

Spark New Zealand

Group result - reported

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains	1,824	1,799	1,796	1,797	1,890	1,796	1,890	94	5.2%
Operating expenses	(1,327)	(1,189)	(1,296)	(1,178)	(1,352)	(1,296)	(1,352)	(56)	(4.3%)
EBITDAI	497	610	500	619	538	500	538	38	7.6%
Finance income	18	18	17	17	14	17	14	(3)	(17.6%)
Finance expense	(46)	(48)	(43)	(38)	(37)	(43)	(37)	6	14.0%
Depreciation and amortisation expense	(237)	(250)	(262)	(259)	(257)	(262)	(257)	5	1.9%
Net investment income	(1)	2	-	(1)	(1)	-	(1)	(1)	NM
Net earnings before income tax	231	332	212	338	257	212	257	45	21.2%
Tax expense	(69)	(78)	(65)	(104)	(78)	(65)	(78)	(13)	(20.0%)
Net earnings for the period	162	254	147	234	179	147	179	32	21.8%
Capital expenditure	244	124	190	159	218	190	218	28	14.7%
Free cash flows	50	388	113	320	183	113	183	70	62.6%
Reported EBITDAI margin	27.2%	33.9%	27.8%	34.4%	28.5%	27.8%	28.5%	0.7%	
Reported effective tax rate	29.9%	23.5%	30.7%	30.8%	30.4%	30.7%	30.4%	(0.3%)	
Capital expenditure to operating revenues	13.4%	6.9%	10.6%	8.8%	11.5%	10.6%	11.5%	0.9%	
Reported basic and diluted earnings per share (cent)	8.8	13.9	8.0	12.5	9.6	8.0	9.6	1.6	20.0%

Gross margin by product

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile	405	424	407	430	437	407	437	30	7.4%
Voice	123	119	87	93	86	87	86	(1)	(1.1%)
Broadband	175	166	166	173	166	166	166	-	-%
Cloud, security and service management	173	175	179	179	176	179	176	(3)	(1.7%)
Procurement and partners	20	25	20	23	26	20	26	6	30.0%
Managed data, network and services	70	68	72	73	65	72	65	(7)	(9.7%)
Other product	15	33	28	42	33	28	33	5	17.9%
Total product gross margin	981	1,010	959	1,013	989	959	989	30	3.1%
Other gains	4	31	4	24	16	4	16	12	NM
Total gross margin	985	1,041	963	1,037	1,005	963	1,005	42	4.4%

Connections

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Mobile connections ¹	2,500	2,519	2,431	2,421	2,445	2,431	2,445	14	0.6%
Voice connections by type ²									
POTS & ISDN	288	220	197	168	140	197	140	(57)	(28.9%)
VoIP	54	61	69	69	69	69	69	-	-%
Voice over wireless	26	24	23	24	20	23	20	(3)	(13.0%)
	368	305	289	261	229	289	229	(60)	(20.8%)
Broadband connections									
Copper	211	186	157	131	113	157	113	(44)	(28.0%)
Fibre	340	367	381	395	402	381	402	21	5.5%
Wireless	141	156	165	175	187	165	187	22	13.3%
	692	709	703	701	702	703	702	(1)	(0.1%)

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

² Voice 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).

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Group operating revenues and other gains

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues									
Mobile									
Service revenue	425	423	420	432	441	420	441	21	5.0%
Non-service revenue	228	212	231	228	237	231	237	6	2.6%
	653	635	651	660	678	651	678	27	4.1%
Voice									
Access	95	85	62	67	57	62	57	(5)	(8.1%)
Calling	79	81	71	67	70	71	70	(1)	(1.4%)
Other voice revenue	23	23	21	20	19	21	19	(2)	(9.5%)
	197	189	154	154	146	154	146	(8)	(5.2%)
Broadband	345	335	337	333	324	337	324	(13)	(3.9%)
Cloud, security and service management	209	211	217	226	224	217	224	7	3.2%
Procurement and partners	207	200	236	178	301	236	301	65	27.6%
Managed data, network and services	134	143	140	142	140	140	140	-	-%
Other operating revenue	75	55	57	80	61	57	61	4	7.0%
Total operating revenues	1,820	1,768	1,792	1,773	1,874	1,792	1,874	82	4.6%
Other gains	4	31	4	24	16	4	16	12	NM
Total operating revenues and other gains	1,824	1,799	1,796	1,797	1,890	1,796	1,890	94	5.2%

