealand) Limited	81,941,684	4.69
BNP Paribas Nominees (NZ) Limited	62,716,361	3.59
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	42,195,667	2.42
BNP Paribas Nominees (NZ) Limited	36,422,345	2.08
RugbyPass Investors LLC	25,085,408	1.44
BNP Paribas Nominees (NZ) Limited	24,884,525	1.42
New Zealand Rugby Union Incorporated	21,801,325	1.25
TEA Custodians Limited Client Property Trust Account	11,466,438	0.66
Hobson Wealth Custodian Limited	11,226,130	0.64
Masfen Securities Limited	11,100,000	0.64
HSBC Custody Nominees (Australia) Limited	10,065,174	0.58
ANZ Wholesale Australasian Share Fund	9,627,585	0.55
Forsyth Barr Custodians Limited	8,006,000	0.46
Evolution Cycles Limited	7,945,831	0.45
	1,161,268,806	66.48

Distribution of Ordinary Shares and Shareholdings as at 16 July 2021

Range	No. of Shareholders	Number of Shares held	% of Issued Capital
1 - 1,000	1,917	1,066,562	0.06
1,001 - 5,000	2,727	7,843,253	0.45
5,001 - 10,000	1,451	11,280,229	0.65
10,001 - 100,000	3,423	130,223,518	7.45
100,001 and over	1,017	1,596,465,996	91.39
Total	10,535	1,746,879,558	100.0

Non-Marketable Parcels of Shares

As at 16 July 2021, 3,624 shareholders in Sky had non-marketable parcels of shares for the purposes of ASX Listing Rule 4.10.8.

Other Information

For the purposes of ASX Listing Rule 4.10.14 and 4.10.18, as at 16 July 2021:

- Sky had a total of 46,886,733 ordinary shares deemed securities subject to voluntary escrow on issue, as disclosed to the market in Substantial Product Holder notices dated 19 August 2019 and 1 November 2019; and
- there was no on-market buy back.

Number of Holders of Equity Securities

The only class of equity securities on issue in Sky is ordinary shares. As at 16 July 2021 there were 10,535 holders of a total of 1,746,879,558 ordinary shares in Sky.

Voting Rights Attached to Shares

The only class of equity securities on issue in Sky which carries voting rights is fully paid ordinary shares. On a poll, each ordinary share entitles the holder to one vote.

Unquoted Equity Securities

As at 16 July 2021, Sky does not have any unquoted equity securities on issue.

Sky Bonds

On 31 March 2021 Sky's \$100,000,000 seven-year bonds reached maturity with full repayment from cash reserves. Sky no longer has quoted bonds.

Employee Remuneration

The number of employees or former employees of Sky and its subsidiaries (excluding directors of Sky but including employees of Sky holding office as directors of subsidiaries, other than the former Chief Executive, Martin Stewart¹) whose remuneration and benefits was within specified bands for the year to 30 June 2021 is as follows:

These figures include severance payments made during the financial year.

Remuneration \$	No. of employees
100,000 – 110,000	52
110,001 – 120,000	46
120,001 – 130,000	33
130,001 – 140,000	40
140,001 – 150,000	24
150,001 – 160,000	10
160,001 – 170,000	9
170,001 – 180,000	10
180,001 – 190,000	2
190,001 – 200,000	3
200,001 – 210,000	4
210,001 – 220,000	3
220,001 – 230,000	2
230,001 – 240,000	5
240,001 – 250,000	4
250,001 – 260,000	2
260,001 – 270,000	2
270,001 – 280,000	2
280,001 – 290,000	1
290,001 – 300,000	1
320,001 – 330,000	1
340,001 – 350,000	1
350,001 – 360,000	2
360,001 – 370,000	1
400,001 – 410,000	1
410,001 – 420,000	1
470,001 – 480,000	1
480,001 – 490,000	1
500,001 – 510,000	1
540,001 – 550,000	1
640,001 – 650,000	1
680,001 – 690,000	1
720,001 – 730,000	1
1,090,001 – 1,100,000	1

(1) The remuneration of Sky's former Chief Executive Martin Stewart is not included in the above table as he was also a director of Sky. His remuneration is disclosed under the heading "Chief Executive Remuneration" above.

Donations

During the year 1 July 2020 to 30 June 2021, Sky made cash donations totalling \$187,000. No donations were made to political parties. Sky's subsidiaries did not make any donations.

Auditors

The auditors of Sky and its subsidiaries were PricewaterhouseCoopers. The amount paid to PricewaterhouseCoopers by Sky in the year to 30 June 2021 for statutory audit services and for other assurance services was:

	Statutory audit services (\$000)	Other assurance services (\$000)
Sky	589	18

Sky's subsidiaries did not pay PricewaterhouseCoopers any fees.

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Waivers and Information

Current and Ongoing Waivers and Confirmations

The following is a summary of all waivers which were relied upon by Sky in the year to 30 June 2021. These were:

1. A class waiver from NZX Listing Rule 3.5.1 granted by NZX on 3 April 2020 and the class waiver from certain rules in Chapter 4 of the ASX Listing Rules granted by ASX on 7 May 2020 to permit Sky to release its annual results for the year ended 30 June 2020 after the period usually required under the Rules.
2. A waiver from ASX Listing Rule 6.10.3 to the extent necessary to permit Sky to set the "specified time" to determine whether a security holder is entitled to vote at a shareholders' meeting in accordance with the requirements of relevant New Zealand legislation.
3. A waiver from ASX Listing Rule 15.7 to permit Sky to provide announcements simultaneously to both ASX and NZX.
4. A waiver from ASX Listing Rule 14.3 to the extent necessary to allow Sky to receive director nominations between the date three months and the date two months before the annual meeting.
5. Confirmation that the rights attaching to Sky shares set out in Sky's constitution are appropriate and equitable for the purpose of ASX Listing Rule 6.1 and comply with ASX Listing Rule 2.1.
6. Confirmation that ASX will accept financial accounts prepared in accordance with New Zealand GAAP and New Zealand Auditing Standards, and denominated in New Zealand dollars.
7. Confirmation that Sky can provide to ASX substantial holder information provided to it under the New Zealand Securities Markets Act 1988 (now the Financial Market Conduct Act 2013).

