



MARKET RELEASE – 28 February 2024

Spark New Zealand Limited H1 FY24 Results

In accordance with the NZX Listing Rules, Spark New Zealand releases the following to the market in relation to Spark New Zealand Limited's H1 FY24 results:

1. Market Release
2. Results Announcement
3. Distribution Notice
4. Interim Financial Statements
5. Investor Presentation
6. Detailed Financial Information

Spark New Zealand's Chief Executive, Jolie Hodson, and Finance Director, Stefan Knight, will discuss the H1 FY24 Results at 10:00am New Zealand time today.

If you would like to join via teleconference, please register by clicking [here](#) or using the below link:

<https://s1.c-conf.com/diamondpass/10036020-4zi7rl.html>

Please note that registered participants will receive their dial in number upon registration.

ASX Appendix 3A.1 will follow this release.

ENDS

Authorised by:

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About Spark

As New Zealand's largest telecommunications and digital services company, Spark's purpose is to help all of New Zealand win big in a digital world. Spark provides mobile, broadband, and digital services to millions of New Zealanders and thousands of New Zealand businesses.

www.sparknz.co.nz



MARKET RELEASE – Wednesday 28 February 2024

Spark announces first half results with new strategy delivering adjusted revenue and EBITDAI growth

- Growth in adjusted¹ revenue and EBITDAI² underpinned by strong performance in mobile and momentum in data centres and high-tech. On a reported basis revenue and EBITDAI declined as Spark cycled the significant net profit declared in FY23 following the TowerCo and Spark Sport transactions
- NPAT³ decreased on an adjusted basis by 4.8% to \$157 million
- H1 FY24 dividend of 13.5 cents per share declared, 100% imputed
- Reaffirmed FY24 EBITDAI, capital expenditure, and total dividend guidance

Spark New Zealand (Spark) today announced its H1 FY24 result, with adjusted revenue and EBITDAI growth against the backdrop of a challenging economic environment.

Spark Chair Justine Smyth said, “The first half of FY24 was characterised by high inflation and cost of living pressures, which flowed through to lower levels of consumer and business confidence. While Spark’s products are largely resilient to economic downturns, they are not immune, and we saw weaker demand in some areas of the business.

“Despite these challenges Spark continued to deliver top-line growth¹ and has made solid progress implementing its new three-year strategy, with cornerstone digital infrastructure investments in data centres and 5G Standalone progressing to plan. With the ongoing exponential growth in data, businesses digitisation and cloud adoption, and the rapid uptake of generative AI, demand for data centre capacity is accelerating, and Spark is well positioned to capture its share of this growing market.

“The Board is pleased to continue delivering returns to shareholders, with \$305 million in TowerCo proceeds returned to date through our on-market share buy-back and a first half dividend of 13.5 cents per share declared, 100% imputed.”

H1 FY24 operating performance

Reported revenue declined 22% to \$1,976 million, reported EBITDAI declined 49.1% to \$530 million, and reported NPAT declined 81.8% to \$157 million, as Spark cycled the significant revenue and net profit declared in FY23, following the TowerCo and Spark Sport transactions.

When adjusting for the one-off benefit in FY23, revenue increased 1.3% to \$1,976 million, driven by ongoing strength in mobile, momentum in data centres and high-tech, continued stabilisation in broadband, and a return to growth in cloud.

When combined with strong cost control holding operating expenses broadly flat, adjusted EBITDAI grew 3.9% to \$530 million. Adjusted NPAT decreased 4.8% to \$157 million, due to a higher interest cost on debt and leases, with second half improvement expected in line with a stronger H2 EBITDAI⁴.

¹ H1 FY23 EBITDAI is adjusted for the impact of the TowerCo gain on sale of \$584 million included in revenue and the Spark Sport provision of \$52 million included in operating expenses, which resulted in a net EBITDAI impact of \$532 million. NPAT is further adjusted for tax effect of the net gain on sale of the TowerCo transaction and the Spark Sport provision totalling \$168 million.

² Earnings before finance income and expense, income tax, depreciation, amortisation, and net investment income (EBITDAI) and capital expenditure (Capex) are non-Generally Accepted Accounting Principles (non-GAAP) performance measures that are defined in note 2.5 of Spark’s Annual Report

³ Net Profit After Tax

⁴ In line with FY24 guidance

Spark maintained its market leading position in mobile⁵, with mobile service revenue increasing 6.3% to \$510 million as the benefit of price increases flowed through and connection growth continued.

Broadband revenue remained broadly stable at \$309 million, despite high levels of price competition in an inflationary environment.

In digital services, Spark stabilised its IT market performance, while driving new growth in data centres and high-tech solutions⁶.

Interventions to improve IT product performance delivered 3.8% growth in cloud revenue, with increased private and public cloud workloads and the launch of a new hybrid cloud service, CloudIQ. Cloud gross margin grew 7.6% as the cost base was reset, with benefits to continue flowing through in the second half. Overall IT revenues held flat at \$345 million, impacted by a slowdown in service management, primarily driven by lower public sector demand.

Spark's 10MW expansion of its Takanini data centre completed in August 2023, with revenue coming online during the half and driving a revenue increase of 38.5% to \$18 million. Spark has a strategic ambition to establish three large-scale data centre campuses in Auckland, supported by a network of regional data centres across the country. In line with this objective, Spark has reached conditional agreement to purchase land within a new development on Auckland's North Shore, where it intends to develop an initial 10MW hyperscale data centre campus, with the option for further expansion.

High-tech revenues⁷ grew 12.9% to \$35 million, driven by significant growth in IoT connections. Digital health revenues reduced 8.7% to \$42 million, as public sector activity remains subdued.

Commenting on the half-year results, Spark CEO Jolie Hodson said, "Mobile remains central to our growth, with service revenues up over 6% and Spark capturing 47% of total mobile connection growth in the half⁸. We have maintained broadband revenues and margin despite high levels of price competition in an inflationary environment, and now have 31% of our customer base on wireless. We have also returned cloud to growth through the successful launch of our new hybrid cloud proposition CloudIQ, with margin benefits flowing through from our cost base reset.

"In an inflationary environment we must remain focussed on disciplined cost control, and as we implement our new strategy we are creating a more efficient, low-cost operating model to ensure we can continue to invest in our growth ambitions.

"Our digital infrastructure investments into data centres and 5G Standalone are progressing at pace. These investments underpin ongoing strength in our core business and new high-tech commercialisation opportunities that will build our growth engines of the future.

"We completed a 10MW expansion at our Takanini data centre site and we are now planning to invest in a new hyperscale data centre campus on Auckland's North Shore, as demand for capacity continues to grow. High-tech revenues increased off the back of strong IoT connection growth, with our IoT networks now supporting over 1.8 million connections.

"I am particularly pleased that our business fundamentals remain healthy and growing – with customer satisfaction up five points, people engagement up three percentage points, and Spark maintaining its position in the Dow Jones Sustainability Australia Index. As always, I would like to recognise our Spark whānau for all their hard work and continued commitment to supporting our customers and our business ambitions."

FY24 guidance

Spark remains committed to delivering its FY24 guidance, subject to no material adverse change in operating outlook:

⁵ Market share estimates sourced from IDC as at 31 December 2023

⁶ H1 FY23 reported NPAT is restated for the final tax calculation on the sale of Connexa Limited as described in Note 2 of the Interim Financial Statements

⁷ Excluding health

⁸ Market share estimates sourced from IDC as at 31 December 2023

- **EBITDAI:** \$1,215 million - \$1,260 million
- **Capital expenditure:** ~\$510-\$530 million
- **Total dividend per share:** 27.5 cents per share, 100% imputed

Authorised by:

Chante Mueller
Head of Investor Relations & Insurance

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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

For personal use only

Results for announcement to the market		
Name of issuer	Spark New Zealand Limited	
Reporting Period	6 months to 31 December 2023	
Previous Reporting Period	6 months to 31 December 2022	
Currency	NZD - New Zealand Dollar	
	Amount (000s)	Percentage change
Revenue from continuing operations	NZD\$1,976,000	(22.0%)
Total Revenue	NZD\$1,976,000	(22.0%)
Net profit/(loss) from continuing operations	NZD\$157,000	(81.8%)
Total net profit/(loss)	NZD\$157,000	(81.8%)
Interim/Final Dividend		
Amount per Quoted Equity Security	NZD\$0.13500000 (comprised only of an ordinary dividend)	
Imputed amount per Quoted Equity Security	NZD\$0.05250000	
Record Date	22 March 2024	
Dividend Payment Date	5 April 2024	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	As at 31 December 2023: NZD\$0.44	As at 31 December 2022: NZD\$0.67
A brief explanation of any of the figures above necessary to enable the figures to be understood	Movements from the prior period are compared to restated amounts for H1 FY23 which have been adjusted for the final tax impact of the net gain on sale of Connexa Limited. Changes in Spark’s earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) are provided in the addendum.	
Authority for this announcement		
Name of person authorised to make this announcement	Stefan Knight, Finance Director (CFO)	
Contact person for this announcement	Chante Mueller, Head of Investor Relations & Insurance	
Contact phone number	+64 (0) 27 469 3062	
Contact email address	investor-info@spark.co.nz	
Date of release through MAP	28 February 2024	

Unaudited financial statements accompany this announcement.

Addendum:

	Amount (000s)	Percentage change
Reported earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Reported EBITDAI)	NZD\$530,000	(49.1%)
Adjusted ¹ earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Adjusted EBITDAI)	NZD\$530,000	3.9%

¹ Adjusted earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) excludes the impact of the net gain on sale of Connexa Limited of \$584 million and the one-off provision of \$52 million for Spark Sport. EBITDAI and Adjusted EBITDAI are non-GAAP measures which are defined and reconciled in note 4 of Spark's interim financial statements.



Distribution Notice

Section 1: Issuer information

Name of issuer	Spark New Zealand Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	SPK			
ISIN (If unknown, check on NZX website)	NZ TELE0001S4			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	No		
Record date	22 March 2024			
Ex-Date (one business day before the Record Date)	21 March 2024			
Payment date (and allotment date for DRP)	5 April 2024 AUST & NZ; 15 April 2024 USA			
Total monies associated with the distribution	NZD\$244,910,990 (1,814,155,480 shares @ \$0.135 per share)			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD – New Zealand Dollar			

Section 2: Distribution amounts per financial product

Gross distribution	NZD\$0.18750000
Gross taxable amount	NZD\$0.18750000
Total cash distribution	NZD\$0.13500000
Excluded amount (applicable to listed PIEs)	N/A
Supplementary distribution amount	NZD\$0.02382353

Section 3: Imputation credits and Resident Withholding Tax

Is the distribution imputed	Fully imputed
	Partial imputation
	No imputation
If fully or partially imputed, please state imputation rate as % applied	28%
Imputation tax credits per financial product	NZD\$0.05250000

Resident Withholding Tax per financial product	NZD\$0.00937500	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	N/A	
Start date and end date for determining market price for DRP	N/A	N/A
Date strike price to be announced (if not available at this time)	N/A	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	N/A	
DRP strike price per financial product	N/A	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	N/A	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Stefan Knight, Finance Director (CFO)	
Contact person for this announcement	Chante Mueller, Head of Investor Relations & Insurance	
Contact phone number	+64 (0) 27 469 3062	
Contact email address	investor-info@spark.co.nz	
Date of release through MAP	28 February 2024	



INTERIM FINANCIAL STATEMENTS

FY2024

Interim financial statements

For the six months ended 31 December 2023

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These interim financial statements do not include all the notes and information normally included in the annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements for the year ended 30 June 2023.

Statement of profit or loss and other comprehensive income

SIX MONTHS ENDED 31 DECEMBER

		2023	RESTATED ¹
		UNAUDITED	2022
	NOTES	\$M	UNAUDITED
		\$M	\$M
Operating revenues and other gains ²		1,976	2,534
Operating expenses ²		(1,446)	(1,492)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	4	530	1,042
Finance income		14	16
Finance expense		(63)	(43)
Depreciation and amortisation		(251)	(248)
Net investment income		(3)	(1)
Net earnings before income tax	3	227	766
Tax (expense)/income ²		(70)	99
Net earnings for the period	4	157	865
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of long-term investments designated at fair value through other comprehensive income	5	(12)	(26)
<i>Items that may be reclassified to profit or loss:</i>			
Translation of foreign operations		(1)	(1)
Change in hedge reserves net of tax		(13)	5
Other comprehensive income for the period		(26)	(22)
Total comprehensive income for the period		131	843
Earnings per share			
Basic earnings per share (cents)		8.6	46.2
Diluted earnings per share (cents)		8.5	46.1
Weighted average ordinary shares (millions)		1,835	1,872
Weighted average ordinary shares and options (millions)		1,838	1,875

See accompanying notes to the interim financial statements.

1 Restated for the final tax impact of the net gain on sale of Connexa, see note 2 for further details.

2 These comparative items were materially impacted by the Connexa transaction and the Spark Sport provision, see note 4 for further details.