Operating revenues includes revenues from Consumer, Business, Wholesale and other customer segments.
Wireless broadband revenues and connections are included in broadband revenues and connections.

Operating revenues and other gains by customer segment

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains									
Consumer	825	757	769	781	788	769	788	19	2.5%
Business	915	927	947	912	1,037	947	1,037	90	9.5%
Wholesale and other	110	142	106	132	100	106	100	(6)	(5.7%)
Eliminations	(26)	(27)	(26)	(28)	(35)	(26)	(35)	(9)	(34.6%)
	1,824	1,799	1,796	1,797	1,890	1,796	1,890	94	5.2%

Finance income

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Finance income									
Finance lease interest income	7	6	6	7	6	6	6	-	-%
Other interest income	11	12	11	10	8	11	8	(3)	(27.3%)
	18	18	17	17	14	17	14	(3)	(17.6%)

Net investment income

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Net investment income									
Dividend income	-	-	-	-	-	-	-	-	NM
Share of associates' and joint ventures' net losses	(1)	2	-	(1)	(1)	-	(1)	(1)	NM
	(1)	2	-	(1)	(1)	-	(1)	(1)	NM

Revenue classification changes

As part of the ongoing revision of the Agile business model, the management of certain customer segment lines have been reallocated from one part of the business to another. The details of the key change and the associated impact on revenue reporting are as follows:

Product line	Services provided	Previous customer product	Current customer product
Internet of Things (IoT)	Reclassification of IoT products to align with business alike segments from consumer. This excludes Wholesale IoT	Wholesale and other	Business

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Group operating expenses

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Product costs									
Mobile	248	211	244	230	241	244	241	(3)	(1.2%)
Voice	74	70	67	61	60	67	60	(7)	(10.4%)
Broadband	170	169	171	160	158	171	158	(13)	(7.6%)
Cloud, security and service management	36	36	38	47	48	38	48	10	26.3%
Procurement and partners	187	175	216	155	275	216	275	59	27.3%
Managed data, network and services	64	75	68	69	75	68	75	7	10.3%
Other product costs	60	22	29	38	28	29	28	(1)	(3.4%)
	839	758	833	760	885	833	885	52	6.2%
Labour	268	245	256	237	263	256	263	7	2.7%
Other operating expenses									
Network support costs	37	32	44	42	44	44	44	-	-%
Computer costs	49	49	51	50	55	51	55	4	7.8%
Accommodation costs	33	30	32	35	30	32	30	(2)	(6.3%)
Advertising, promotions and communication	47	31	44	28	34	44	34	(10)	(22.7%)
Bad debts	7	10	(1)	(6)	3	(1)	3	4	NM
Impairment expense	-	2	-	2	2	-	2	2	NM
Other	47	32	37	30	36	37	36	(1)	(2.7%)
	220	186	207	181	204	207	204	(3)	(1.4%)
Total operating expenses	1,327	1,189	1,296	1,178	1,352	1,296	1,352	56	4.3%
Finance expense									
Finance expense on debt	25	28	21	22	23	21	23	2	9.5%
Other interest and finance expense	7	5	6	4	4	6	4	(2)	(33.3%)
Lease interest expense	15	16	15	11	10	15	10	(5)	(33.3%)
Leased customer equipment interest expense	3	3	4	4	3	4	3	(1)	(25.0%)
	50	52	46	41	40	46	40	(6)	(13.0%)
Capitalised interest	(4)	(4)	(3)	(3)	(3)	(3)	(3)	-	-%
	46	48	43	38	37	43	37	(6)	(14.0%)
Depreciation and amortisation expense									
Depreciation - property, plant and equipment	119	114	124	118	116	124	116	(8)	(6.5%)
Depreciation - right-of-use assets	28	36	35	42	40	35	40	5	14.3%
Depreciation - leased customer equipment assets	15	12	19	17	18	19	18	(1)	(5.3%)
Amortisation of intangibles	75	88	84	82	83	84	83	(1)	(1.2%)
	237	250	262	259	257	262	257	(5)	(1.9%)