Admission to the official list of the Australian Securities Exchange

In connection with Sky's admission to the official list of the ASX, the following information is provided:

1. Sky is incorporated in New Zealand.
2. Sky is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (such as substantial holdings and takeovers).
3. Limitations on the acquisition of the securities imposed by New Zealand law are as follows:
 - (a) In general, Sky securities are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.
 - (b) The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in Sky or the increase of an existing holding of 20% or more of the voting rights in Sky can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of Sky shares.
 - (c) The New Zealand Overseas Investment Act 2005 (and associated regulations) regulates certain investments in New Zealand by overseas persons. In general terms, consent is likely to be required where an 'overseas person' acquires shares or an interest in shares in Sky that amount to more than 25% of the shares issued by Sky or, if the overseas person already holds more than 25%, the acquisition increases that holding.
 - (d) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring Sky shares if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

Share Market and Other Information

Enquiries

Sky is continually striving to improve its electronic communications with investors and stakeholders and reduce its environmental impact by encouraging investors to receive communications electronically via Sky's share registry, Computershare Investor Services Limited. Sky investors can elect to receive communications from Sky electronically by visiting www.investorcentre.com/nz.

New Zealand

Sky's ordinary shares are quoted on the NZX Main Board and trade under the code SKT. Sky's International Security Identification Number issued for the Company by the NZX is NZSKTE0001S6.

NZX Limited

Level 1, NZX Centre
11 Cable Street
Wellington 6011, New Zealand

Mailing address:

PO Box 2959
Wellington 6140, New Zealand
Tel: +64 4 472 7599
Website: nzx.com

Australia

Sky's ordinary shares are also quoted on the ASX and trade under the code SKT.

ASX Limited

Exchange Centre
20 Bridge Street, Sydney
NSW 2000, Australia

Mailing address

PO Box H224
Australia Square, Sydney
NSW 1215, Australia
Tel: +61 2 9338 0000 Fax: +61 2 9227 0885

Annual Meeting

The next Annual Shareholders' Meeting of Sky Network Television Limited will be held on Thursday 28 October 2021, commencing at 10.00am (NZDT). Sky will provide further details in due course through its Notice of Annual Meeting of Shareholders.

Directory

Registrars

Shareholders should address questions relating to share certificates, notify changes of address or address any administrative questions to Sky's share registrar as follows:

New Zealand Ordinary Share Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622
New Zealand

Mailing address:

Private Bag 92119
Auckland Mail Centre
Auckland 1142, New Zealand
Tel: +64 9 488 8700 Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz

Australian Branch Register

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067
GPO Box 2975
Melbourne VIC 3000, Australia
Freephone: 1800 501 366 (within Australia)
Tel +61 3 9415 5000 (outside Australia)
Fax +61 3 9473 2500
Email: enquiry@computershare.co.nz

Directors

Philip Bowman (Chair)
Derek Handley (resigned 15 January 2021)
Geraldine McBride
Joan Withers
Keith Smith
Martin Stewart (resigned 7 December 2020)
Michael Darcey
Susan Paterson, ONZM (retired 13 October 2020)

Officers

Sophie Moloney	Chief Executive
Andrew Hirst	Interim Chief Financial Officer
Jonny Errington	Chief Commercial Officer
Michael Frampton	Chief People and Operations Officer
James Bishop	Company Secretary

New Zealand Registered Office

10 Panorama Road, Mt Wellington,
Auckland 1060, New Zealand
Tel: +64 9 579 9999 Fax: +64 9 579 8324
Website: sky.co.nz

Australian Registered Office

c/- Allens Operations Pty Limited

Level 4, Deutsche Bank Place,
126 Philip Street,
Sydney, NSW 2000, Australia
Tel: +61 2 9230 4000 Fax: +61 2 9230 5333

Auditors to Sky

PricewaterhouseCoopers

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

Solicitors to Sky

Buddle Findlay

HSBC Tower
188 Quay Street
Auckland 1010, New Zealand
Tel: +64 9 358 2555 Fax: +64 9 358 2055

Chapman Tripp

Level 34, PwC Tower
15 Customs Street West, Auckland 1010
Tel: +64 9 357 9000 Fax: +64 9 357 9099

Director's Declaration

The directors declare that the consolidated financial statements:

- (i) comply with New Zealand International Financial Reporting Standards
- (ii) give a true and fair view of the financial position of Sky Network Television Limited and its subsidiaries as at 30 June 2021 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date.

In the directors' opinion at the date of this declaration there are reasonable grounds to believe that Sky Network Television Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors and is signed for and on behalf of the Board of directors.

Dated at Auckland this 24th day of August 2021.