Statement of financial position

		AS AT 31 DECEMBER 2023 UNAUDITED \$M	AS AT 30 JUNE 2023 AUDITED \$M
	NOTES		
Current assets			
Cash		99	100
Short-term receivables and prepayments		884	899
Short-term derivative assets		-	1
Inventories		107	79
Taxation recoverable		8	-
Total current assets		1,098	1,079
Non-current assets			
Long-term receivables and prepayments		521	432
Long-term derivative assets		12	27
Long-term investments	5	232	254
Deferred tax assets		58	55
Right-of-use assets		511	488
Leased customer equipment assets		72	77
Property, plant and equipment		1,319	1,264
Intangible assets		876	806
Total non-current assets		3,601	3,403
Total assets		4,699	4,482
Current liabilities			
Short-term payables, accruals and provisions		487	507
Taxation payable		-	25
Short-term derivative liabilities		4	4
Short-term lease liabilities		87	78
Debt due within one year	6	518	236
Total current liabilities		1,096	850
Non-current liabilities			
Long-term payables, accruals and provisions		76	82
Long-term derivative liabilities		75	94
Long-term lease liabilities		715	700
Long-term debt	6	1,069	816
Total non-current liabilities		1,935	1,692
Total liabilities		3,031	2,542
Equity			
Share capital		810	965
Reserves		(422)	(396)
Retained earnings		1,280	1,371
Total equity		1,668	1,940
Total liabilities and equity		4,699	4,482

See accompanying notes to the interim financial statements.

On behalf of the Board



Justine Smyth, CNZM

Chair

Authorised for issue on 28 February 2024



Jolie Hodson,
Chief Executive

Statement of changes in equity

SIX MONTHS ENDED 31 DECEMBER 2023 UNAUDITED	SHARE CAPITAL \$M	RETAINED EARNINGS \$M	HEDGE RESERVES \$M	SHARE- BASED COMPEN- SATION RESERVE \$M	VALUATION RE- SERVE \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	TOTAL \$M
Balance at 1 July 2023	965	1,371	11	2	(387)	(22)	1,940
Net earnings for the period	-	157	-	-	-	-	157
Other comprehensive income for the period	-	-	(13)	-	(12)	(1)	(26)
Total comprehensive income for the period	-	157	(13)	-	(12)	(1)	131
Contributions by, and distributions to, owners:							
Dividends	-	(249)	-	-	-	-	(249)
Supplementary dividends	-	(25)	-	-	-	-	(25)
Tax credit on supplementary dividends	-	25	-	-	-	-	25
Share buy-back	(159)	-	-	-	-	-	(159)
Issuance of shares under share schemes	4	-	-	1	-	-	5
Other transfers	-	1	-	(1)	-	-	-
Total transactions with owners for the period	(155)	(248)	-	-	-	-	(403)
Balance at 31 December 2023	810	1,280	(2)	2	(399)	(23)	1,668

SIX MONTHS ENDED 31 DECEMBER 2022 RESTATED ¹ UNAUDITED	SHARE CAPITAL \$M	RETAINED EARNINGS \$M	HEDGE RESERVES \$M	SHARE- BASED COMPEN- SATION RESERVE \$M	VALUATION RE- SERVE \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	TOTAL \$M
Balance at 1 July 2022	1,105	722	8	5	(343)	(22)	1,475
Net earnings for the period	-	865	-	-	-	-	865
Other comprehensive income for the period	-	-	5	-	(26)	(1)	(22)
Total comprehensive income for the period	-	865	5	-	(26)	(1)	843
Contributions by, and distributions to, owners:							
Dividends	-	(234)	-	-	-	-	(234)
Supplementary dividends	-	(24)	-	-	-	-	(24)
Tax credit on supplementary dividends	-	24	-	-	-	-	24
Issuance of shares under share schemes	3	-	-	(1)	-	-	2
Other transfers	3	-	-	-	-	-	3
Total transactions with owners for the period	6	(234)	-	(1)	-	-	(229)
Balance at 31 December 2022	1,111	1,353	13	4	(369)	(23)	2,089

1 Restated for the final tax impact of the net gain on sale of Connexa, see note 2 for further details.

Statement of cash flows

SIX MONTHS ENDED 31 DECEMBER

	NOTE	2023 UNAUDITED \$M	2022 UNAUDITED \$M
Cash flows from operating activities			
Receipts from customers		1,972	1,975
Receipts from interest		13	16
Payments to suppliers and employees		(1,519)	(1,460)
Payments for income tax		(101)	(120)
Payments for interest on debt		(31)	(23)
Payments for interest on leases		(23)	(15)
Payments for interest on leased customer equipment assets		(4)	(4)
Net cash flows from operating activities	7	307	369
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		14	1
Proceeds from sale of business		-	894
Receipts from finance leases		1	1
Payments for purchase of business, net of cash acquired		(2)	-
Receipts from loans receivable		10	-
Payments for, and advances to, long-term investments		(1)	(2)
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum), and capacity		(347)	(246)
Payments for capitalised interest		(6)	(5)
Net cash flows from investing activities		(331)	643
Cash flows from financing activities			
Net proceeds from/(repayments of) debt		489	(517)
Payments for dividends		(249)	(234)
Payments for share buy-back		(159)	-
Payments for leases		(38)	(31)
Payments for leased customer equipment assets		(20)	(15)
Net cash flows from financing activities		23	(797)
Net cash flow		(1)	215
Opening cash position		100	71
Closing cash position		99	286

See accompanying notes to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 About this report

Reporting entity

These unaudited interim financial statements are for Spark New Zealand Limited (the Company) and its subsidiaries (together Spark or 'the Group') for the six months ended 31 December 2023.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

Basis of preparation

The interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*, as appropriate for profit-oriented entities.

The accounting policies adopted are consistent with those followed in the preparation of Spark's annual financial statements for the year ended 30 June 2023. The preparation of the interim financial statements requires management to make estimates and assumptions. Spark has been consistent in applying the estimates and assumptions adopted in the annual financial statements for the year ended 30 June 2023. Certain comparative information has been updated to conform with the current year's presentation.

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The only significant variances between instruments held at amortised cost and their fair value relate to long-term debt. There were no changes in valuation techniques during the period. Spark's derivatives are held at fair value, calculated using discounted cash flow models and observable market rates of interest and foreign exchange. This represents a Level 2 measurement under the fair value measurement hierarchy, being inputs other than quoted prices included within Level 1 that are observable for the asset or liability. The fair value of receivables and prepayments are approximately equal to their carrying value.

As at 31 December 2023, capital expenditure amounting to \$461 million (31 December 2022: \$466 million) had been committed under contractual arrangements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 2 Significant transactions and events for the current period

The following significant transactions and events affected the financial performance and financial position of Spark for the six month period to 31 December 2023 or subsequent to balance date:

Share buy-back

- On 6 April 2023, Spark commenced an on-market share buy-back. The shares are being acquired on the NZX and ASX, at prices that are in line with the prevailing market price from time to time during the period of the buy-back. Spark reserves the right to vary, suspend without notice, or terminate the buy-back programme at any time. As at 31 December 2023, 60 million shares with a value of \$305 million had been repurchased and cancelled under the scheme, which is 87% of the way through the previously committed programme. In the six months ended 31 December 2023, 32 million shares with a value of \$159 million were repurchased.

Debt programme (see note 6)

- On 27 October 2023, Spark extended the term of its \$200 million committed revolving sustainability-linked loan facility with Westpac New Zealand Limited by three years, to mature on 30 November 2026.

Capital expenditure

- Spark's additions to property, plant and equipment, intangible assets (excluding spectrum) and capacity right-of-use assets were \$286 million, details of which are available in a separate detailed financials file on the investor section of Spark's website at: investors.sparknz.co.nz/investor-centre.

Dividends

- Dividends paid during the six month period ended 31 December 2023 in relation to the H2 FY23 second-half ordinary dividend of 13.5 cents per share totalled \$249 million.

Comparative tax income restatement

- Final tax impact of the net gain on sale of Connexa

- During H1 FY23 Spark sold its subsidiary Connexa Limited (Connexa) and recognised a net gain of \$584 million at 31 December 2022. For H1 FY23, a \$126 million reduction to tax expense was recognised due to the difference between the right-of-use assets and lease liabilities recognised at the date of the transaction. At 30 June 2023, when the final tax calculation was performed, it was also identified that a tax adjustment was required for the impact of the disposal of assets of \$94 million and unearned revenue of \$5 million. At a tax rate of 28% this resulted in a total increase to tax income of \$28 million. The comparative results at 31 December 2022 have been restated for this, which has increased tax income from \$71 million to \$99 million. The corresponding entry was primarily to taxation payable as at 31 December 2022. There is no impact on the 30 June 2023 reported result.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 3 Segment information

The segment results disclosed are based on those reported to the Chief Executive and are how Spark reviews its performance. Spark's segments are measured based on product margin, which includes product operating revenues and direct product costs. The segment results exclude other gains, labour, other operating expenses, finance income and expense, depreciation and amortisation, net investment income and income tax expense, as these are assessed at an overall Group level by the Chief Executive.

Comparative segment results

Spark has reclassified the comparative segment results to:

- Redistribute certain revenues between two new categories IT products (previously cloud, collaboration, managed data and networks) and IT services (previously service management and security)
- Move Qrious, Internet of Things, and MATTR from other products into a new high-tech category
- Split data centres out from cloud, and split co-location out from other products to create a combined data centres category.

There is no change to the overall Spark reported result because of these changes.

SIX MONTHS ENDED 31 DECEMBER

UNAUDITED	2023			2022		
	OPERATING REVENUES	PRODUCT COSTS	PRODUCT MARGIN	OPERATING REVENUES	PRODUCT COSTS	PRODUCT MARGIN
	\$M	\$M	\$M	\$M	\$M	\$M
Mobile	749	(253)	496	732	(255)	477
Procurement and partners	339	(315)	24	319	(292)	27
Broadband	309	(161)	148	313	(164)	149
IT products	261	(122)	139	254	(118)	136
Voice	94	(43)	51	122	(51)	71
IT services	84	(14)	70	91	(14)	77
High-tech (excl. health ¹)	35	(13)	22	31	(8)	23
Data centres	18	(1)	17	13	(1)	12
Other products ²	68	(22)	46	71	(46)	25
Segment results	1,957	(944)	1,013	1,946	(949)	997

1 Health results are included across a range of product categories above.

2 Other products includes mobile infrastructure, exchange building sharing arrangements and Spark Sport (in H1 FY23).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 3 Segment information (continued)

Reconciliation from segment product margin to consolidated net earnings before income tax

SIX MONTHS ENDED 31 DECEMBER	2023	2022
UNAUDITED	\$M	\$M
Segment product margin	1,013	997
Other gains		
Net gain on sale of Connexa	-	584
Gain on sale and acquisition of property, plant and equipment and intangibles	17	-
Gain on lease modifications and terminations	2	4
Labour	(279)	(269)
Other operating expenses		
Network support costs	(40)	(45)
Computer costs	(52)	(57)
Accommodation costs	(48)	(40)
Advertising, promotions and communication	(33)	(33)
Bad debts	(7)	(4)
Spark Sport provision	-	(52)
Other	(43)	(43)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	530	1,042
Finance income		
Finance lease interest income	4	4
Other interest income	10	12
Finance expense		
Finance expense on long-term debt	(33)	(22)
Other interest and finance expenses	(8)	(7)
Lease interest expense	(24)	(15)
Leased customer equipment interest expense	(4)	(4)
Capitalised interest	6	5
Depreciation and amortisation expense		
Depreciation - property, plant and equipment	(112)	(114)
Depreciation - right-of-use assets	(42)	(36)
Depreciation - leased customer equipment assets	(17)	(19)
Amortisation - intangible assets	(80)	(79)
Net investment income		
Share of associates' and joint ventures' net losses	(8)	(3)
Interest income on loans receivable from associates and joint ventures	6	2
Net loss on remeasurement of equity accounted investments	(1)	-
Net earnings before income tax	227	766

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 4 Non-GAAP measures

Spark uses non-GAAP financial measures that are not prepared in accordance with NZ IFRS. Spark believes that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the financial performance, financial position or returns of Spark. These measures are also used internally to evaluate performance of products, to analyse trends in cash-based expenses, to establish operational goals and allocate resources. However, they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS, as they are not uniformly defined or utilised by all companies in New Zealand or the telecommunications industry.

Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)

Spark calculates EBITDAI by adding back finance expense, depreciation and amortisation and income tax expense and subtracting finance income and net investment income (which includes Spark's share of net profits or losses from associates and joint ventures, interest income on loans receivable from associates and joint ventures, net gain on remeasurement of equity accounted investments and dividend income) to net earnings. A reconciliation of Spark's EBITDAI and adjusted EBITDAI is provided below and based on amounts taken from, and consistent with, those presented in these interim financial statements.

SIX MONTHS ENDED 31 DECEMBER	2023	RESTATED 2022
UNAUDITED	\$M	\$M
Net earnings for the period reported under NZ IFRS	157	865
Less: finance income	(14)	(16)
Add back: finance expense	63	43
Add back: depreciation and amortisation	251	248
Less: net investment income	3	1
Add back: tax expense/(income)	70	(99)
EBITDAI	530	1,042

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 4 Non-GAAP measures (continued)

Adjusted EBITDAI and adjusted net earnings

Spark's policy is to present 'adjusted EBITDAI' and 'adjusted net earnings' when a financial year includes significant items (such as gains, expenses and impairments) individually greater than \$25 million. In the six months ended 31 December 2023 there were no adjusting items. In the six months ended 31 December 2022, the net gain on sale of Connexa of \$584 million and the one off provision of \$52 million for Spark Sport were deemed significant items to adjust.