Expenses restatement

Spark revised its accounting policy in relation to configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements. This was in response to the IFRS Interpretations Committee ('IFRIC') agenda decision, issued in April 2021, clarifying its interpretation of how current accounting standards apply to these types of arrangements. Details of the key change listed below:

Product line	Previous classification	Current product
Configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements	Capex (IT systems)	Labour, Network support costs and Other operating expenses

Further details can be found in Note 3 of Spark's interim financial statements for the six months ended 31 December 2021.

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Analysis & KPI's - Mobile

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile revenue by type (Consumer and Business)									
Mobile service revenue	421	419	415	427	435	415	435	20	4.8%
Mobile non-service revenue ¹	216	197	223	221	229	223	229	6	2.7%
	637	616	638	648	664	638	664	26	4.1%
Wholesale and other customer segment mobile revenue ²	16	19	13	12	14	13	14	1	7.7%
Total mobile revenue	653	635	651	660	678	651	678	27	4.1%
Mobile product costs ³	(248)	(211)	(244)	(230)	(241)	(244)	(241)	3	1.2%
Mobile gross margin	405	424	407	430	437	407	437	30	7.4%
Mobile gross margin %	62.0%	66.8%	62.5%	65.2%	64.5%	62.5%	64.5%	2.0%	
	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total mobile revenue by customer segment									
Consumer	443	419	438	441	454	438	454	16	3.7%
Business	194	197	200	207	210	200	210	10	5.0%
Wholesale and other	16	19	13	12	14	13	14	1	7.7%
	653	635	651	660	678	651	678	27	4.1%
	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	%
Average revenue per user (ARPU) - 6 month active Consumer and Business									
Total ARPU	28.48	28.05	28.51	29.66	30.19	28.51	30.19	1.68	5.9%
Pay-monthly ARPU	42.82	41.19	39.97	40.31	40.17	39.97	40.17	0.20	0.5%
Prepaid ARPU	13.28	13.37	14.36	15.42	16.26	14.36	16.26	1.89	13.2%
	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Number of mobile connections at period end - 6 month active - Consumer and Business ⁴									
Pay-monthly connections	1,287	1,330	1,355	1,386	1,416	1,355	1,416	61	4.5%
Prepaid connections	1,181	1,161	1,047	1,008	1,001	1,047	1,001	(46)	(4.4%)
Internal connections	4	4	4	4	4	4	4	-	-%
Total mobile connections	2,472	2,495	2,406	2,398	2,421	2,406	2,421	15	0.6%

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

² Includes MVNO revenue.

³ Includes handset, interconnect and cellphone tower access costs.

⁴ Excludes MVNO connections but includes SIM based SmartWatch connections.