Philip Bowman
Director and Chairman



Keith Smith
Director

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24 August 2021

The following disclosures and compliance statements are provided in accordance with the NZX Corporate Governance Code and the ASX Corporate Governance Principles and Recommendations (4th edition). This corporate governance statement is current as at 24 August 2021, and has been approved by the Board. All the policies and charters referred to below are available on our website <https://www.sky.co.nz/investor-centre/corporate-governance>

NZX AND ASX CORPORATE GOVERNANCE BEST PRACTICE CODES

The NZX Corporate Governance Code sets standards for effective corporate governance in New Zealand and Sky is committed to reporting against this code. The Board considers that Sky has complied with the NZX and ASX corporate governance best practice codes in all material respects during the 2021 financial year, except where otherwise indicated.

1. A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Directors should set high standards of ethical behaviours, model this behaviour, and hold management accountable for delivering these standards throughout the organisation.

STATEMENT OF VALUES

Sky's values were developed through a collaborative workshop process, led by Sky Culture Champions and endorsed by the Board. Collectively, the values "Be Yourself", "Create Something Amazing" and "Make Someone's Day" create a common understanding of the expectations Directors, executives and staff have of each other and themselves. They represent Sky's relentless focus on customers and instil accountability for consistent collaboration, respecting diverse perspectives, and encouraging a growth mindset. Responsibility for instilling the values throughout the business is achieved through Values in Action workshops. Sky's values are disclosed in the FY21 annual report and Sky's 25 August 2021 annual results presentation.

CODE OF ETHICS

Sky has a Code of Ethics which outlines Sky's minimum ethical standards and policies in respect of various matters including conflicts of interest, corporate opportunities, confidentiality, insider trading and dealing with corporate assets, in addition to encouraging compliance with applicable laws and regulations. The Code of Ethics applies to Sky's directors, senior executives, employees and other persons, and is available on Sky's website. All material incidents are to be notified to Sky's People and Performance Committee and/or Sky's Board of Directors.

WHISTLEBLOWING/ PROTECTED DISCLOSURE

Sky's Protected Disclosure "Whistleblowing" Policy provides an internal process for staff to report any serious wrongdoing and gives protection to the employee making the disclosure in accordance with the policy. The policy outlines types of behaviour that may be considered serious wrongdoing, how an employee can make a disclosure and how they are protected. A thorough review of the policy was undertaken during the year to review and strengthen the framework and to ensure Sky's practices continue to reflect best practice. The Protected Disclosure "Whistleblowing" Policy is posted on Sky's website. Any material incidents would be notified to Sky's People and Performance Committee and/or

Sky's Board of Directors and this process has been formalised in Sky's Protected Disclosure "Whistleblowing" Policy.

SECURITIES TRADING

Sky has a formal Securities Trading Policy, which is posted on Sky's website. Sky's Securities Trading Policy includes robust procedures to minimise the risk of insider trading. The policy outlines that directors, officers and employees of Sky may not buy or sell securities in Sky, nor may they tip others, while in the possession of material information. Additional restrictions apply to key management personnel who are prohibited from trading during prohibited periods (other than in exceptional circumstances) and must at all times (including outside prohibited periods) obtain written consent to trade from the Chief Financial Officer, and Chair of the Board or the Chair of the Audit and Risk Committee (as applicable). Sky's Securities Trading Policy affirms the law relating to insider trading contained in the Financial Markets Conduct Act 2013 and the Australian Corporations Act 2001 (Cth) and complies with ASX Listing Rule 12.12.

ANTI-BRIBERY AND CORRUPTION POLICY

Sky's Code of Ethics sets out the principles of ethical conduct expected of Directors, senior managers, employees, contractors and consultants or any other person who represents Sky or is engaged to carry out work for Sky. Whilst it does not specifically cover all issues relating to anti-bribery and corruption, the policy references compliance with all applicable laws and regulations and observing the highest standards of business ethics. Furthermore, Sky's Code of Ethics contains appropriate controls around offering and accepting gifts or entertainment. In order to specifically set out Board and management expectations on anti-bribery and corruption, Sky intends to publish an Anti-bribery and Corruption Policy during the 2022 financial year, in line with ASX Recommendation 3.4.

2. BOARD COMPOSITION AND PERFORMANCE

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BOARD OF DIRECTORS – COMPOSITION

Sky's Board is appointed or ratified by the shareholders of Sky by ordinary resolution. The NZX Listing Rules provide for a minimum of three directors, and Sky's constitution provides for a maximum of ten directors. As at 30 June 2021, the Board consisted of five directors whose relevant skills, experience and expertise are outlined in their biographies in Sky's annual report. The Board operates under a written charter (Board Charter), which sets out the respective roles and responsibilities of the Board, the Chair and management, and (together with the delegated authorities policy) those matters expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on Sky's website.

NOMINATION AND APPOINTMENT

The Board gives consideration to the Board's skills, experience and diversity when evaluating potential board candidates. The objective is to have a mix of skills represented on the Board that are relevant to Sky's business and strategy.

During the financial year ending 30 June 2021, Susan Paterson ONZM retired from Sky's Board and Martin Stewart and Derek Handley resigned from Sky's Board (with Martin Stewart also resigning as Chief Executive).

The Board may appoint directors to fill casual vacancies that occur, or add persons to the Board up to the maximum number prescribed by the constitution. At each annual meeting all directors appointed by the Board since the last annual meeting must retire and seek re-election, if eligible. Directors must also

not hold office (without re-election) past the third annual meeting following the Director's appointment or 3 years, whichever is longer. Directors' fees have been set at a maximum amount of \$950,000 per annum since October 2015.