SIX MONTHS ENDED 31 DECEMBER	2023	2022
UNAUDITED	\$M	\$M
EBITDAI	530	1,042
Less: net gain on sale of Connexa	-	(584)
Add: Spark Sport provision	-	52
Adjusted EBITDAI	530	510

SIX MONTHS ENDED 31 DECEMBER	2023	RESTATED 2022
UNAUDITED	\$M	\$M
Net earnings for the period reported under NZ IFRS	157	865
Less: net gain on sale of Connexa	-	(584)
Add: Spark Sport provision	-	52
Less: tax effect of net gain on sale of Connexa and Spark Sport provision	-	(168)
Adjusted net earnings	157	165

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 5 Long-term investments

		AS AT 31 DECEMBER 2023 UNAUDITED \$M	AS AT 30 JUNE 2023 AUDITED \$M
	Measurement basis		
Shares in Hutchison	Fair value through other comprehensive income	49	61
Investment in associates and joint ventures	Equity method	177	187
Other long-term investments	Cost	6	6
		232	254

Spark holds a 10% interest in Hutchison Telecommunications Australia Limited (Hutchison) which is quoted on the ASX and its fair value is measured using the observable bid share price as quoted on the ASX, classified as being within Level 1 of the fair value hierarchy. As at 31 December 2023 the quoted price of Hutchison's shares on the ASX was AU\$0.034 (30 June 2023: AU\$0.042). The decrease in fair value of \$12 million is recognised in other comprehensive income (31 December 2022: \$26 million decrease).

Included within investment in associates and joint ventures is \$78 million for Spark's investment in the Connexa group.

Investment in associates and joint ventures

Spark's investment in associates and joint ventures at 31 December 2023 consists of the following:

NAME	TYPE	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Flok Limited	Associate	New Zealand	38%	Hardware and software development
FrodoCo Holdings Limited	Associate	New Zealand	17%	A holding company for Connexa
Hourua Limited	Joint Venture	New Zealand	50%	Delivering the Public Safety Network
Pacific Carriage Holdings Limited, Inc.	Associate	United States	41%	A holding company
Rural Connectivity Group Limited	Joint Venture	New Zealand	33%	Rural broadband
Southern Cross Cables Holdings Limited	Associate	Bermuda	41%	A holding company
TNAS Limited	Joint Venture	New Zealand	50%	Telecommunications development

On 19 October 2023, Spark increased its holding in its investment in associate, Adroit Holdings Limited, an environmental IoT solutions company, from 47% to 100% making it a wholly owned subsidiary.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 6 Debt

				AS AT 31 DECEMBER 2023 UNAUDITED \$M	AS AT 30 JUNE 2023 AUDITED \$M	
FACE VALUE	FACILITY	COUPON RATE	MATURITY			
Short-term debt						
Short-term borrowings		Variable	< 1 month	30		
Commercial paper		Variable	< 4 months	247	90	
				277	90	
Supplier financing arrangements ¹						
Amounts due within one year		Variable	< 31/10/2027	17	9	
Amounts due in more than a year		Variable	< 31/10/2027	9	-	
				26	9	
Bank funding						
Commonwealth Bank of Australia ²		100 million NZD	Variable	30/11/2024	100	100
MUFG Bank, Ltd. ²		125 million NZD	Variable	30/11/2025	125	-
Westpac New Zealand Limited ²		200 million NZD	Variable	30/11/2026	200	15
				425	115	
Domestic notes						
125 million NZD		3.37%	07/03/2024	124	122	
125 million NZD		3.94%	07/09/2026	119	116	
100 million NZD ³		4.37%	29/09/2028	100	100	
				343	338	
Foreign currency Medium Term Notes						
Australian Medium Term Notes - 100 million AUD		1.90%	05/06/2026	99	97	
Australian Medium Term Notes - 150 million AUD		4.00%	20/10/2027	156	154	
Australian Medium Term Notes - 125 million AUD		2.60%	18/03/2030	115	112	
Norwegian Medium Term Notes - 1 billion NOK ⁴		3.07%	19/03/2029	146	137	
				516	500	
				1,587	1,052	
Debt due within one year				518	236	
Long-term debt				1,069	816	

1 With respect to arrangements with outstanding liabilities at 31 December 2023, including those entered into in prior years, financing providers have paid suppliers a total of \$59 million and Spark has made payments against these arrangements of \$33 million, resulting in a closing liability of \$26 million as at 31 December 2023 (30 June 2023: financiers have paid suppliers \$30 million, payments of \$21 million have been made by Spark, resulting in a closing liability of \$9 million). Amounts paid under these arrangements are presented in the statement of cash flows within financing activities.

2 These facilities are Sustainability-Linked Loans. Spark will receive lower interest rates if it achieves sustainability targets or pay higher rates on the loans if it falls short of these targets.

3 This bond is a Sustainability-Linked Bond. The bond includes an interest rate step up if Spark fails to meet its sustainability target as at 30 June 2026.

4 Norwegian krone.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 6 Debt (continued)

There have been no changes in Spark's short-term financing programmes or stand-by facilities since 30 June 2023. Changes in long-term financing are disclosed in note 2 of these interim financial statements.

The fair value of long-term debt, including long-term debt due within one year, based on market observable prices, was \$1,327 million compared to a carrying value of \$1,310 million as at 31 December 2023 (30 June 2023: fair value of \$973 million compared to a carrying value of \$962 million).

	AS AT 31 DECEMBER 2023 UNAUDITED \$M	AS AT 30 JUNE 2023 AUDITED \$M
Total debt	1,587	1,052
Less: short-term debt	(277)	(90)
Total long-term debt (including long-term debt due within one year)	1,310	962

Net debt

Net debt at hedged rates, the primary net debt measure Spark monitors, includes long-term debt at the value of hedged cash flows due to arise on maturity, plus short-term debt, less any cash. Net debt at carrying value includes the non-cash impact of fair value hedge adjustments and any unamortised discount.

Net debt at hedged rates is a non-GAAP measure and is not defined in accordance with NZ IFRS but is a measure used by management. A reconciliation of net debt at hedged rates and net debt at carrying value is provided below:

	AS AT 31 DECEMBER 2023 UNAUDITED \$M	AS AT 30 JUNE 2023 AUDITED \$M
Cash	(99)	(100)
Short-term debt at face value	280	90
Long-term debt at face value	1,361	1,035
Net debt at face value	1,542	1,025
To retranslate debt balances at swap rates where hedged by currency swaps	15	14
Net debt at hedged rates¹	1,557	1,039
<i>Non-cash adjustments</i>		
Impact of fair value hedge adjustments ²	10	11
Unamortised discount	(3)	(1)
Net debt at carrying value	1,564	1,049

¹ Net debt at hedged rates is the value of hedged cash flows due to arise on maturity and includes an adjustment to state the principal of foreign currency medium term notes at the hedged currency rate.

² Fair value hedge adjustments arise on domestic notes in fair value hedges and foreign currency medium term notes in dual fair value and cash flow hedges. These have no impact on the cash flows to arise on maturity.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 7 Reconciliation of net earnings to net cash flows from operating activities

SIX MONTHS ENDED 31 DECEMBER	2023	RESTATED 2022
UNAUDITED	\$M	\$M
Net earnings for the period	157	865
Adjustments to reconcile net earnings to net cash flows from operating activities		
Depreciation and amortisation	251	248
Bad and doubtful accounts	8	5
Deferred income tax ¹	2	(173)
Share of associates' and joint ventures' net losses	8	3
Interest income on loans receivable from associates and joint ventures	(6)	(2)
Net loss on remeasurement of equity accounted investments	1	-
Gain on sale and acquisition of property, plant and equipment and intangibles	(17)	-
Gain on lease modifications and terminations	(2)	(4)
Net gain on sale of Connexa	-	(584)
Other	4	(2)
Spark Sport provision	-	52
Changes in assets and liabilities net of effects of non-cash and investing and financing activities		
Movement in receivables and related items	(50)	(4)
Movement in inventories	(26)	(1)
Movement in current taxation	(33)	(46)
Movement in payables and related items	10	12
Net cash flows from operating activities	307	369

¹ The comparative primarily relates to the net gain on sale of Connexa.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 8 Dividends

On 27 February 2024, the Board approved the payment of a first-half ordinary dividend of 13.5 cents per share or approximately \$245 million. The dividend will be 100% imputed. In addition, supplementary dividends totalling approximately \$25 million will be payable to shareholders who are not resident in New Zealand. In accordance with the Income Tax Act 2007, Spark will receive a tax credit from Inland Revenue equivalent to the amount of supplementary dividends paid.

	H1 FY24 ORDINARY DIVIDENDS
Dividends declared	
Ordinary shares	13.5 cents
American Depositary Shares ¹	42.59 US cents
Imputation	
Percentage imputed	100%
Imputation credits per share	5.2500 cents
Supplementary dividend per share ²	2.3824 cents
'Ex' dividend dates	
New Zealand Stock Exchange	21/03/24
Australian Securities Exchange	21/03/24
American Depositary Shares	21/03/24
Record dates	
New Zealand Stock Exchange	22/03/24
Australian Securities Exchange	22/03/24
American Depositary Shares	22/03/24
Payment dates	
New Zealand and Australia	5/04/24
American Depositary Shares	15/04/24

¹ Spark's American Depositary Shares, each representing five ordinary Spark shares and evidenced by American Depositary Receipts (ADRs), are traded over-the-counter in the United States. This is a Level 1 ADR programme that is sponsored by Bank of New York Mellon. For H1 FY24, these are based on the exchange rate at 23 February 2024 of NZ\$1 to US\$0.6195 and a ratio of five ordinary shares per one American Depositary Share. The actual exchange rate used for conversion is determined in the week prior to payment when the Bank of New York performs the physical currency conversion.

² Supplementary dividends are paid to non-resident shareholders.



Independent Auditor's Review Report to The Shareholders of Spark New Zealand Limited

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of Spark New Zealand Limited ('the Company') and its subsidiaries ('the Group') on pages 3 to 17 which comprise the statement of financial position as at 31 December 2023, and, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and notes to the interim financial statements, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed* by the Independent Auditor of the Entity ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for Spark New Zealand Limited in relation to the regulatory audit, other assurance related services (such as trustee reporting), compliance services and non-assurance services provided to the Corporate Taxpayer Group. These services have not impaired our independence as auditor of the Group. In addition to this, the Chief Executive has both a sister and brother-in-law that are partners at Deloitte. These Deloitte partners are not involved in the provision of any services to the Company and its subsidiaries and this matter has not impacted our independence. Also, partners and employees of our firm deal with Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in the Group.

Directors' responsibilities for the interim financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our engagement, for this report, or for the conclusions we have formed.



**Jason Stachurski, Partner
for Deloitte Limited**

Auckland, New Zealand
28 February 2024

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Spark New Zealand

H1 FY24 Results Summary

Jolie Hodson, Chief Executive Officer
Stefan Knight, Chief Financial Officer

H1 FY24 Financial Snapshot

SPK-26 strategy delivering adjusted revenue and EBITDAI growth



\$1,976m

1.3% increase vs. adjusted H1 FY23

ADJUSTED REVENUE⁽¹⁾⁽²⁾



\$530m

3.9% increase vs. adjusted H1 FY23

ADJUSTED EBITDAI⁽²⁾⁽³⁾



\$157m

4.8% decrease vs. adjusted H1 FY23

ADJUSTED NPAT⁽²⁾⁽⁴⁾

\$286m

14.4% increase vs. H1 FY23

CAPEX⁽³⁾



\$46m

60% decrease vs. H1 FY23

FREE CASH FLOW



13.5c

H1 FY24 dividend

TOTAL FY24 DIVIDEND OF 27.5cps

0.5c increase vs. FY23



\$1,976m

22.0% decrease vs. reported H1 FY23

REPORTED REVENUE⁽¹⁾



\$530m

49.1% decrease vs. reported H1 FY23

REPORTED EBITDAI⁽³⁾



\$157m

81.8% decrease vs. reported H1 FY23

REPORTED NPAT⁽⁴⁾

⁽¹⁾ Operating revenues and other gains

⁽²⁾ H1 FY23 EBITDAI is adjusted for the impact of the TowerCo gain on sale of \$584m included in revenue and the Spark Sport provision of \$52m included in operating expenses. Net EBITDAI impact of \$532m. NPAT is further adjusted for the tax effect of the net gain on sale of the TowerCo transaction and the Spark Sport provision totalling \$168m

⁽³⁾ Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) and capital expenditure (CAPEX) are non-Generally Accepted Accounting Principles (non-GAAP) performance measures that are defined in note 2.5 of Spark's Annual Report

⁽⁴⁾ H1 FY23 reported NPAT is restated for the final tax calculation on the sale of Connexa Limited as described in note 2 of the Interim Financial Statements



H1 FY24 Results Summary

Market momentum and cost control underpinning adjusted revenue and EBITDAI growth in challenging environment

Top-line growth⁽¹⁾ in challenging economic environment

- Delivered adjusted revenue growth of 1.3% to \$1,976 million, reflecting strength of market positions
- In telco, mobile remains central to growth, with service revenue up 6.3%, while broadband revenue and share remained broadly stable
- In digital services, cloud is back in growth, while total IT revenues were flat and digital health revenues down, primarily due to lower public sector demand
- Data centres revenue up as Takanini expansion came online, and high-tech growth driven by strong IoT performance
- Cost discipline held operating expenses broadly flat, supporting adjusted EBITDAI growth of 3.9% to \$530 million
- Adjusted NPAT decreased 4.8% to \$157 million due to higher average interest rates on debt and higher interest payments on Connexa leases, with second half improvement expected in line with stronger H2 EBITDAI⁽²⁾
- Larger share of capital investment in H1 to gain a fast start on strategy and implement upgrade programmes resulting in lower free cash flow. Remain committed to FY24 capex guidance and FCF aspiration of ~\$490-\$530 million