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Analysis & KPI's - Voice

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Revenue by type									
Access	95	85	62	67	57	62	57	(5)	(8.1%)
Calling	79	81	71	67	70	71	70	(1)	(1.4%)
Other voice revenue	23	23	21	20	19	21	19	(2)	(9.5%)
Total voice revenue	197	189	154	154	146	154	146	(8)	(5.2%)
Voice product costs ¹	(74)	(70)	(67)	(61)	(60)	(67)	(60)	7	10.4%
Voice gross margin	123	119	87	93	86	87	86	(1)	(1.1%)
Voice gross margin %	62.4%	63.0%	56.5%	60.4%	58.9%	56.5%	58.9%	2.4%	

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Voice connections by type									
POTS and ISDN	288	220	197	168	140	197	140	(57)	(28.9%)
VoIP	54	61	69	69	69	69	69	-	-%
Voice over wireless	26	24	23	24	20	23	20	(3)	(13.0%)
Total voice connections²	368	305	289	261	229	289	229	(60)	(20.8%)

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Voice connections by customer segment									
Consumer	93	49	58	60	47	58	47	(11)	(19.0%)
Business	161	157	149	138	132	149	132	(17)	(11.4%)
Wholesale and other	114	99	82	63	50	82	50	(32)	(39.0%)
Total voice connections²	368	305	289	261	229	289	229	(60)	(20.8%)

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

² Excludes Cloud Telephony which has been moved to Managed Networks.

Analysis & KPI's - Broadband

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total broadband revenue	345	335	337	333	324	337	324	(13)	(3.9%)
Broadband product costs ³	(170)	(169)	(171)	(160)	(158)	(171)	(158)	13	7.6%
Broadband gross margin	175	166	166	173	166	166	166	-	-%
Broadband gross margin %	50.7%	49.6%	49.3%	52.0%	51.2%	49.3%	51.2%	1.9%	

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Broadband connections by technology									
Copper	211	186	157	131	113	157	113	(44)	(28.0%)
Fibre	340	367	381	395	402	381	402	21	5.5%
Wireless	141	156	165	175	187	165	187	22	13.3%
Total broadband connections	692	709	703	701	702	703	702	(1)	(0.1%)

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Broadband connections by segment									
Consumer	591	605	597	592	592	597	592	(5)	(0.8%)
Business	100	103	103	105	105	103	105	2	1.9%
Wholesale and other	1	1	3	4	5	3	5	2	66.7%
Total broadband connections	692	709	703	701	702	703	702	(1)	(0.1%)

³ Includes broadband access (UBA/UCLL/Fibre), modem and e-mail platform support costs.

Connection classification changes

As part of the ongoing revision of the Agile business model, the management of certain customer segment lines have been reallocated from one part of the business to another. The details of the key change and the associated impact on revenue reporting are as follows:

Connection line	Services provided	Previous customer product	Current customer product
Skinny Jump	Reclassification of Skinny Jump connections to align with business alike segments from consumer	Wholesale and other	Consumer

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Analysis & KPI's - Cloud, Security and Service Management

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cloud Revenue	111	114	113	116	119	113	119	6	5.3%
Security revenue	18	19	19	20	18	19	18	(1)	(5.3%)
Service Management revenue	80	78	85	90	87	85	87	2	2.4%
Cloud, Security and Service management revenue	209	211	217	226	224	217	224	7	3.2%
Cloud, Security and Service management product costs	(36)	(36)	(38)	(47)	(48)	(38)	(48)	(10)	26%
Cloud, Security and Service management gross margin	173	175	179	179	176	179	176	(3)	(2%)
Cloud, Security and Service management gross margin %	82.8%	82.9%	82.5%	79.2%	78.6%	82.5%	78.6%	(3.9%)	
Contribution margin (approximated) % ¹	34.4%	39.3%	34.6%	38.5%	34.8%	34.6%	34.8%	0.2%	

¹ Contribution margin is defined as reported gross margin less labour and other costs that are directly attributable to the implementation and ongoing support of specific contract services.