As at 30 June 2021 the Board is comprised of:

- Philip Bowman (Chair) – appointed 1 September 2019
- Geraldine McBride – appointed 13 September 2013
- Mike Darcey – appointed 19 September 2017
- Joan Withers – appointed 17 September 2019
- Keith Smith – appointed 21 April 2020

Before appointing directors to the Board, or putting candidates forward at annual meetings for re-election, the Board ensures that appropriate checks are carried out to ensure candidates have the necessary skills to act for the Company. Material information that is relevant to a decision on whether or not to elect or re-elect the Director is provided to shareholders. Written agreements are in place with each Board member and senior executive setting out the terms of their appointment.

New Board members receive induction training so as to gain an understanding of Sky's business and operations including its financial, strategic and risk management position as well as a director's rights, duties and responsibilities, the role of the Board, the Board committees and the executive management team. It is expected that all directors will be required to stay informed of changes to, and emerging issues in, director duties and responsibilities. In addition, visits to specific company operations, when appropriate, and briefings from key executives and industry experts will be arranged. Sky will reimburse directors for reasonable costs incurred in attending appropriate conferences and training courses.

Sky ensures that a majority of its Board are independent directors. At 30 June 2021 all of the directors of Sky were considered to be independent directors, having regard to the factors in NZX Recommendation 2.4 and ASX Recommendation 2.3. The Chair of Sky's Board is Philip Bowman, an independent director.

In considering the factors in NZX Recommendation 2.4 and ASX Recommendation 2.3, the Board has had careful regard to whether Geraldine McBride's status as an independent director has changed by virtue of her interest and position in MyWave Limited (**MyWave**), which supplies services to Sky in support of Sky's Fan Experience platform. In particular, Geraldine is the CEO and director of MyWave (and its holding company, MyWave Holdings Limited), and currently holds shares in MyWave Holdings Limited.

The Board has considered this relationship and concluded that, notwithstanding this, it is not sufficiently material so as to interfere with Geraldine's capacity to bring independent judgement to bear on issues before the Board (which will exclude matters related to MyWave) and to act in the best interest of Sky and to represent the interests of its shareholders generally rather than the interests of an individual securityholder or other party. Therefore, for the purposes of the NZX Listing Rules and ASX Listing Rules, the Board has determined that Geraldine McBride is an independent director. Further information on the Board's assessment of Geraldine's independence is set out in the Corporate Governance section of Sky's annual report.

ROLE OF THE BOARD

The Board oversees Sky's business and is responsible for its corporate governance. The Board sets corporate policies and the strategic direction of the company and oversees management with the objective of enhancing the interests of shareholders. Management is responsible for the implementation of the corporate policies set by the Board, as well as the day-to-day running of Sky's business including risk management and controls and liaising with the Board about these matters.

Various information reports are sent to the Board in order to keep them informed about Sky's business including reports during the year ended 30 June 2021 on the effectiveness of the management of material legal and business risks. Directors also receive operating and financial reports, and access to senior management at Board and committee meetings.

The Board operates two permanent Board committees, namely the Audit and Risk Committee and the People and Performance Committee (formerly the Nomination and Remuneration Committee). The members of the Audit and Risk Committee as at 30 June 2021 are Keith Smith (Chair), Philip Bowman (Board Chair) and Joan Withers. The members of the People and Performance Committee are Geraldine McBride (Chair), and Joan Withers.

DELEGATIONS

To enable the effective functioning of the day-to-day business of Sky, the Board has delegated certain of its powers to Sky's Chief Executive and senior management. Those powers are set out in Sky's delegated authorities policy (with treasury management delegations set out in the Treasury Policy) and relate to how Sky employees are able to authorise any transaction with a financial implication, or to perform other functions relating to human resource matters or finance and legal matters. Specifically, Board approval is required for:

- Any action or transaction that exceeds the limits delegated to the Chief Executive; and
- Appointing or removing authorised signatories to bank accounts, entering into overdraft facilities or similar credit arrangements, entering into loans, mortgages, debentures or other financial instruments or making investments or removing funds from investments.

There is no delegation to any person to raise capital or to specifically borrow money by any means whatsoever. Such transactions may only be performed with Board approval. The Board is responsible for monitoring those delegations and approving all changes to the delegated authorities policy from time to time (the Board may amend or withdraw delegations at its sole discretion at any time). All delegated authorities are exercised on the Board's behalf in accordance with relevant company policies and procedures.

MEETINGS

The Board has regularly scheduled meetings and also meets when a matter of particular significance arises. During the year between 1 July 2020 and 30 June 2021, there were 18 Board meetings. Attendance was as follows:

	Board meetings held while a director⁴	Attendance at Board meetings
Philip Bowman	18	18
Susan Paterson ¹	6	6
Derek Handley ²	9	8
Martin Stewart ³	8	8
Geraldine McBride	18	16
Mike Darcey	18	14
Joan Withers	18	17
Keith Smith	18	18

¹ Susan Paterson resigned from the board on 13 October 2020.

² Derek Handley resigned from the board on 15 January 2021.

³ Martin Stewart resigned from the board and his role as Chief Executive on 7 December 2021.

⁴ Excludes a number of Board only calls.