SPK-26 strategy on track, with growth investments progressing to plan

- Data centre growth strategy accelerating with conditional agreement to purchase land within new development on Auckland's North Shore, and intent to develop an initial 10MW hyperscale data centre campus on the site, with the option for further expansion
- Broader digital infrastructure investments progressing to plan, with 5G now in 95 locations and 5G core build on track
- Business fundamentals healthy and growing – customer satisfaction up 5 points, people engagement up 3 percentage points, and maintained position in Dow Jones Sustainability Australia Index

Continue to deliver shareholder returns

- Continue to deliver shareholder returns with \$305 million returned to shareholders via on-market share buy-back to date, a H1 FY24 dividend of 13.5 cps 100% imputed declared, and total FY24 dividend of 27.5 cps 100% imputed reaffirmed in line with guidance

⁽¹⁾H1 FY23 EBITDAI is adjusted for the impact of the TowerCo gain on sale of \$584m included in revenue and the Spark Sport provision of \$52m included in operating expenses. Net EBITDAI impact of \$532m. NPAT is further adjusted for the tax effect of the net gain on sale of the TowerCo transaction and the Spark Sport provision totalling \$168m

⁽²⁾In line with FY24 guidance

Telco Market Performance

Strong mobile growth and stability in broadband continues

▲ **\$510m**

6.3% increase vs. H1 FY23

MOBILE SERVICE REVENUE

Service revenue and pay-monthly ARPU growth driven by price increases, connection growth, and roaming revenues tracking above pre-Covid levels

#1 in mobile market share by service revenue and total connections⁽¹⁾

Brand strength and data driven marketing continues to drive differentiation with Spark capturing 47% of total mobile connection growth in the half⁽¹⁾

▼ **\$309m**

1.3% decrease vs. H1 FY23

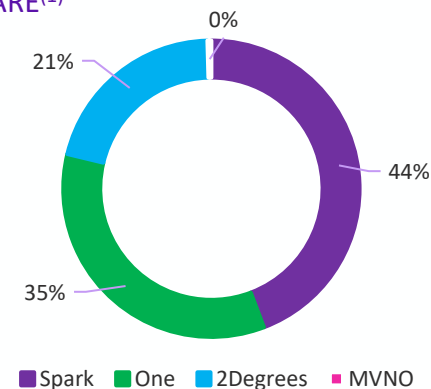
BROADBAND REVENUE

Revenue held broadly flat despite high levels of price competition in an inflationary environment

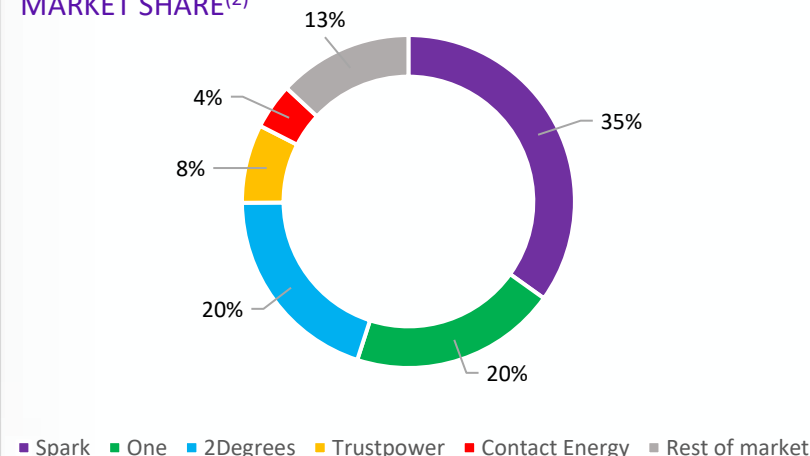
Margins maintained as input cost increases passed through alongside growth in wireless broadband and successful BYOD modem campaign

~31% of base now on wireless broadband with ongoing mobile network investment increasing addressable market

MOBILE SERVICE REVENUE MARKET SHARE⁽¹⁾



BROADBAND CONNECTION MARKET SHARE⁽²⁾



⁽¹⁾ Market share estimates sourced from IDC as at 31 December 2023

⁽²⁾ Market share estimates sourced from IDC as at 30 September 2023

Digital Services Market Performance

Stabilisation in IT and growth in data centres and high-tech

 **\$345m**

flat vs. H1 FY23

TOTAL IT

Cloud revenue up 3.8%, driven by increased private and public cloud workloads and launch of new hybrid cloud service CloudIQ

Cloud gross margin improved 7.6% with cost base reset. Further benefits to flow through in H2

IT service management revenue down 10.0%, primarily due to lower public sector demand.
Focus on ServiceFlex⁽¹⁾ proposition continues in H2

 **\$18m**

Up 38.5% vs. H1 FY23

DATA CENTRES

Data centre investment and expansion on track with plans for new Auckland North Shore development announced

Takanini 10MW expansion completed in August 2023 with revenue stream now billing. 1MW Aotea campus expansion due to complete by end of calendar year

Further expansion at Takanini campus with additional 5MW currently under design⁽²⁾

 **\$35m**

12.9% increase vs. H1 FY23

TOTAL HIGH-TECH

IoT continues to see strong revenue growth underpinned by significant connectivity growth

MATTR customers moving into production environments, laying the foundation for future growth

Converged technology proof-of-concepts underway with multiple customers, to identify future commercialisation opportunities

 **\$42m**

Down 8.7% H1 FY23

DIGITAL HEALTH

Revenues impacted by public health sector slowdown

Focus on growing new revenue streams through further expansion into the private sector

New app bundle proposition for both public and private sectors in development with partners

⁽¹⁾ ServiceFlex is a new modular Service Management offering that provides flexibility for clients to consume new functionality as needed and delivers a more automated lower-touch service experience

⁽²⁾ Planned Takanini investment to be funded within previously communicated TowerCo proceeds allocation of \$250m-\$300m

FY24 Indicators Of Success

Measure	Target 30 June 2024	Status
Mobile service revenue growth	~5%	On Track
Additional sites that are 5G capable	+180-200 sites	On Track
Wireless broadband connections	+10k-15k	Solid Progress
IT and procurement revenue growth	~2%	On Track
Data centre revenue	~\$35m	On Track
High-tech revenue growth	~\$25-\$35m	Improvement Needed
IoT connections	~2m	On Track
Gross cost reduction	~\$40-\$60m	On Track
Customer iNPS	+3 points	On Track
Lift in employee engagement	+5 points	On Track
Reduce Scope 1 and Scope 2 GHG emissions against FY20 Baseline	Maintain at or under 22.4% below FY20 baseline	On Track

SPK-26

Strategy Update

Our FY24-26 focus

We will empower the people and businesses creating Aotearoa's tomorrow by:

Bringing New Zealanders the best digital-first experiences, curated to their needs



LEAD
Mobile



OPTIMISE
Broadband

Enabling New Zealand Businesses to grow and become more productive and sustainable through technology



LEAD
SME and Business



GROW
High-tech Solutions

Our enablers

Next evolution technology

Simple, data-driven organisation

Innovation culture

Our commitment: to stand together for generations to come

Toitū Sustainability at Spark



Economic Transformation



Digital Equity



Sustainable Spark

Te Korowai Tupu



Our Māori Strategy

Our FY26 outcomes

Low / mid-single digit CAGR EBITDAI growth

>10% Free cash flow growth

+10 lift Customer engagement

Top decile People engagement

Top quartile Sustainability benchmarking

SPK-26: Operate Programme

Realigning operating model and capital investment to strategic growth areas



Accelerated Growth Investment

- Larger share of capital investment in H1 to gain a fast start on strategy and implement upgrade programmes
- Digital infrastructure investments progressing to plan:
 - 5G Standalone and core build on track
 - 10MW Takanini data centre expansion completed and now billing
 - Continued investment in cloud platforms to support hybrid cloud environment

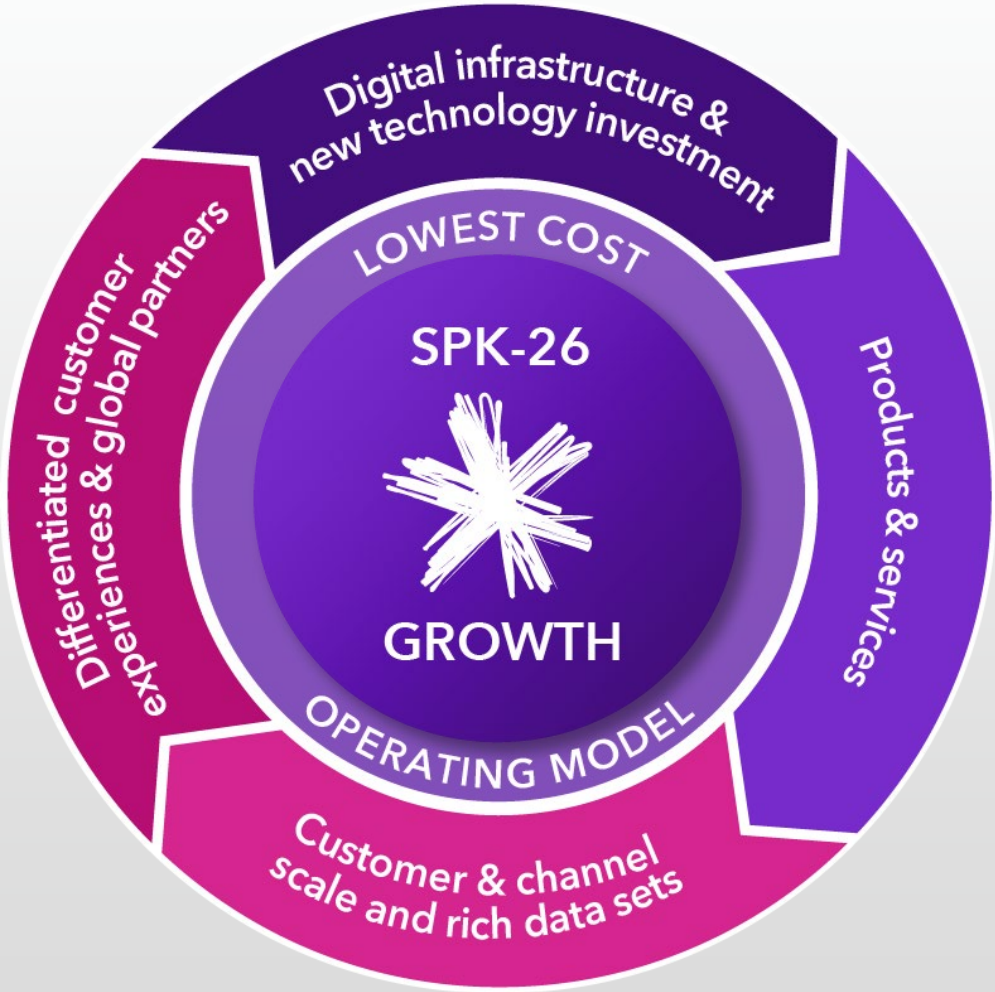


Gross Cost Reduction

- H1 focus on operating model redesign to align to FY26 strategic ambitions – labour investment in growth areas, and reductions in areas where EBITDAI profiles are changing, such as cloud
- Operating model redesign, AI and automation, ongoing simplification, digitising customer journeys, and growing wireless broadband will underpin efficiency
- On track to exceed gross cost out target in FY24 of ~\$40-\$60m

Digital Infrastructure Growth Investments

Building on the strength of Spark's core connectivity assets, data centre and 5G Standalone investments will underpin ongoing competitive advantage



Digital infrastructure and new technology investments underpin products and services

