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23 September 2022

### Capital Return to Shareholders – Initial Court Orders Received

On 25 August 2022 Sky Network Television Limited (**Sky**) announced a proposed return of capital to shareholders of approximately NZ\$70 million or 40 cents per existing share<sup>1</sup> by way of a Court approved scheme of arrangement (**Scheme**). The Scheme was selected as the most appropriate way to return a significant sum to shareholders, offering a fair and efficient mechanism that treats all shareholders equally.

Sky has now received initial orders from the Court to, amongst other things, put the Scheme to shareholders for consideration and approval at Sky's 2022 Annual Shareholder Meeting on 2 November 2022. The Scheme is also conditional on Sky obtaining a binding IRD ruling confirming that the cash sum paid to shareholders under the Scheme is not in lieu of the payment of a dividend.

The effect of the Scheme, once implemented, on Sky Shareholders will be:

- to have one share cancelled for every six shares held (together with all rights attaching to those shares) on the Record Date for the return. Fractions of a share will be rounded up or down to the nearest whole number (with 0.5 rounded up); and
- to receive a cash sum of NZ\$2.40 for each share cancelled (equivalent to approximately 40 cents per existing share at the Record Date). Shareholders with a registered address in Australia on the Record Date will receive these funds in Australian dollars at an exchange rate approved by Sky.

An indicative timetable and key facts about the Scheme are set out below. Further information and full explanatory notes will be included in Sky's 2022 Notice of Annual Meeting which is expected to be issued in early October.

ENDS

Authorised by: James Bishop, Company Secretary

For further information, please contact:

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<sup>1</sup> The price per share cancelled and cancellation ratio have been set such that, where no rounding is applied to a shareholder, that shareholder will receive 40 cents per share held on the record date. Fractional entitlements will be rounded, such that shareholders may receive more, or less, than 40 cents per share held on the record date where rounding is applied to them.

**Indicative timetable:**

<b>Event</b>	<b>Date*</b>
Notice of meeting distributed	October
Annual Meeting / shareholder vote	2 November 2022
Final orders made by the High Court	mid-November
Payment to shareholders	late-November 2022

\*Dates above are indicative only

**Key facts regarding Sky's proposed Capital Return:**

- Sky expects to return approximately \$70 million, or 40 cents per existing share, via a Court approved scheme of arrangement.
- The Scheme is subject to approval of a special resolution of shareholders at Sky's Annual Meeting on 2 November 2022.
- Sky is also seeking a binding ruling from the Commissioner of Inland Revenue to confirm the proposed return of capital is not in lieu of a dividend and this is a condition of the Scheme. The binding ruling is expected to provide certainty in practice that the return of capital generally will not be subject to income tax for New Zealand tax resident shareholders<sup>2</sup>. A class ruling from the Australian Taxation Office (ATO) is also being sought but is not a condition of the return.
- If shareholders approve the Scheme and the binding IRD ruling is obtained, Sky intends to seek final orders from the High Court sanctioning the return of capital. If these final orders are received in mid-November 2022, payment of the capital return would be expected to be made in late November 2022.
- The Scheme will result in the cancellation of shares, with shareholders receiving payment for each cancelled share. The cancellation ratio will be one in six shares, meaning that for every six existing shares at the Record Date, one will be cancelled, with shareholders being paid \$2.40 for each cancelled share.
- Sky has set the cancellation price of NZ\$2.40 per share cancelled after taking into account the Company's share price following the announcement of the capital return on 25 August 2022. In order to return approximately NZ\$70 million of capital to shareholders, applying the cancellation price of NZ\$2.40 results in one share for every six shares held by shareholders being cancelled (subject to rounding).
- The Record Date is the date at which a shareholder will need to own the shares in order to be eligible to receive the return of capital. This date will be determined closer to the time of the payment.
- Following the share cancellation, the number of Sky shares on issue will reduce by approximately 29,144,720 (subject to rounding).
- The capital return process treats all shareholders equally and will not alter shareholders' proportionate shareholding in Sky or future voting and distribution rights (subject to rounding).
- Sky shareholders will receive more information regarding the capital return in the Notice of Meeting that is expected to be released in early October.

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<sup>2</sup> Provided they hold shares on capital account for tax purposes.