DIRECTORS SKILLS AND EXPERIENCE

The aim of the Board is to have a mix of skills represented on the Board that are relevant to Sky's business. The skills matrix for the directors is set out below:

● Primary skills ◐ Secondary skills

SKILLS ATTRIBUTE	Philip Bowman	Geraldine McBride	Mike Darcey	Joan Withers	Keith Smith
Public company governance	●	●	◐	●	●
Entrepreneur	◐	●			
International / Overseas experience	●	●	●	◐	◐
Technology	●	●	●	◐	
Finance/Accounting/Banking/Commercial	●	●	◐	◐	●
Consumer experience	●	●	◐	●	●
New media	◐	●	●	●	
Television Industry	●	●	●	●	◐
CEO / Former CEO or equivalent	●	●	●	●	

BOARD PERFORMANCE

Board performance, including the performance of Board committees and individual directors, is reviewed and evaluated periodically and as the need arises in accordance with the process set out in the Board Charter. A formal evaluation was undertaken in conjunction with specialist consulting company Propero during the financial period to 30 June 2021. Further information about Sky's Board of Directors is contained in Sky's annual report.

EXECUTIVE PERFORMANCE

Executive performance is reviewed and evaluated on a continual basis by the Board and Chief Executive, and periodically as the need arises, in accordance with the process set out in the People and Performance Committee (formerly the Nomination and Remuneration Committee) Charter, principally as part of annual salary reviews and through participation in Sky's short-term incentive (STI) scheme. A formal evaluation of senior executive performance for the 2021 financial year is being undertaken following the completion of that period.

COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is James Bishop.

INDEPENDENT ADVICE

Sky has a procedure for Board members to seek independent legal advice at Sky's expense.

DIVERSITY

Sky recognises diversity and inclusion as a strategic asset for the Company's current and future success. Sky values diversity of gender, age, ethnic and cultural background, sexuality, experience and beliefs. Sky's Board and management believe that an organisation that reflects the diversity of its current and future customers will be able to deliver more personalised customer experiences, and customer value, to continue to grow successfully, and to attract and retain the best talent.

Sky's Diversity Policy reflects Sky's continuing commitment to diversity and inclusion. This policy requires the commitment of the Board to set measurable objectives for achieving diversity in areas requiring improvement and to assess annually both the objectives and Sky's progress in achieving them. Sky proactively considers diversity in all recruitment activities, especially in leadership positions. Sky is also committed to growing the capability of all Sky staff to leverage diversity to deliver a better employee experience, a better customer experience and improved business performance.

The Board acknowledges the importance of gender diversity both on boards and within companies, and as noted in Sky's Diversity Policy, this is one of the diversity characteristics that is considered when evaluating new director candidates. As at 30 June 2021, Sky's Board had two female directors and three male directors (compared to three female directors and five male directors as at 30 June 2020).

Sky's officers (being a person who is concerned or takes part in the management of Sky and reports to the Board, or to a person who reports to the Board) includes one female officer and three male officers.¹

Sky takes a holistic approach to diversity. Sky's measurable objectives for achieving diversity are that:

- Each quarter, Sky measures and reports on employee's feedback regarding diversity and belonging, and delivers organisational development actions in response to this feedback;
- Each year, the Board actively considers the composition of the Board and any opportunities for new directors to join the Board with diversity (including gender diversity) being one of the key criteria when considering new appointments;
- Each year the Board compares the number of female and male employees at Sky to the previous financial year's figures to ensure that Sky is maintaining a strong level of female participation at all levels of the organization; and
- Each year the Board considers the extent of age diversification at Sky by comparing the number of employees aged over and under 45 years to the previous financial year's figures, in order to ensure Sky is benefiting from a mix of experience and new ways of thinking.

For the year ended 30 June 2021, the Board is satisfied that Sky achieved its diversity objectives as follows:

- Sky maintained consistent levels of gender and age diversification amongst employees across the organisation (increasing female representation from 43% to 44%);
- Sky improved by 10% (from 62% to 68%) the number of staff who rated "I feel I belong at Sky" favourably; and
- Sky improved by 20% (from 64% to 77%) the number of staff who rated "Sky values diversity" favourably.

¹ The "officers" include the CEO and the members of Sky's executive leadership team who report directly to the CEO.

The chart below represents Sky's gender and age diversification as at 30 June 2021:

Board Level	Officers ¹	All staff
No of Women: 2	No of Women: 1	No of Women: 399
Total number: 5	Total Number: 4 ²	Total Number: 900
2020	2020	2020
No of Women: 3	No of Women: 2	No of Women: 427
Total number: 8	Total number: 9	Total Number: 992
Over 45 – 100%	Over 45 – 75%	Over 45 – 33%
(2020 – 88%)	(2020 – 89%)	(2020 – 36%)

- (1) For the purpose of Recommendation 1.5(c)(3) of the ASX Corporate Governance Principles and Recommendations (4th edition), "senior executives" has the same meaning as the "officers" referred to in the chart above as defined under the NZX Listing Rules.
- (2) A restructure of the executive team in April 2021 saw the total number of executive officers' change from 9 to 5. At the end of FY21, one of the executive officer positions was vacant and one under recruitment with a seconded partner from Deloitte filling that position.

The table below provides a detailed breakdown of the age diversification of Sky's workforce:

Age	2021	2020
<30	18%	21%
30 – 40	32%	31%
40 - 50	29%	28%
50 - 60	16%	15%
60 - 70	4%	4%
>70	0.4%	1%

3. BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board has established the following committees to act for, and/or make recommendations to, the full Board on certain matters as described below.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for overseeing the financial and accounting activities of Sky including the activities of Sky's auditors, accounting functions, internal audit, financial reporting processes, dividend policies, tax planning and compliance, treasury and general risk management. The committee operates under a formal Audit and Risk Committee Charter which is available on Sky's website.

The Charter also contains the External Audit Independence Group Policy, the object of which is to ensure that audit independence is maintained, such that Sky's external financial reporting is viewed as being highly reliable and credible.