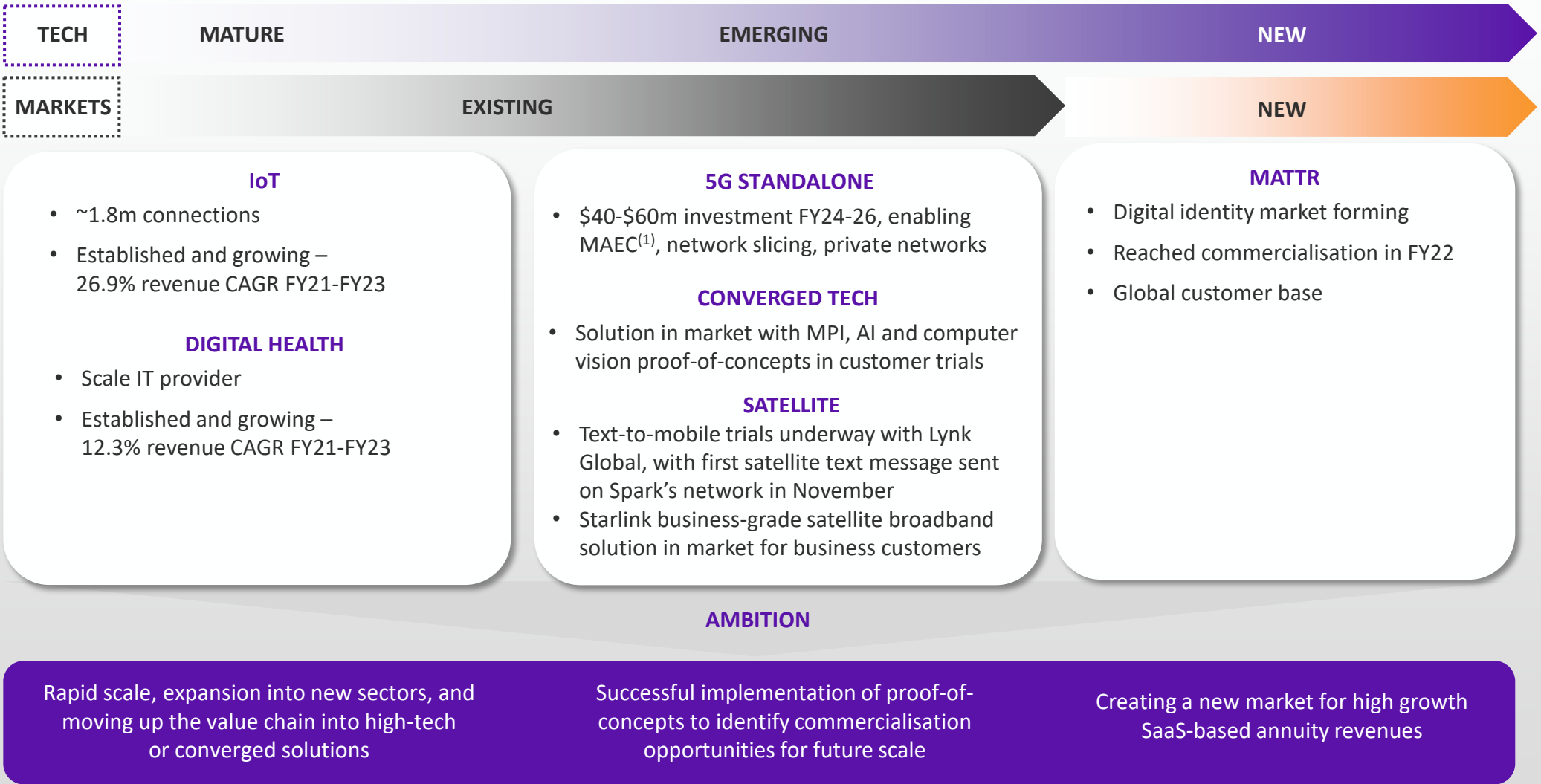
Product and service density creates customer and channel scale, which supports lowest cost structure and provides rich data sets

This supports improved, personalised customer experiences, and attracts global partners who need local channels to market

This supports growth, and reinvestment back into digital infrastructure and new technologies, which are then commercialised into new products and service

High-tech Roadmap

Growing returns in mature markets while building growth markets of the future

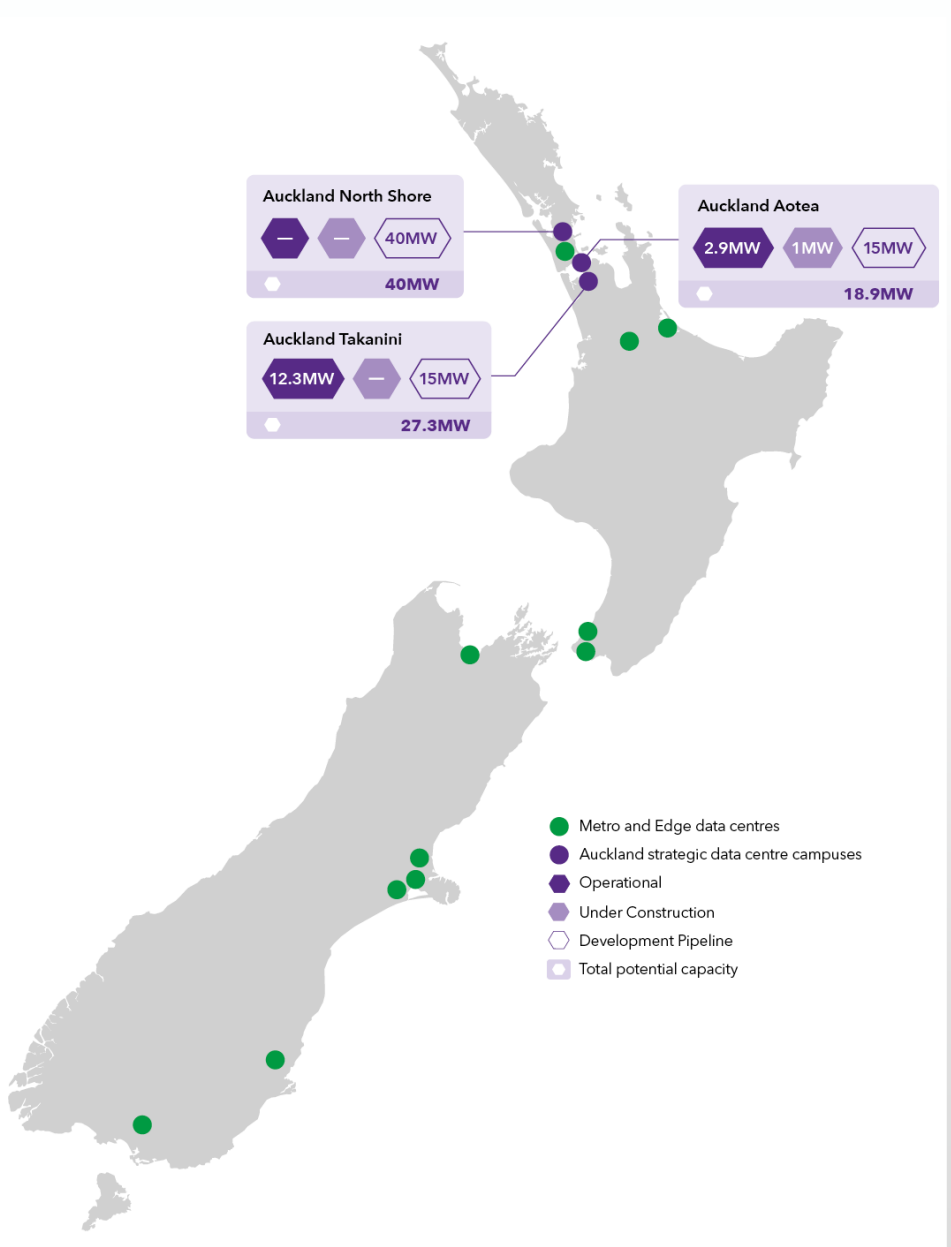


⁽¹⁾ Multi-Access Edge Computing

Data Centre Growth Ambition

Data centre investments accelerating in line with strategic ambition

Supportive tailwinds	Exponential growth in data, continued migration to the cloud, and the advent of generative AI boosting demand for data centre capacity	
Growth Ambition	Three large-scale Auckland locations: Takanini, Aotea, and North Shore, supported by regional data centres across the country	
Competitive advantages	Existing Portfolio and Capabilities	New Zealand's most extensive network of data centres, combined with technical, engineering, security, and infrastructure capabilities
	Available Capacity	Potential long-term capacity incrementally increasing to ~90MW North Shore site acquisition to add up to~40MW capacity once completed
	Hyperscaler Relationships	Established relationships with hyperscalers as both resale partners and customers with committed long-term tenancies at key sites
	Complementary Core Business	Spark is uniquely positioned to add value at the connectivity layer (international subsea, national, and metro fibre services), across the product layer (IT and cloud), and as a sales channel to market
	Diversity of Assets	Diversity of data centre assets a key differentiator, enabling Spark to meet a very broad range of customer requirements
Value creation	<ul style="list-style-type: none">Growing revenue at pace through long-term annuity revenues and scaled contractsAbility to cross-sell other services as customers migrate to the cloudTargeting returns of ~9-10% over time as utilisation scalesOptionality exists around partnerships and funding models	

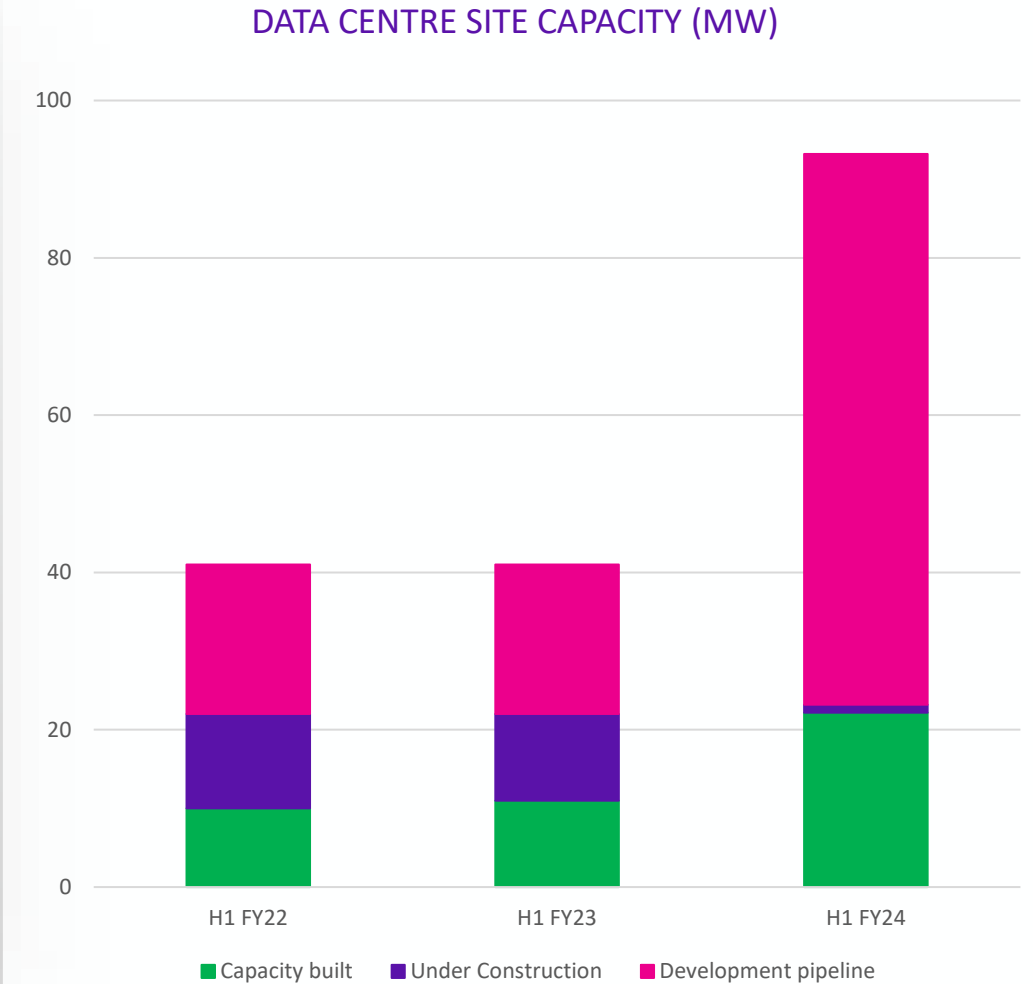


* All investment decisions subject to capital management framework, investment principles, and customer demand

Data Centre Portfolio Overview

Total built capacity at 88% contracted utilisation and significant pipeline of potential development opportunities available

FACILITY	STATUS	SITE CAPACITY (MW)
Auckland – Takanini Campus	Built	12.3
Auckland – Aotea Campus	Built	2.9
Other sites	Built	7.1
TOTAL CAPACITY BUILT		22.3
Auckland - Aotea Campus	Under construction	1.0
TOTAL CAPACITY UNDER CONSTRUCTION		1.0
Auckland - North Shore Campus	Development pipeline	40.0
Auckland - Takanini Campus	Development pipeline	15.0
Auckland - Aotea Campus	Development pipeline	15.0
TOTAL DEVELOPMENT PIPELINE (UP TO)		70.0
TOTAL POTENTIAL CAPACITY		93.3



Toitū Sustainability Performance

Continued ESG progress secured ongoing inclusion in the Dow Jones Sustainability Australia Index (DJSI)



ECONOMIC TRANSFORMATION

5G live in 95 locations across the country, with nationwide 5G standalone roll-out progressing to plan

Research collaboration with NZIER launched, demonstrating how advanced technologies can accelerate productivity

Trials underway with customers on high-tech solutions that improve productivity, health and safety, and sustainability



DIGITAL EQUITY

Over 29,000 households now utilising not-for-profit wireless broadband service Skinny Jump

Extended online protections for Spark customers through an MoU with the DIA to block internet domains that contain child sexual abuse material

\$1 million investment by Spark Foundation in newly formed national organisation for Māori in technology, Te Ao Matihiko



