

# 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%
<b>EBITDAI</b>	<b>538</b>	<b>612</b>	<b>1,042</b>	<b>680</b>	<b>530</b>	<b>1,042</b>	<b>530</b>	<b>(512)</b>	<b>(49.1%)</b>
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
<b>Net earnings before income tax</b>	<b>257</b>	<b>324</b>	<b>766</b>	<b>386</b>	<b>227</b>	<b>766</b>	<b>227</b>	<b>(539)</b>	<b>(70.4%)</b>
Tax income / (expense) <sup>1</sup>	(78)	(93)	99	(116)	(70)	99	(70)	(169)	NM
<b>Net earnings for the period</b>	<b>179</b>	<b>231</b>	<b>865</b>	<b>270</b>	<b>157</b>	<b>865</b>	<b>157</b>	<b>(708)</b>	<b>(81.8%)</b>
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%)

<sup>1</sup>The 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%)
<b>Adjusted EBITDAI</b>	<b>538</b>	<b>612</b>	<b>510</b>	<b>683</b>	<b>530</b>	<b>510</b>	<b>530</b>	<b>20</b>	<b>3.9%</b>
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
<b>Adjusted net earnings before income tax</b>	<b>257</b>	<b>324</b>	<b>234</b>	<b>384</b>	<b>227</b>	<b>234</b>	<b>227</b>	<b>(7)</b>	<b>(3.0%)</b>
Adjusted income tax expense	(78)	(93)	(69)	(116)	(70)	(69)	(70)	(1)	(1.4%)
<b>Adjusted net earnings for the period</b>	<b>179</b>	<b>231</b>	<b>165</b>	<b>268</b>	<b>157</b>	<b>165</b>	<b>157</b>	<b>(8)</b>	<b>(4.8%)</b>
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%)



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## Group operating revenues and other gains

	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	%
<b>Telco</b>									
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 <sup>1</sup>	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%)
<b>IT Revenue</b>									
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 <sup>2</sup>	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%)

<sup>1</sup>Wireless broadband revenues and connections are included in broadband revenues and connections.

<sup>2</sup>Included 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	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	%
<b>Operating revenues and other gains</b>									
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	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	%
<b>Finance income</b>									
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	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	%
<b>Net investment income</b>									
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	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	%
<b>Product costs</b>									
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%)
<b>Labour</b>	263	232	269	242	279	269	279	10	3.7%
<b>Other operating expenses</b>									
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%
<b>Adjusted operating expenses</b>	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%)
<b>Total operating expenses</b>	1,352	1,218	1,492	1,277	1,446	1,492	1,446	(46)	(3.1%)

## Finance expense

	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	%
<b>Finance expense</b>									
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	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	%
<b>Depreciation and amortisation expense</b>									
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	%
<b>Mobile revenue by type (Consumer and Business)</b>									
Mobile service revenue	435	451	472	489	500	472	500	28	5.9%
Mobile non-service revenue <sup>1</sup>	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 <sup>2</sup>	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 <sup>3</sup>	(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	
<b>Total mobile revenue by customer segment</b>									
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%
<b>Average revenue per user (ARPU) - 6 month active (Consumer and Business)</b>									
	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	%
Total ARPU <sup>4</sup>	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 <sup>4</sup>	16.26	16.47	17.26	16.91	16.09	17.26	16.09	(1.17)	(6.8%)
<b>Number of mobile connections at period end - 6 month active (Consumer and Business)<sup>5</sup></b>									
	000's	000's	000's	000's	000's	000's	000's	000's	%
Pay-monthly connections	1,416	1,437	1,471	1,509	1,525	1,471	1,525	54	3.7%
Prepaid connections <sup>4</sup>	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 <sup>4</sup>	2,421	2,479	2,593	2,686	2,739	2,593	2,739	146	5.6%

<sup>1</sup>Mobile non-service revenue includes handset sales and mobile interconnect.

<sup>2</sup>Includes MVNO revenue.

<sup>3</sup>Includes handset, interconnect and cellphone tower access costs.

<sup>4</sup>The 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.

<sup>5</sup>Excludes MVNO connections but includes SIM based SmartWatch connections.

# Spark New Zealand

## Analysis & KPIs - Voice

	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	%
<b>Revenue by type</b>									
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 <sup>1</sup>	(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	
	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Voice connections by type</b>									
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	
	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Voice connections by customer segment</b>									
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%)

<sup>1</sup>Includes 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 <sup>2</sup>	(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	
	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Broadband connections by technology</b>									
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	
	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Broadband connections by customer segment</b>									
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%)

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

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## Analysis & KPIs - Data centres

	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	%
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	
<b>Data centre KPIs</b>	<b>H1 FY22</b>	<b>H2 FY22</b>	<b>H1 FY23</b>	<b>H2 FY23</b>	<b>H1 FY24</b>	<b>H1 FY23</b>	<b>H1 FY24</b>	<b>H1 FY23 vs H1 FY24</b>	
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 <sup>1</sup>	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%)

<sup>1</sup>Includes contracted and reserved racks at dedicated data centres and exchanges.