As at 30 June 2021, the members of the Committee, who are independent non-executive directors, are Keith Smith (Chair), Philip Bowman (Board Chair), and Joan Withers. Committee members' qualifications are detailed in Sky's annual report.

Sky considers it appropriate that any non-executive director (whether or not a member of the Committee) may attend Audit and Risk Committee meetings without invitation, while executive directors and Sky management may attend by invitation only. There are currently no executive directors of Sky.

PEOPLE AND PERFORMANCE COMMITTEE

The People and Performance Committee is responsible for providing recommendations regarding the appointment, compensation levels and evaluation of Sky's Chief Executive and senior executives, and overseeing Sky's general human resources policies, including remuneration. The current members, who are independent non-executive directors, are Geraldine McBride (Chair) and Joan Withers. Sky previously had three independent non-executive directors on the People and Performance Committee, which included Derek Handley, up until Derek's resignation on 15 January 2021. Since Derek's resignation, Sky has not appointed a third member for the People and Performance Committee but intends to do so in the next reporting period in accordance with ASX Recommendation 8.1. A copy of the Committee's Charter is available on Sky's website. Sky management may only attend Committee meetings on invitation.

BOARD MEMBERSHIP

Sky's Board is responsible for ensuring the balance of skills, knowledge, experience, independence and diversity of Directors remains relevant to Sky's business and strategy and enables the Board to discharge its duties and responsibilities effectively. The Board gives consideration to these factors when assessing board succession and in evaluating potential board candidates. The Board does not have a formal nomination committee constituted by a Board committee charter. The Board or a nominations sub-committee of the Board (which is distinct from the People and Performance Committee) evaluates potential Board candidates to be considered for appointment. To be eligible for appointment as directors, candidates must demonstrate appropriate qualities and experience. Directors will be selected based on all of the above factors including the needs of the Board at the time.

COMMITTEE MEETINGS

During the year ended 30 June 2021:

- (a) The Audit and Risk Committee met 5 times and attendances were as reflected in the table below.
 (b) The People and Performance Committee met 3 times and attendances were as reflected in the table below:

	Committee meetings held while a Committee member	Attendance at Committee meetings
Audit and Risk Committee		
Keith Smith (Chair)	5	5
Susan Paterson ¹	2	1
Joan Withers	5	5
Derek Handley ¹	3	3
Philip Bowman ²	2	4
People and Performance Committee		
Geraldine McBride (Chair) ³	2	2
Susan Paterson (former Chair) ¹	1	1
Joan Withers	3	3
Derek Handley ¹	2	2

- (1) Susan Paterson retired and Derek Handley resigned during the period.
 (2) Philip Bowman was appointed to the Audit and Risk Committee during the period and prior to appointment attended 2 Audit and Risk Committee meetings during the period on an ex-officio basis.
 (3) Geraldine McBride was appointed to the People and Performance Committee during the period.

TAKEOVER PROTOCOL

The Sky Board has approved a Takeover Protocol that outlines the procedures when dealing with takeover offers. This is available on Sky's website at <https://www.sky.co.nz/investor-centre/corporate-governance>.

4. REPORTING AND DISCLOSURE

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

Sky endeavours to provide investors and stakeholders with financial and non-financial reporting that is clear, meaningful, timely and balanced. All key governance documents and policies, as well as all stock exchange announcements, interim and annual reports and investor presentations are available online at <https://www.sky.co.nz/investor-centre>.

FINANCIAL REPORTING

The Audit and Risk Committee oversees the preparation of Sky's financial statements, including materiality guidance and setting policy to ensure the information presented is useful for investors and other stakeholders.

Sky endeavours to prepare financial statements that are easy to read by using clear, precise language and by structuring the report so that it is logically presented, and that policies and related notes are combined in a format that is consistent and logical.

DIRECTORS, CHAIRMAN AND BOARD COMMITTEES CONFIRMATION OF FINANCIAL STATEMENTS

Each year Sky's Chief Executive and Chief Financial Officer confirm in a written statement to the Board that the financial statements are true and correct, are prepared in accordance with applicable accounting standards and present fairly the company's financial position. Although the wording of that statement is not exactly the same as the wording set out in section 295A of the Australian Corporations Act 2001, in substance the statement meets the requirements of ASX Recommendation 4.2.

CONTINUOUS DISCLOSURE

Sky is committed to keeping the markets, shareholders and investors informed of material information relating to its business, financial performance and strategy in order that trading in securities takes place in an efficient well-informed market at all times.

When Sky provides a substantive investor or analyst presentation, such as those prepared for investor results briefings, conferences or investor day events, a copy of the material to be presented is released to the NZX and ASX ahead of the presentation.

Sky has a Continuous Disclosure Policy that is available on Sky's website. The policy sets out the responsibilities of Sky in relation to its continuous disclosure obligations under the NZX and ASX Listing Rules and the Financial Markets Conduct Act 2013. The policy establishes the procedures required to fulfil Sky's obligations and details the process to appropriately identify and determine any Material Information that may require disclosure.

Copies of material market announcements are promptly circulated to directors.

5. REMUNERATION

The remuneration of directors and executives should be transparent, fair and reasonable.

The non-executive directors' and the Chief Executive's remuneration is reported under "Remuneration of Directors" and "Chief Executive Remuneration" in the Corporate Governance section of Sky's annual report. For non-executive directors this includes a breakdown of Board and committee fees and the actual amounts paid. For the Chief Executive, it includes details of both fixed remuneration and variable performance-based remuneration. As noted above, the performance of key executives is monitored on a continual basis by the Board and Chief Executive, principally as part of annual salary reviews and through participation in Sky's STI scheme.