SUSTAINABLE SPARK

People engagement up 3pp YoY and progressing towards FY26 ambition

FY24 H1 Scope 1 and 2 greenhouse gas emissions down 8% compared to H1 FY23

Completed 2023 commitment to undertake five JAC⁽¹⁾ supplier audits

⁽¹⁾ Joint Audit Cooperation

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Financials

Financials

	REPORTED H1 FY23 \$m	REPORTED H1 FY24 \$m	CHANGE	ADJUSTED H1 FY23 \$m	ADJUSTED H1 FY24 \$m	CHANGE
Operating revenues and other gains	2,534	1,976	(22.0%)	1,950	1,976	1.3%
Operating expenses	(1,492)	(1,446)	3.1%	(1,440)	(1,446)	(0.4%)
EBITDAI	1,042	530	(49.1%)	510	530	3.9%
Finance income	16	14	(12.5%)	16	14	(12.5%)
Finance expense	(43)	(63)	(46.5%)	(43)	(63)	(46.5%)
Depreciation and amortisation	(248)	(251)	(1.2%)	(248)	(251)	(1.2%)
Net investment income	(1)	(3)	NM	(1)	(3)	NM
Net earnings before tax expense	766	227	(70.4%)	234	227	(3.0%)
Tax expense	99⁽¹⁾	(70)	NM	(69)	(70)	(1.4%)
Net earnings after tax expense	865	157	(81.8%)	165	157	(4.8%)
Capital expenditure ⁽²⁾	250	286	14.4%	250	286	14.4%
Free cash flow	115	46	(60.0%)	115	46	(60.0%)
EBTIDAI margin	41.1%	26.8%	(14.3pp)	26.2%	26.8%	0.6pp
Effective tax rate	(12.9%)	30.8%	43.7pp	29.5%	30.8%	1.3pp
Capital expenditure to operating revenues and other gains	9.9%	14.5%	4.6pp	12.8%	14.5%	1.7pp
Basic Earnings per Share	46.2c	8.6c	(37.6c)	8.8	8.6	(0.2c)
Total Dividend per Share	13.5c	13.5c	-	13.5c	13.5c	-

⁽¹⁾ H1 FY23 tax expense has been restated for the final tax calculation on the sale of Connexa Limited as described in note 2 of the Interim Financial Statements

⁽²⁾ Excluding expenditure on mobile spectrum

H1 FY24 Operational Performance Summary

Top line growth maintained with operating costs held broadly flat despite inflationary pressures



\$1,976m

1.3% increase vs. adjusted H1 FY23

ADJUSTED REVENUE

- Top-line growth driven by standout mobile performance, stabilisation in broadband, and return to growth in IT products
- New data centre revenue stream online with 10MW Takanini expansion completed and now billing
- High-tech revenue growth driven by solid performance in IoT as connections scale
- IT services revenue remains weaker primarily due to lower public sector demand
- Decrease in other product revenue driven by closure of Spark Sport, offset by growth in Entelar as it expanded delivery of 5G projects and increased its distribution business



\$1,446m

0.4% increase vs. adjusted H1 FY23

ADJUSTED OPEX

- Higher labour costs primarily driven by wage inflation and growth in Entelar in support of revenue growth
- Decrease in product costs due to voice connection decline, exit of Spark Sport, and partially offset by an increase in Entelar costs
- Focus on cost discipline remains with operating model redesign progressing to unlock further productivity and efficiency benefits

H1 FY24 Capital Investment and Free Cash Flow

Capital investment accelerated in H1 in support of SPK-26, on track to deliver in line with guidance and free cash flow aspiration of ~\$490m-\$530m

\$286m

14.4% increase vs. H1 FY23

CAPITAL INVESTMENT⁽¹⁾

- Maintenance capital investment heavily weighted towards H1 to accelerate simplification and upgrade programmes
- H1 investment includes ongoing ERP implementation across the group, simplification of B2B tooling, and a higher proportion of cloud infrastructure purchased rather than leased
- Increase in overall mobile spend with weighting towards 5G Standalone readiness
- Ongoing investment in data centre portfolio, with work now commenced on the next data centre facility at the Takanini Campus, and additional land purchase on Auckland's North Shore in progress
- Remain committed to delivering overall capital investment envelope in line with full year guidance of ~\$510-\$530m

\$46m

60.0% decrease vs. H1 FY23

FREE CASH FLOW

- H1 FY24 FCF impacted by:
 - Timing of maintenance cash capex, with \$261m spent in H1, versus \$200m in H1 FY23
 - Increased interest costs as debt levels rise and rates increase, combined with Connexa lease costs
- H2 FY24 FCF improvement delivered by:
 - EBITDAI growth driven by mobile, data centres, and high-tech and benefits of SPK-26 Operate Programme flowing through
 - Managing capital expenditure in line with guidance
- Remain committed to free cash flow aspiration of ~\$490m-\$530m

⁽¹⁾ Excluding expenditure on mobile spectrum. Capital expenditure is a non-GAAP measure and is defined in note 2.5 of Spark's Annual Report

H2 Performance Outlook

Remain committed to delivering FY24 EBITDAI guidance of \$1,215m-\$1,260m⁽¹⁾

Ongoing mobile tailwinds, strong growth trajectories in other key markets, and on track to exceed gross cost out target – supporting delivery of EBITDAI guidance

MOBILE SERVICE REVENUE

- Ongoing strong growth as demand for data increases, price increases flow through, connections grow, and roaming sits above pre-Covid levels

BROADBAND

- Continued margin optimisation as input cost increases are passed through and wireless broadband continues to grow

IT

- Growth in private and public cloud with improved margins from cost reset already executed, partially offset by slower service revenues reflecting economic environment

DATA CENTRES

- On track to deliver FY24 revenue of ~\$35m

HIGH-TECH

- Additional growth as IoT connections continue to scale and MATTR moves into production with key customers
- Focus on growing new digital health revenue streams through further expansion into the private sector

LABOUR & OPEX

- Refreshed operating model aligned to new 3-year strategy and on track to exceed FY24 gross cost out target of ~\$40-\$60m

⁽¹⁾ Subject to no material change in operating outlook

Net Debt

Increase in net debt as TowerCo proceeds are returned to shareholders and growth capex is invested

Net Debt	H1 FY23 (\$m)	H1 FY24 (\$m)
Net debt at hedged rates	\$798	\$1,557
Net debt at hedged rates including lease liabilities	\$1,645	\$2,359
Debt Ratios		
Borrowing costs (annualised)	4.3%	5.9%
Weighted average debt maturity (years)	4.3	3.2
Debt servicing ⁽⁵⁾	1.29x	1.79x
Gearing	44%	59%
Interest cover	16	10

⁽¹⁾ Subject to market conditions

⁽²⁾ With the ability to accept oversubscriptions of up to NZ\$50m at Spark's discretion

⁽³⁾ No money is currently being sought and applications for the bonds cannot currently be made however if Spark Finance offers the bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities

⁽⁴⁾ The Bonds are expected to be quoted on the NZX Debt Market

⁽⁵⁾ Debt servicing is calculated as (Net debt at hedge rates+ Lease liabilities - captive finance adjustments)/(Adjusted EBITDAI - captive finance adjustments) which Spark estimates aligns to S&P's credit rating calculation

Increase in debt levels and interest rates reflecting:

- On-market share buy-back returning \$305m of TowerCo proceeds to shareholders to date;
- Higher weighting of cash capex invested in H1; and
- Increase in working capital

Net debt expected to reduce below 1.7x in H2 consistent with long-term Capital Management Framework:

- Completion of on-market buy-back⁽¹⁾;
 - H2 cash capex to reduce with full year spend in line with guidance; and
 - Improvement in working capital
-
- In 2023 a NZ\$100m bond matured. Spark's next long-term maturity is a NZ\$125m bond maturing in March 2024
 - Spark is considering making an offer of up to NZ\$250m⁽²⁾ of unsubordinated, unsecured fixed rate bonds via its wholly owned subsidiary Spark Finance
 - If Spark Finance offers these bonds, it is expected that full details of the offer will be released in the week beginning 4 March 2024⁽¹⁾⁽³⁾⁽⁴⁾

Key takeouts for H2

Spark is well positioned to build further momentum as economic conditions improve

1

Emerging signs of economic conditions improving, with ongoing demand for data supporting core growth engine of mobile

2

SPK-26 on track, with key digital infrastructure investments accelerating and building a platform for future growth

3

SPK-26 Operate Programme to deliver more efficient operating model, with benefits starting to flow through in H2

4

Strong business fundamentals in brand and data, customer experience, people, and sustainability continue to support competitive advantage

5

Reaffirmed FY24 EBITDAI, capital expenditure, and total dividend guidance

Guidance⁽¹⁾

	FY23 Actual	FY24 Guidance
EBITDAI	\$1,193m ⁽²⁾	\$1,215m-\$1,260m
Capital expenditure ⁽³⁾	\$515m	~\$510m-\$530m
Dividend per share	Total 27.0cps (100% imputed)	Total 27.5cps (100% imputed)

⁽¹⁾ Subject to no material adverse change in operating outlook
⁽²⁾ FY23 EBITDAI is adjusted for the impact of TowerCo gain and Spark Sport provision
⁽³⁾ Total capital expenditure including growth capex and excluding expenditure on mobile spectrum

Disclaimer

This announcement may include forward-looking statements regarding future events and the future financial performance of Spark New Zealand. Such forward-looking statements are based on the beliefs of and assumptions made by management along with information currently available at the time such statements were made.

These forward-looking statements may be identified by words such as 'guidance', 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'plan', 'may', 'could', 'ambition', 'aspiration' and similar expressions. Any statements in this announcement that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark New Zealand's control, and which may cause actual results to differ materially from those projected in the forward-looking statements contained in this announcement.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed herein and also include Spark New Zealand's anticipated growth strategies, Spark New Zealand's future results of operations and financial condition, economic conditions and the regulatory environment in New Zealand, competition in the markets in which Spark New Zealand operates, risks related to the sharing arrangements with Chorus, any impacts or risks to Spark's anticipated growth strategies, future financial condition and operations, economic conditions or the regulatory environment in New Zealand arising from or otherwise with Covid, other factors or trends affecting the telecommunications industry generally and Spark New Zealand's financial condition in particular and risks detailed in Spark New Zealand's filings with NZX and ASX. Except as required by law or the listing rules of the stock exchanges on which Spark New Zealand is listed, Spark New Zealand undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Spark New Zealand

Group result - reported

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains	1,890	1,830	2,534	1,957	1,976	2,534	1,976	(558)	(22.0%)
Operating expenses	(1,352)	(1,218)	(1,492)	(1,277)	(1,446)	(1,492)	(1,446)	46	3.1%
EBITDAI	538	612	1,042	680	530	1,042	530	(512)	(49.1%)
Finance income	14	12	16	16	14	16	14	(2)	(12.5%)
Finance expense	(37)	(37)	(43)	(56)	(63)	(43)	(63)	(20)	(46.5%)
Depreciation and amortisation	(257)	(263)	(248)	(256)	(251)	(248)	(251)	(3)	(1.2%)
Net investment income	(1)	-	(1)	2	(3)	(1)	(3)	(2)	NM
Net earnings before income tax	257	324	766	386	227	766	227	(539)	(70.4%)
Tax income / (expense) ¹	(78)	(93)	99	(116)	(70)	99	(70)	(169)	NM
Net earnings for the period	179	231	865	270	157	865	157	(708)	(81.8%)
Capital expenditure excluding spectrum	218	192	250	265	286	250	286	36	14.4%
Free cash flows excluding spectrum	164	269	115	374	46	115	46	(69)	(60.0%)
Reported EBITDAI margin	28.5%	33.4%	41.1%	34.7%	26.8%	41.1%	26.8%	(14.3pp)	
Reported effective tax rate	30.4%	28.7%	(12.9%)	30.1%	30.8%	(12.9%)	30.8%	43.7pp	
Capital expenditure to operating revenues and other gains	11.5%	10.5%	9.9%	13.5%	14.5%	9.9%	14.5%	4.6pp	
Reported basic earnings per share (cents)	9.6	12.4	46.2	14.5	8.6	46.2	8.6	-37.6	(81.4%)
Reported diluted earnings per share (cents)	9.6	12.4	46.1	14.5	8.5	46.1	8.5	-37.6	(81.6%)

¹The comparative for H1 FY23 and H2 FY23 has been restated, the net impact on the FY23 result is nil, see note 2 of the interim financial statements for further details.

Group result - adjusted

Spark's policy is to present 'adjusted EBITDAI' and 'adjusted net earnings' when a financial year includes significant items (such as gains, expenses and impairments) individually greater than \$25 million. There were no significant items to adjust for period ended 31 December 2023.