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
Cloud KPI's									
Number of IaaS clients	361	347	329	336	309	329	309	(20)	(6.1%)
Power usage efficiency for dedicated data-centre sites			1.50	1.48	1.49	1.50	1.49	(0.01)	(0.7%)
Megawatt hours for combined data centre operations			22,091	22,874	21,664	22,091	21,664	(427)	(1.9%)
Security KPI's									
Number of security clients	1,191	1,183	1,153	1,174	1,110	1,153	1,110	(43)	(3.7%)
Average monthly revenue per security client	2,519	2,677	2,746	2,839	2,703	2,746	2,703	(43)	(1.6%)
Service management KPI's									
Number of service management clients	681	730	671	772	712	671	712	41	6.1%
Average monthly revenue per service management cli	19,579	17,808	21,113	19,430	20,365	21,113	20,365	(748)	(3.5%)

Recalculation of megawatt hours for combined data centre operations

The megawatt hours for combined data centre operations has been retrospectively updated following improvements in the capturing of all data centres electricity use, including racks housed in shared sites. The calculation also include total usage over the entire 6 month period.

Analysis & KPI's - Procurement and Partners

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Procurement and partners revenue	207	200	236	178	301	236	301	65	27.6%
Procurement and partners product costs	(187)	(175)	(216)	(155)	(275)	(216)	(275)	(59)	(27.3%)
Procurement and partners gross margin	20	25	20	23	26	20	26	6	30.0%
Procurement and partners gross margin %	9.7%	12.5%	8.5%	13.0%	8.6%	8.5%	8.6%	0.1%	

Analysis & KPI's - Managed data, network and services

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Collaboration	30	35	33	35	38	33	38	5	15.2%
Managed data and networks	104	108	107	107	102	107	102	(5)	(4.7%)
Managed data, network and services revenue	134	143	140	142	140	140	140	-	-%
Managed data, network and services product costs ²	(64)	(75)	(68)	(69)	(75)	(68)	(75)	(7)	(10.3%)
Managed data, network and services gross margin	70	68	72	73	65	72	65	(7)	(9.7%)
Managed data, network and services gross margin %	52.2%	47.6%	51.4%	51.4%	46.4%	51.4%	46.4%	(5.0%)	

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

Spark New Zealand

Statement of cash flows

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 vs H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cash flows from operating activities									
Cash received from customers	1,861	1,733	1,828	1,719	1,901	1,828	1,901	73	4.0%
Interest receipts	17	17	16	16	13	16	13	(3)	(18.8%)
Dividend receipts	-	-	-	-	-	-	-	-	NM
Payments to suppliers and employees	(1,399)	(1,104)	(1,321)	(1,137)	(1,327)	(1,321)	(1,327)	(6)	(0.5%)
Payments for income tax	(82)	(58)	(118)	(70)	(93)	(118)	(93)	25	21.2%
Payments for interest on debt	(26)	(26)	(23)	(23)	(23)	(23)	(23)	-	-%
Payments for interest on leases	(14)	(16)	(16)	(10)	(10)	(16)	(10)	6	37.5%
Payments for interest on leased customer equipment assets	(3)	(3)	(4)	(4)	(3)	(4)	(3)	1	25.0%
Net cash flows from operating activities	354	543	362	491	458	362	458	96	26.5%
Cash flows from investing activities									
Proceeds from sale of property, plant and equipment	13	-	-	6	-	-	-	-	NM
Proceeds from sale of business	-	23	8	22	-	8	-	(8)	(100.0%)
Proceeds from long-term investments	-	-	-	6	3	-	3	3	NM
Receipts from finance leases	2	4	2	4	2	2	2	-	-%
Payments for purchase of businesses	(11)	-	-	(25)	-	-	-	-	NM
Payments for, and advances to, long-term investments	(30)	(5)	(4)	(9)	(39)	(4)	(39)	(35)	NM
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum), and capacity	(270)	(117)	(212)	(118)	(216)	(212)	(216)	(4)	(1.9%)
Payments for spectrum intangible assets	-	-	-	(51)	-	-	-	-	NM
Payments for capitalised interest	(4)	(4)	(3)	(3)	(3)	(3)	(3)	-	-%
Net cash flows from investing activities	(300)	(99)	(209)	(168)	(253)	(209)	(253)	(44)	(21.1%)
Cash flows from financing activities									
Net proceeds from debt	207	(177)	100	(138)	99	100	99	(1)	(1.0%)
Payments for dividends	(229)	(230)	(167)	(163)	(225)	(167)	(225)	(58)	(34.7%)
Payments for leases	(19)	(23)	(20)	(36)	(33)	(20)	(33)	(13)	(65.0%)
Payments for leased customer equipment assets	(13)	(15)	(16)	(18)	(25)	(16)	(25)	(9)	(56.3%)
Receipts from loans receivable	-	-	-	1	-	-	-	-	NM
Net cash flows from financing activities	(54)	(445)	(103)	(354)	(184)	(103)	(184)	(81)	(78.6%)
Net cash flow	-	(1)	50	(31)	21	50	21	(29)	(58.0%)
Opening cash position	54	54	53	103	72	53	72	19	35.8%
Closing cash position	54	53	103	72	93	103	93	(10)	(9.7%)