The People and Performance Committee Charter formalises practices for setting remuneration for the Chief Executive, the executive team and all employees.

Remuneration bands in respect of other employees of Sky and its subsidiaries are set out under "Employee Remuneration" in the Corporate Governance section of Sky's annual report.

As at 30 June 2021, Sky did not have a published remuneration policy as recommended by NZX Corporate Governance Code recommendation 4.2 and ASX Recommendation 8.2. While Sky has not, during this reporting period, complied with the code in this respect, Sky has in place policies, principles and procedures (including the People and Performance Committee, governed by the Committee

Charter as noted above) which ensure that Sky remunerates directors, officers and employees appropriately, fairly and responsibly, as recommended by NZX Corporate Governance Code recommendation 5.2. Sky is reviewing its remuneration policies and intends to refresh (to the extent required) and disclose its revised remuneration policies during the 2022 financial year.

Sky's Securities Trading Policy contains prohibitions on transactions (by way of derivatives or similar financial products) which operate to limit the economic risk relating to securities granted under an employee, executive or director incentive plan or as part of an employee's remuneration. As noted above, the Securities Trading Policy is posted on Sky's website.

6. RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and relevant risks.

Sky's risk framework is overseen and monitored by both the Board and the Audit and Risk Committee. Sky maintains a risk register and the Audit and Risk Committee in conjunction with management regularly report to the Board on the effectiveness of the management of Sky's business risks and whether the risk management framework and systems of internal compliance and control are operating efficiently and effectively in all material respects.

Sky has a Controlling and Managing Risk Policy which provides an overview of Sky's risk management process. The policy outlines Sky's strategic risk management objectives and guidelines and provides a framework to identify, manage and report on risks both financial and non-financial. The Audit and Risk Committee reviews the Controlling and Managing Risk Policy annually. The Audit and Risk Committee reviews Sky's risk management framework with management at least annually to satisfy itself that it continues to be sound and to ensure that Sky is operating with due regard to the risk appetite set by the Board. The Audit and Risk Committee reviewed Sky's risk management framework during the reporting period to 30 June 2021 and is satisfied that Sky has in place a robust risk assessment process. In keeping with its focus on managing both near and long-term risk, the committee is overseeing an extensive management review of the risk management framework across the business to identify and implement any potential improvements and ensure it remains appropriate for Sky's current and future business and operating environment.

Sky's internal audit function is contracted out to an independent third party. An annual internal audit plan is presented and approved by the Audit and Risk Committee and the Committee receives internal audit reports during the year and monitors completion of action items that arise. Sky's internal audit function assists it to better accomplish its objectives by bringing a systemic, disciplined approach to evaluating and continually improving the effectiveness of Sky's risk management and internal control processes.

MATERIAL EXPOSURE TO ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

Sky identifies and assesses material exposure to economic, environmental and social sustainability risks on an annual basis and like all media companies Sky is exposed to industry disruption and ongoing structural changes in the way it carries out its business. A summary of Sky's Controlling and Managing Risk Policy, the key economic, environmental and social sustainability risks it faces, and how Sky intends to manage those risks is available on Sky's website.

Principal risks that could affect results and performance include:

- Regulatory environment;
- Competition;
- Programming rights;
- Content protection;
- Business disruption;
- Investment strategy – Adoption of new technology;
- Financial risks;
- Reputational risks and brand perception;
- Business transformation; and
- Customer value proposition.

HEALTH AND SAFETY

Sky has Health and Safety Policies and a Procedures Manual and a group health and safety management committee to ensure that Sky fully complies with its health and safety obligations. Sky's strategic approach to health and safety is to:

- Provide a safe workplace for all;
- Fulfil all safety obligations within the business, in line with the strategic intent, corporate objectives and legislative requirements; and
- Share a vision and commitment to a safety culture that drives continual improvement and resilience at all levels within Sky.

7. AUDITORS

The Board should ensure the quality and independence of the external audit process.

EXTERNAL AUDIT

The role of the external auditor is critical for the integrity of Sky's financial reporting. PricewaterhouseCoopers (PwC) is Sky's external auditor. The Audit and Risk Committee is responsible for reviewing and recommending to the Board the engagement of the external auditors, for reviewing any regulatory requirements, for agreeing the scope of the audit, ensuring no management restrictions are placed on the auditors and for evaluating the performance of the external auditors. Sky's Audit and Risk Committee Charter (available on Sky's website), contains the policy for External Audit Independence which sets out the framework for ensuring that independence of the external auditor is maintained.

A copy of the most recent audit report, relating to the 2021 financial year is included in the annual report available online.

Sky undertakes an internal process of verification for periodic materials released to the NZX and ASX where these have not been audited or reviewed by the external auditor, to ensure the accuracy and integrity of the material prior to release. Where considered appropriate Sky requests an external review from a suitably qualified advisor to provide an additional level of independent review.

INTERNAL AUDIT

Sky currently outsources to Ernst and Young (EY) its internal audit function which is tasked with monitoring Sky's internal control systems and risk management. Internal audit operates with and independently of management and reports directly to the Audit and Risk Committee.

The Audit and Risk Committee reviews the internal audit plan annually as well as the internal audit reports at each committee meeting. The internal audit reports are made available to the external auditors.

8. SHAREHOLDER RELATIONS

The Board should respect the rights of the shareholders and foster relationships with shareholders that encourage them to engage with the issuer.