## Analysis & KPIs - IT products

	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	%
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 <sup>2</sup>	(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)	

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

## Analysis & KPIs - IT services

	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	%
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	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	%
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)	

# Spark New Zealand

## 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	%
<b>Cash flows from operating activities</b>									
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)	-	-%
<b>Net cash flows from operating activities</b>	<b>458</b>	<b>383</b>	<b>369</b>	<b>431</b>	<b>307</b>	<b>369</b>	<b>307</b>	<b>(62)</b>	<b>(16.8%)</b>
<b>Cash flows from investing activities</b>									
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%)
<b>Net cash flows from investing activities</b>	<b>(253)</b>	<b>(239)</b>	<b>643</b>	<b>(218)</b>	<b>(331)</b>	<b>643</b>	<b>(331)</b>	<b>(974)</b>	<b>NM</b>
<b>Cash flows from financing activities</b>									
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%)
<b>Net cash flows from financing activities</b>	<b>(184)</b>	<b>(166)</b>	<b>(797)</b>	<b>(399)</b>	<b>23</b>	<b>(797)</b>	<b>23</b>	<b>820</b>	<b>NM</b>
<b>Net cash flows</b>	<b>21</b>	<b>(22)</b>	<b>215</b>	<b>(186)</b>	<b>(1)</b>	<b>215</b>	<b>(1)</b>	<b>(216)</b>	<b>NM</b>
Opening cash position	72	93	71	286	100	71	100	29	40.8%
<b>Closing cash position</b>	<b>93</b>	<b>71</b>	<b>286</b>	<b>100</b>	<b>99</b>	<b>286</b>	<b>99</b>	<b>(187)</b>	<b>(65.4%)</b>

## 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%)
<b>EBITDAI ex. Non cash other gains and impairments</b>	<b>524</b>	<b>602</b>	<b>506</b>	<b>669</b>	<b>510</b>	<b>506</b>	<b>510</b>	<b>4</b>	<b>0.8%</b>
<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%
<b>Total cash payments on capital expenditure, interest, tax and lease</b>	<b>360</b>	<b>333</b>	<b>391</b>	<b>295</b>	<b>464</b>	<b>391</b>	<b>464</b>	<b>73</b>	<b>18.7%</b>
<b>Free cash flow</b>	<b>164</b>	<b>269</b>	<b>115</b>	<b>374</b>	<b>46</b>	<b>115</b>	<b>46</b>	<b>(69)</b>	<b>(60.0%)</b>
<b>Change in working capital</b>									
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
<b>Total change in working capital - increase/(decrease)</b>	<b>(44)</b>	<b>162</b>	<b>(30)</b>	<b>44</b>	<b>73</b>	<b>(30)</b>	<b>73</b>	<b>103</b>	<b>NM</b>



# Spark New Zealand

## 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	%
<b>Maintenance Capex</b>									
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	-	-%
<b>Total maintenance capital expenditure excluding spectrum</b>	<b>197</b>	<b>157</b>	<b>200</b>	<b>159</b>	<b>235</b>	<b>200</b>	<b>235</b>	<b>35</b>	<b>17.5%</b>
<b>Growth Capex</b>									
SA readiness	12	13	-	42	32	-	32	32	NM
Data centres	9	22	50	64	19	50	19	(31)	(62.0%)
<b>Total growth capital expenditure excluding spectrum</b>	<b>21</b>	<b>35</b>	<b>50</b>	<b>106</b>	<b>51</b>	<b>50</b>	<b>51</b>	<b>1</b>	<b>2.0%</b>
<b>Total capital expenditure excluding spectrum</b>	<b>218</b>	<b>192</b>	<b>250</b>	<b>265</b>	<b>286</b>	<b>250</b>	<b>286</b>	<b>36</b>	<b>14.4%</b>
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	-%
<b>Total capital expenditure including spectrum</b>	<b>218</b>	<b>192</b>	<b>250</b>	<b>265</b>	<b>309</b>	<b>250</b>	<b>309</b>	<b>59</b>	<b>23.6%</b>
<b>Cash Capex</b>									
Growth	31	30	51	105	92	51	92	41	80.4%
Maintenance	188	184	200	128	261	200	261	61	30.5%
<b>Total cash capital expenditure excluding spectrum</b>	<b>219</b>	<b>214</b>	<b>251</b>	<b>233</b>	<b>353</b>	<b>251</b>	<b>353</b>	<b>102</b>	<b>40.6%</b>

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 <sup>2</sup>	11	11	11	11	12	11	12	1	9.1%
Amortisation - intangible assets	83	86	79	87	80	79	80	1	1.3%
<b>Total capital expenditure depreciation and amortisation</b>	<b>210</b>	<b>215</b>	<b>204</b>	<b>211</b>	<b>204</b>	<b>204</b>	<b>204</b>	<b>-</b>	<b>-%</b>

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