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Adjusted operating revenues and other gains	1,890	1,830	1,950	1,958	1,976	1,950	1,976	26	1.3%
Adjusted operating expenses	(1,352)	(1,218)	(1,440)	(1,275)	(1,446)	(1,440)	(1,446)	(6)	(0.4%)
Adjusted EBITDAI	538	612	510	683	530	510	530	20	3.9%
Finance income	14	12	16	16	14	16	14	(2)	(12.5%)
Finance expense	(37)	(37)	(43)	(56)	(63)	(43)	(63)	(20)	(46.5%)
Depreciation and amortisation	(257)	(263)	(248)	(256)	(251)	(248)	(251)	(3)	(1.2%)
Adjusted net investment income	(1)	-	(1)	(3)	(3)	(1)	(3)	(2)	NM
Adjusted net earnings before income tax	257	324	234	384	227	234	227	(7)	(3.0%)
Adjusted income tax expense	(78)	(93)	(69)	(116)	(70)	(69)	(70)	(1)	(1.4%)
Adjusted net earnings for the period	179	231	165	268	157	165	157	(8)	(4.8%)
Capital expenditure excluding spectrum	218	192	250	265	286	250	286	36	14.4%
Free cash flows excluding spectrum	164	269	115	374	46	115	46	(69)	(60.0%)
Adjusted EBITDAI margin	28.5%	33.4%	26.2%	34.9%	26.8%	26.2%	26.8%	0.6pp	
Adjusted effective tax rate	30.4%	28.7%	29.5%	30.2%	30.8%	29.5%	30.8%	1.3pp	
Capital expenditure to adjusted operating revenues and other gains	11.5%	10.5%	12.8%	13.5%	14.5%	12.8%	14.5%	1.7pp	
Adjusted basic earnings per share (cents)	9.6	12.4	8.8	14.4	8.6	8.8	8.6	(0.2)	(2.3%)
Adjusted diluted earnings per share (cents)	9.6	12.4	8.8	14.3	8.5	8.8	8.5	(0.3)	(3.4%)

Gross margin by product

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile	437	467	477	507	496	477	496	19	4.0%
Voice	86	79	71	62	51	71	51	(20)	(28.2%)
Broadband	166	152	149	149	148	149	148	(1)	(0.7%)
IT products	146	144	136	143	139	136	139	3	2.2%
IT services	86	85	77	84	70	77	70	(7)	(9.1%)
Procurement and partners	26	27	27	40	24	27	24	(3)	(11.1%)
Data Centres	11	11	12	10	17	12	17	5	41.7%
High-Tech	23	20	23	23	22	23	22	(1)	(4.3%)
Other products	8	26	25	58	46	25	46	21	84.0%
Total product gross margin	989	1,011	997	1,076	1,013	997	1,013	16	1.6%
Other gains	16	10	588	28	19	588	19	(569)	(96.8%)
Total gross margin	1,005	1,021	1,585	1,104	1,032	1,585	1,032	(553)	(34.9%)

Connections

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Mobile connections ^{1,2}	2,445	2,503	2,616	2,707	2,760	2,616	2,760	144	5.5%
Voice connections by type ^{3,4}									
POTS and ISDN	163	136	112	91	69	112	69	(43)	(38.4%)
VoIP	69	66	60	59	53	60	53	(7)	(11.7%)
Voice over wireless	20	17	14	8	8	14	8	(6)	(42.9%)
	252	219	186	158	130	186	130	(56)	(30.1%)
Broadband connections by technology									
Copper	113	95	79	64	54	79	54	(25)	(31.6%)
Fibre	402	415	423	426	427	423	427	4	0.9%
Wireless	187	194	202	209	214	202	214	12	5.9%
	702	704	704	699	695	704	695	(9)	(1.3%)
IoT connections	623	832	1,160	1,461	1,799	1,160	1,799	639	55.1%

¹Mobile connections excluding MVNO connections but including legacy machine to machine and SIM based SmartWatch connections.

²The FY23 Spark Prepaid 6 month base has been restated to reduce connections by 13k in H1FY23 and 21k in H2FY23 to remove some duplications which had been incorrectly included.

³Voice connections include all voice technology types, including POTS, ISDN, VoIP and wireless voice. Voice connections exclude connections where Spark also provide a bundled broadband service, but include all wholesale voice connections (including those where the underlying customer has a bundled broadband service).

⁴Connection numbers have been restated to reflect updated POTS connection numbers.

Group FTEs

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24
FTE permanent	4,921	4,924	4,976	5,189	5,356	4,976	5,356	380 7.6%
FTE contractors	190	208	182	143	97	182	97	(85) (46.7%)
Total FTE ¹	5,111	5,132	5,158	5,332	5,453	5,158	5,453	295 5.7%

¹ The increase in H1 FY24 vs H1 FY23 includes the insourcing of the Entelar Group.

Dividends

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24
Ordinary dividends (cents per share)	12.50	12.50	13.50	13.50	13.50	13.50	13.50	-
Special dividends (cents per share)	-	-	-	-	-	-	-	NM
	12.50	12.50	13.50	13.50	13.50	13.50	13.50	-

Spark New Zealand

Group operating revenues and other gains

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Telco									
Mobile									
Service revenue	441	458	480	500	510	480	510	30	6.3%
Non-service revenue	237	215	252	238	239	252	239	(13)	(5.2%)
Mobile	678	673	732	738	749	732	749	17	2.3%
Voice	146	139	122	109	94	122	94	(28)	(23.0%)
Broadband ¹	324	315	313	313	309	313	309	(4)	(1.3%)
Total Telco	1,148	1,127	1,167	1,160	1,152	1,167	1,152	(15)	(1.3%)
IT Revenue									
IT Products									
Cloud	110	104	105	103	109	105	109	4	3.8%
Managed data and networks	110	110	110	112	112	110	112	2	1.8%
Collaboration	38	40	39	40	40	39	40	1	2.6%
IT Products	258	254	254	255	261	254	261	7	2.8%
IT Services	97	101	91	103	84	91	84	(7)	(7.7%)
Total IT revenue	355	355	345	358	345	345	345	-	-%
Procurement and partners	301	237	319	265	339	319	339	20	6.3%
Data centres	11	12	13	11	18	13	18	5	38.5%
High-Tech	29	28	31	34	35	31	35	4	12.9%
Other products ²	30	61	71	101	68	71	68	(3)	(4.2%)
Total operating revenues	1,874	1,820	1,946	1,929	1,957	1,946	1,957	11	0.6%
Other gains	16	10	4	29	19	4	19	15	NM
Adjusted operating revenues and other gains	1,890	1,830	1,950	1,958	1,976	1,950	1,976	26	1.3%
Net gain on sale of Connexa	-	-	584	(1)	-	584	-	(584)	(100.0%)
Total operating revenues and other gains	1,890	1,830	2,534	1,957	1,976	2,534	1,976	(558)	(22.0%)

¹Wireless broadband revenues and connections are included in broadband revenues and connections.

²Included in other products is revenue from mobile infrastructure, exchange building sharing arrangements and Spark Sport (for comparative periods).

Operating revenues and other gains by customer segment

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Operating revenues and other gains									
Consumer	777	757	797	782	780	797	780	(17)	(2.1%)
Business	1,018	952	1,019	976	1,037	1,019	1,037	18	1.8%
Wholesale and other	95	121	718	199	159	718	159	(559)	(77.9%)
	1,890	1,830	2,534	1,957	1,976	2,534	1,976	(558)	(22.0%)

Finance income

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Finance income									
Finance lease interest income	6	3	4	4	4	4	4	-	-%
Other interest income	8	9	12	12	10	12	10	(2)	(16.7%)
	14	12	16	16	14	16	14	(2)	(12.5%)

Net investment income

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Net investment income									
Share of associates' and joint ventures' net losses	(1)	-	(3)	(9)	(8)	(3)	(8)	(5)	NM
Interest income on loans receivable from associates and joint ventures	-	-	2	6	6	2	6	4	NM
Net gain on remeasurement of equity accounted investments	-	-	-	-	(1)	-	(1)	(1)	NM
Adjusted net investment income	(1)	-	(1)	(3)	(3)	(1)	(3)	(2)	NM
Net gain on dilution of the investment in the Connexa group	-	-	-	5	-	-	-	-	NM
Reported net investment income	(1)	-	(1)	2	(3)	(1)	(3)	(2)	NM

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Group operating expenses

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24	
								\$m	%
Product costs									
Mobile	241	206	255	231	253	255	253	(2)	(0.8%)
Voice	60	60	51	47	43	51	43	(8)	(15.7%)
Broadband	158	163	164	164	161	164	161	(3)	(1.8%)
IT products	112	110	118	112	122	118	122	4	3.4%
IT services	11	16	14	19	14	14	14	-	-%
Procurement and partners	275	210	292	225	315	292	315	23	7.9%
Data centres	-	1	1	1	1	1	1	-	-%
High-Tech	6	8	8	11	13	8	13	5	62.5%
Other product costs	22	35	46	43	22	46	22	(24)	(52.2%)
	885	809	949	853	944	949	944	(5)	(0.5%)
Labour	263	232	269	242	279	269	279	10	3.7%
Other operating expenses									
Network support costs	44	21	45	20	40	45	40	(5)	(11.1%)
Computer costs	55	56	57	52	52	57	52	(5)	(8.8%)
Accommodation costs	30	35	40	43	48	40	48	8	20.0%
Advertising, promotions and communication	34	26	33	23	33	33	33	-	-%
Bad debts	3	1	4	5	7	4	7	3	75.0%
Impairment expense	2	-	-	-	-	-	-	-	NM
Other	36	38	43	37	43	43	43	-	-%
	204	177	222	180	223	222	223	1	0.5%
Adjusted operating expenses	1,352	1,218	1,440	1,275	1,446	1,440	1,446	6	0.4%
Spark Sport provision	-	-	52	2	-	52	-	(52)	(100.0%)
Total operating expenses	1,352	1,218	1,492	1,277	1,446	1,492	1,446	(46)	(3.1%)

Finance expense

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24	
								\$m	%
Finance expense									
Finance expense on long-term debt	23	22	22	28	33	22	33	11	50.0%
Other interest and finance expense	4	7	7	5	8	7	8	1	14.3%
Lease interest expense	10	9	15	24	24	15	24	9	60.0%
Leased customer equipment interest expense	3	4	4	3	4	4	4	-	-%
	40	42	48	60	69	48	69	21	43.8%
Capitalised interest	(3)	(5)	(5)	(4)	(6)	(5)	(6)	(1)	(20.0%)
	37	37	43	56	63	43	63	20	46.5%

Depreciation and amortisation expense

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24	
								\$m	%
Depreciation and amortisation expense									
Depreciation - property, plant and equipment	116	118	114	113	112	114	112	(2)	(1.8%)
Depreciation - right-of-use assets	40	40	36	39	42	36	42	6	16.7%
Depreciation - leased customer equipment assets	18	19	19	17	17	19	17	(2)	(10.5%)
Amortisation - intangible assets	83	86	79	87	80	79	80	1	1.3%
	257	263	248	256	251	248	251	3	1.2%

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Analysis & KPIs - Mobile

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile revenue by type (Consumer and Business)									
Mobile service revenue	435	451	472	489	500	472	500	28	5.9%
Mobile non-service revenue ¹	229	205	231	218	219	231	219	(12)	(5.2%)
	664	656	703	707	719	703	719	16	2.3%
Wholesale and other customer segment mobile revenue ²	14	17	29	31	30	29	30	1	3.4%
Total mobile revenue	678	673	732	738	749	732	749	17	2.3%
Mobile product costs ³	(241)	(206)	(255)	(231)	(253)	(255)	(253)	2	0.8%
Mobile gross margin	437	467	477	507	496	477	496	19	4.0%
Mobile gross margin %	64.5%	69.4%	65.2%	68.7%	66.2%	65.2%	66.2%	1.0pp	
Total mobile revenue by customer segment									
Consumer	454	444	486	486	499	486	499	13	2.7%
Business	210	212	217	221	220	217	220	3	1.4%
Wholesale and other	14	17	29	31	30	29	30	1	3.4%
	678	673	732	738	749	732	749	17	2.3%
Average revenue per user (ARPU) - 6 month active (Consumer and Business)									
	H1 FY22 \$ per month	H2 FY22 \$ per month	H1 FY23 \$ per month	H2 FY23 \$ per month	H1 FY24 \$ per month	H1 FY23 \$ per month	H1 FY24 \$ per month	H1 FY23 vs H1 FY24 \$ per month	%
Total ARPU ⁴	30.19	30.84	31.30	30.78	30.66	31.30	30.66	(0.64)	(2.0%)
Pay-monthly ARPU	40.17	41.01	41.59	41.48	42.14	41.59	42.14	0.55	1.3%
Prepaid ARPU ⁴	16.26	16.47	17.26	16.91	16.09	17.26	16.09	(1.17)	(6.8%)
Number of mobile connections at period end - 6 month active (Consumer and Business)⁵									
	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H1 FY23 000's	H1 FY24 000's	H1 FY23 vs H1 FY24 000's	%
Pay-monthly connections	1,416	1,437	1,471	1,509	1,525	1,471	1,525	54	3.7%
Prepaid connections ⁴	1,001	1,038	1,118	1,173	1,210	1,118	1,210	92	8.2%
Internal connections	4	4	4	4	4	4	4	-	-%
Total mobile connections ⁴	2,421	2,479	2,593	2,686	2,739	2,593	2,739	146	5.6%

¹Mobile non-service revenue includes handset sales and mobile interconnect.

²Includes MVNO revenue.

³Includes handset, interconnect and cellphone tower access costs.

⁴The FY23 Spark Prepaid 6 month base has been restated to reduce connections by 13k in H1FY23 and 21k in H2FY23 to remove some duplications which had been incorrectly included.

⁵Excludes MVNO connections but includes SIM based SmartWatch connections.