INVESTOR COMMUNICATION

Sky is committed to facilitating effective two-way communication with its shareholders and other stakeholders. Sky's approach to investor relations is designed to keep both the market and Sky's shareholders properly informed. Sky's Investor Communications Policy outlines the steps that it will take to enable shareholders to engage with the Company in an informed manner and to allow them to make informed assessments of Sky's value and future prospects, and vote on major decisions where appropriate. The Policy is overseen by Sky's Chief Executive and Chief Financial Officer. A copy of this Policy is available on Sky's website.

Sky uses the following methods to communicate with its investors:

SKY WEBSITE – INVESTOR RELATIONS

Sky's website (<https://www.sky.co.nz/investor-centre>) includes all documentation that has been released to the market to enable investors and stakeholders access to all information about Sky and its governance in one place. This includes copies of annual reports, presentations, media reports, news releases and corporate governance documents. In addition, information may be requested directly from Sky by emailing investorrelations@sky.co.nz to which Sky is committed to responding to in a timely manner.

ELECTRONIC COMMUNICATIONS

Sky is continually striving to improve the efficiency and sustainability of communications with its shareholders by encouraging them to receive communications electronically via the company's share registry, Computershare Investor Services Limited.

ANNUAL SHAREHOLDER MEETING

Shareholders are encouraged to attend Sky's Annual Shareholder Meeting, whether this is held in person or virtually. Details of the Annual Shareholder Meeting and the ways that shareholders can participate are available in the Notice of Meeting which is dispatched to shareholders and made available on Sky's website. Sky ensures that shareholder meetings are held at a reasonable time and place. Sky ensures that all resolutions at a shareholders' meeting are decided by a poll.

The notices of shareholder meetings include explanatory notices regarding the resolutions to be considered by Sky's shareholder meetings. Sky's external auditors, legal representatives and share registrar attend the Annual Shareholder Meeting. Directors, management and external auditors are available to answer any questions from shareholders at the Annual Shareholder Meeting. Details of how shareholders unable to attend the Annual Shareholder Meeting can submit questions in advance are included in the Notice of Meeting and explanatory notes.

SKY EXECUTIVES

Sky's officers are listed on the back page of Sky's 2021 annual report and are available to answer questions from shareholders at Sky's Annual Shareholder Meeting.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Sky Network Television Limited

ABN/ARBN

70 653 143 224

Financial year ended:

30 June 2021

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website: <https://www.sky.co.nz/investor-centre/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 25 August 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 25 August 2021

Name of authorised officer authorising lodgement: James Bishop

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: https://www.sky.co.nz/investor-centre/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at: https://www.sky.co.nz/investor-centre/corporate-governance (see Diversity Policy)</p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p>Corporate Governance Statement (https://www.sky.co.nz/investor-centre/corporate-governance) and our Annual Report (pg 103).....</p> <p>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>Corporate Governance Statement, Board Charter and People and Performance Committee Charter (located at https://www.sky.co.nz/investor-centre/corporate-governance), and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) </p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) </p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input checked="" type="checkbox"/> [If the entity complies with paragraph (a):] and we have disclosed a copy of the charter of the committee at: and the information referred to in paragraphs (4) and (5) at:</p> <p>..... [insert location]</p> <p>[If the entity complies with paragraph (b):] and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) [insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: ... Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance)</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors at:</p> <p>..... Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance)</p> <p>.....</p> <p>and, where applicable, the information referred to in paragraph (b) at:</p> <p>.....Annual Report (pg 102)</p> <p>.....</p> <p>[insert location]</p> <p>and the length of service of each director at:</p> <p>... Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance)</p> <p>.....</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<input checked="" type="checkbox"/>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input type="checkbox"/> and we have disclosed our values at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: https://www.sky.co.nz/investor-centre/corporate-governance (see Code of Ethics)	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: https://www.sky.co.nz/investor-centre/corporate-governance (see Protected Disclosure/ Whistleblowing Policy)	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: [insert location]	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: https://www.sky.co.nz/investor-centre/corporate-governance (see Audit and Risk Committee Charter)</p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>Experience and qualifications of committee members are set out in the Annual Report (see Board biographies) and the Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance).</p> <p>Number of committee meetings and attendance is set out in the Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance).</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: https://www.sky.co.nz/investor-centre/corporate-governance (see Continuous Disclosure Policy)	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://www.sky.co.nz/investor-centre/corporate-governance	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: https://www.sky.co.nz/investor-centre/corporate-governance (see Investor Communications Policy)	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

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6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<input checked="" type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: https://www.sky.co.nz/investor-centre/corporate-governance (see Audit and Risk Committee Charter) and the information referred to in paragraphs (4) and (5) at: Experience and qualifications of committee members are set out in the Annual Report (see Board biographies) and the Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance). Number of committee meetings and attendance is set out in the Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance). <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: ... Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) <i>[insert location]</i>	<input type="checkbox"/> set out in our Corporate Governance Statement

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p><input checked="" type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>...See Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance) and Audit and Risk Committee Charter (https://www.sky.co.nz/investor-centre/corporate-governance)</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p>... See Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance)</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: https://www.sky.co.nz/investor-centre/corporate-governance (see People & Performance Committee Charter) and the information referred to in paragraphs (4) and (5) at: See Corporate Governance Statement (located at https://www.sky.co.nz/investor-centre/corporate-governance)</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	<input checked="" type="checkbox"/> and we have disclosed our policy on this issue or a summary of it at: ... https://www.sky.co.nz/investor-centre/corporate-governance (see Securities Trading Policy) [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable

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ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the information referred to in paragraphs (a) and (b) at:</p> <p>.....</p> <p>[insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p>[insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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