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Analysis & KPIs - Voice

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Revenue by type	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Access	57	52	45	37	33	45	33	(12)	(26.7%)
Calling	70	68	59	54	48	59	48	(11)	(18.6%)
Other voice revenue	19	19	18	18	13	18	13	(5)	(27.8%)
Total voice revenue	146	139	122	109	94	122	94	(28)	(23.0%)
Voice product costs ¹	(60)	(60)	(51)	(47)	(43)	(51)	(43)	8	15.7%
Voice gross margin	86	79	71	62	51	71	51	(20)	(28.2%)
Voice gross margin %	58.9%	56.8%	58.2%	56.9%	54.3%	58.2%	54.3%	(3.9pp)	
	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Voice connections by type	000's	000's	000's	000's	000's	000's	000's	000's	%
POTS and ISDN	163	136	112	91	69	112	69	(43)	(38.4%)
VoIP	69	66	60	59	53	60	53	(7)	(11.7%)
Voice over wireless	20	17	14	8	8	14	8	(6)	(42.9%)
Total voice connections	252	219	186	158	130	186	130	(56)	(30.1%)
	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Voice connections by customer segment	000's	000's	000's	000's	000's	000's	000's	000's	%
Consumer	64	54	46	32	28	46	28	(18)	(39.1%)
Business	139	126	111	104	90	111	90	(21)	(18.9%)
Wholesale and other	49	39	29	22	12	29	12	(17)	(58.6%)
Total voice connections	252	219	186	158	130	186	130	(56)	(30.1%)

¹Includes voice access (baseband), interconnect, and international calling costs.

Analysis & KPIs - Broadband

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total broadband revenue	324	315	313	313	309	313	309	(4)	(1.3%)
Broadband product costs ²	(158)	(163)	(164)	(164)	(161)	(164)	(161)	3	1.8%
Broadband gross margin	166	152	149	149	148	149	148	(1)	(0.7%)
Broadband gross margin %	51.2%	48.3%	47.6%	47.6%	47.9%	47.6%	47.9%	0.3pp	
	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Broadband connections by technology	000's	000's	000's	000's	000's	000's	000's	000's	%
Copper	113	95	79	64	54	79	54	(25)	(31.6%)
Fibre	402	415	423	426	427	423	427	4	0.9%
Wireless	187	194	202	209	214	202	214	12	5.9%
Total broadband connections	702	704	704	699	695	704	695	(9)	(1.3%)
	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Broadband connections by customer segment	000's	000's	000's	000's	000's	000's	000's	000's	%
Consumer	593	595	594	589	584	594	584	(10)	(1.7%)
Business	105	104	104	102	102	104	102	(2)	(1.9%)
Wholesale and other	4	5	6	8	9	6	9	3	50.0%
Total broadband connections	702	704	704	699	695	704	695	(9)	(1.3%)

²Includes broadband access (UBA/UCLL/Fibre) and modem costs.

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Analysis & KPIs - Data centres

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Data centre revenue	11	12	13	11	18	13	18	5	38.5%
Data centre product cost	-	(1)	(1)	(1)	(1)	(1)	(1)	-	-%
Data centre gross margin	11	11	12	10	17	12	17	5	41.7%
Data centre gross margin%	100.0%	91.7%	92.3%	90.9%	94.4%	92.3%	94.4%	2.1pp	
Data centre KPIs	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
Data centre capacity built (in MW)	10	10	11	11	22	11	22	11	100.0%
Data centre capacity under construction (in MW)	12	12	11	11	1	11	1	(10)	(90.9%)
Data centre development pipeline (in MW)	19	19	19	19	70	19	70	51	268.4%
Total capacity	41	41	41	41	93	41	93	52	126.8%
Weighted average lease term with options (WALE)	16.6	16.6	16.6	16.6	16.5	16.6	16.5	(0.1)	(0.6%)
Contracted utilisation dedicated data centres ¹	87%	87%	84%	84%	88%	84%	88%	4.0pp	
Target power usage effectiveness (PUE)	N/A	N/A	N/A	N/A	1.2	N/A	1.2	N/A	N/A
PUE - Legacy data centre assets	1.61	1.54	1.54	1.56	1.57	1.54	1.57	(0.03)	(1.9%)

¹Includes contracted and reserved racks at dedicated data centres and exchanges.

Analysis & KPIs - IT products

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Cloud revenue	110	104	105	103	109	105	109	4	3.8%
Cloud product costs	(35)	(37)	(39)	(33)	(38)	(39)	(38)	1	2.6%
Cloud gross margin	75	67	66	70	71	66	71	5	7.6%
Cloud gross margin%	68.2%	64.4%	62.9%	68.0%	65.1%	62.9%	65.1%	220%	
Managed data and networks revenue	110	110	110	112	112	110	112	2	1.8%
Managed data and networks product costs ²	(62)	(58)	(64)	(64)	(67)	(64)	(67)	(3)	(4.7%)
Managed data and networks gross margin	48	52	46	48	45	46	45	(1)	(2.2%)
Managed data and networks gross margin %	43.6%	47.3%	41.8%	42.9%	40.2%	41.8%	40.2%	(1.6pp)	
Collaboration revenue	38	40	39	40	40	39	40	1	2.6%
Collaboration product costs	(15)	(15)	(15)	(15)	(17)	(15)	(17)	(2)	(13.3%)
Collaboration gross margin	23	25	24	25	23	24	23	(1)	(4.2%)
Collaboration gross margin %	60.5%	62.5%	61.5%	62.5%	57.5%	61.5%	57.5%	(4.0pp)	

²Includes wide area network access, international data, network backhaul and video conferencing platform costs.

Analysis & KPIs - IT services

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Service management revenue	87	89	80	83	72	80	72	(8)	(10.0%)
Security revenue	10	12	11	20	12	11	12	1	9.1%
Service management and security revenue	97	101	91	103	84	91	84	(7)	(7.7%)
Service management and security product costs	(11)	(16)	(14)	(19)	(14)	(14)	(14)	-	-%
Service management and security gross margin	86	85	77	84	70	77	70	(7)	(9.1%)
Service management and security gross margin %	88.7%	84.2%	84.6%	81.6%	83.3%	84.6%	83.3%	(1.3pp)	

Analysis & KPIs - Procurement and partners

	H1 FY22 \$m	H2 FY22 \$m	H1 FY23 \$m	H2 FY23 \$m	H1 FY24 \$m	H1 FY23 \$m	H1 FY24 \$m	H1 FY23 vs H1 FY24 \$m	%
Procurement and partners revenue	301	237	319	265	339	319	339	20	6.3%
Procurement and partners product costs	(275)	(210)	(292)	(225)	(315)	(292)	(315)	(23)	(7.9%)
Procurement and partners gross margin	26	27	27	40	24	27	24	(3)	(11.1%)
Procurement and partners gross margin %	8.6%	11.4%	8.5%	15.1%	7.1%	8.5%	7.1%	(1.4pp)	

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Statement of cash flows

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cash flows from operating activities									
Receipts from customers	1,901	1,755	1,975	1,815	1,972	1,975	1,972	(3)	(0.2%)
Receipts from interest	13	11	16	13	13	16	13	(3)	(18.8%)
Payments to suppliers and employees	(1,327)	(1,279)	(1,460)	(1,270)	(1,519)	(1,460)	(1,519)	(59)	(4.0%)
Payments for income tax	(93)	(67)	(120)	(70)	(101)	(120)	(101)	19	15.8%
Payments for interest on debt	(23)	(25)	(23)	(32)	(31)	(23)	(31)	(8)	(34.8%)
Payments for interest on leases	(10)	(9)	(15)	(22)	(23)	(15)	(23)	(8)	(53.3%)
Payments for interest on leased customer equipment assets	(3)	(3)	(4)	(3)	(4)	(4)	(4)	-	-%
Net cash flows from operating activities	458	383	369	431	307	369	307	(62)	(16.8%)
Cash flows from investing activities									
Proceeds from sale of property, plant and equipment	-	-	1	10	14	1	14	13	NM
Proceeds from sale of business	-	-	894	(1)	-	894	-	(894)	(100.0%)
Proceeds from long-term investments	3	1	-	-	-	-	-	-	NM
Receipts from finance leases	2	1	1	2	1	1	1	-	-%
Receipts from loans receivable	-	-	-	11	10	-	10	10	NM
Payments for purchase of business, net of cash acquired	-	(7)	-	-	(2)	-	(2)	(2)	NM
Payments for, and advances to, long-term investments	(39)	(20)	(2)	(1)	(1)	(2)	(1)	1	50.0%
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum) and capacity	(216)	(209)	(246)	(229)	(347)	(246)	(347)	(101)	(41.1%)
Payments for spectrum intangible assets	-	-	-	(6)	-	-	-	-	NM
Payments for capitalised interest	(3)	(5)	(5)	(4)	(6)	(5)	(6)	(1)	(20.0%)
Net cash flows from investing activities	(253)	(239)	643	(218)	(331)	643	(331)	(974)	NM
Cash flows from financing activities									
Net proceeds from/(repayments of) debt	99	115	(517)	54	489	(517)	489	1,006	NM
Payments for dividends	(225)	(224)	(234)	(252)	(249)	(234)	(249)	(15)	(6.4%)
Payments for share buy-back	-	-	-	(146)	(159)	-	(159)	(159)	NM
Payments for leases	(33)	(36)	(31)	(33)	(38)	(31)	(38)	(7)	(22.6%)
Payments for leased customer equipment assets	(25)	(21)	(15)	(22)	(20)	(15)	(20)	(5)	(33.3%)
Net cash flows from financing activities	(184)	(166)	(797)	(399)	23	(797)	23	820	NM
Net cash flows	21	(22)	215	(186)	(1)	215	(1)	(216)	NM
Opening cash position	72	93	71	286	100	71	100	29	40.8%
Closing cash position	93	71	286	100	99	286	99	(187)	(65.4%)

Analysis & KPIs - Free cash flows and movement in working capital

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
EBITDAI	538	612	1,042	680	530	1,042	530	(512)	(49.1%)
<i>Excluding</i>									
Non cash other gains and impairments	14	10	536	11	20	536	20	(516)	(96.3%)
EBITDAI ex. Non cash other gains and impairments	524	602	506	669	510	506	510	4	0.8%
<i>Less</i>									
Cash paid on maintenance capital expenditure	188	184	200	128	261	200	261	61	30.5%
Cash paid on interest	23	26	26	44	45	26	45	19	73.1%
Cash paid on tax payments	93	67	120	70	101	120	101	(19)	(15.8%)
Cash paid on leases	56	56	45	53	57	45	57	12	26.7%
Total cash payments on capital expenditure, interest, tax and lease	360	333	391	295	464	391	464	73	18.7%
Free cash flow	164	269	115	374	46	115	46	(69)	(60.0%)
Change in working capital									
Change in receivables	(42)	104	(59)	126	(27)	(59)	(27)	32	54.2%
Change in payables	(63)	78	3	(53)	20	3	20	17	NM
Change in inventory	29	14	1	(28)	27	1	27	26	NM
Change in contract assets	(5)	3	3	30	8	3	8	5	NM
Change in prepayments (excluding CAPEX)	37	(37)	22	(31)	45	22	45	23	NM
Total change in working capital - increase/(decrease)	(44)	162	(30)	44	73	(30)	73	103	NM

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Group capital expenditure

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Maintenance Capex									
Cloud	7	8	11	8	24	11	24	13	NM
Fixed network & International cable capacity	33	35	35	58	55	35	55	20	57.1%
IT systems	87	63	62	54	80	62	80	18	29.0%
Mobile network	62	38	77	21	65	77	65	(12)	(15.6%)
Property	6	10	11	12	7	11	7	(4)	(36.4%)
Other	2	3	4	6	4	4	4	-	-%
Total maintenance capital expenditure excluding spectrum	197	157	200	159	235	200	235	35	17.5%
Growth Capex									
SA readiness	12	13	-	42	32	-	32	32	NM
Data centres	9	22	50	64	19	50	19	(31)	(62.0%)
Total growth capital expenditure excluding spectrum	21	35	50	106	51	50	51	1	2.0%
Total capital expenditure excluding spectrum	218	192	250	265	286	250	286	36	14.4%
Total capital expenditure excluding spectrum to operating revenue and other gains	11.5%	10.5%	9.9%	13.5%	14.5%	9.9%	14.5%		
Total capital expenditure excluding spectrum to adjusted operating revenue and other gains	11.5%	10.5%	12.8%	13.5%	14.5%	12.8%	14.5%		
Mobile spectrum	-	-	-	-	23	-	23	23	-%
Total capital expenditure including spectrum	218	192	250	265	309	250	309	59	23.6%
Cash Capex									
Growth	31	30	51	105	92	51	92	41	80.4%
Maintenance	188	184	200	128	261	200	261	61	30.5%
Total cash capital expenditure excluding spectrum	219	214	251	233	353	251	353	102	40.6%

Capital expenditure is the additions to property, plant and equipment and intangible assets (excluding goodwill, acquisitions and other non-cash additions that may be required by NZ IFRS, such as decommissioning costs) and additions to capacity right-of-use assets where such additions are paid upfront.

Analysis & KPI's - Capital expenditure depreciation and amortisation

On adoption of NZ IFRS 16 *Leases*, assets associated with capacity arrangements which were previously recognised within intangible assets have been reclassified to right-of-use assets. Payments for capacity purchases remain within Spark's definition of capital expenditure. Total depreciation on property, plant and equipment, depreciation on capacity right-of-use assets and amortisation of intangible assets is reconciled below:

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Depreciation - property, plant and equipment	116	118	114	113	112	114	112	(2)	(1.8%)
Depreciation - right-of-use assets ²	11	11	11	11	12	11	12	1	9.1%
Amortisation - intangible assets	83	86	79	87	80	79	80	1	1.3%
Total capital expenditure depreciation and amortisation	210	215	204	211	204	204	204	-	-%

²Includes depreciation on capacity right-of-use assets only as these are included within Spark's definition of capital expenditure.