Spark New Zealand

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

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 vs H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
EBITDAI	497	610	500	619	538	500	538	38	7.6%
<i>excluding</i>									
Impairments and Other Gains	4	29	4	22	14	4	14	10	NM
EBITDAI excluding impairments and other gains	493	581	496	597	524	496	524	28	5.7%
<i>excluding</i>									
Cash capital expenditure	274	121	215	121	219	215	219	4	1.9%
Interest paid	26	28	27	21	23	27	23	(4)	(14.8%)
Tax payments	82	58	118	70	93	118	93	(25)	(21.2%)
Lease payments	30	34	34	50	56	34	56	22	64.7%
Total Cash Capex, Interest, Tax, Lease payments	412	241	394	262	391	394	391	(3)	(0.8%)
Underlying Free Cash Flow	81	340	102	335	133	102	133	31	30.4%
<i>Change in</i>									
Receivables and related items	(12)	(57)	23	(46)	16	23	16	(7)	(30.4%)
Inventory	41	(31)	11	23	29	11	29	18	NM
Payables and related items	2	40	(45)	38	(95)	(45)	(95)	(50)	NM
Total Change in Working Capital	31	(48)	(11)	15	(50)	(11)	(50)	(39)	NM
Free Cash Flow	50	388	113	320	183	113	183	70	61.9%
<i>less</i>									
Spectrum	-	-	-	51	-	-	-	-	NM
Free Cash Flow Including Spectrum	50	388	113	269	183	113	183	70	61.9%
Cash conversion	94%	108%	102%	97%	110%	102%	110%	8%	

Spark New Zealand

Group capital expenditure

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cloud	16	8	9	11	7	9	7	(2)	(22.2%)
Converged Communications Network (CCN)	11	7	15	12	11	15	11	(4)	(26.7%)
International cable construction and capacity purchases	-	11	1	8	1	1	1	-	-%
IT systems	70	53	64	53	87	64	87	23	35.9%
Mobile network	92	24	58	48	74	58	74	16	27.6%
Core sustain and resiliency	50	15	34	22	35	34	35	1	2.9%
Other	5	6	9	5	3	9	3	(6)	(66.7%)
Total capital expenditure (Excl. Mobile Spectrum and property, plant and equipment transfers from finance lease receivables)	244	124	190	159	218	190	218	28	14.7%
Total capital expenditure (Excl. Mobile Spectrum and property, plant and equipment transfers from finance lease receivables) to operating revenue and other gains	13.4%	6.9%	10.6%	8.8%	11.5%	10.6%	11.5%		
Mobile Spectrum	-	-	-	51	-	-	-	-	NM
Property, plant and equipment transfers from finance lease receivables	-	-	-	3	81	-	81	81	NM
Total capital expenditure (Incl. Mobile Spectrum and property, plant and equipment transfers from finance lease receivables)	244	124	190	213	299	190	299	109	57.4%
Total capital expenditure (Incl. Mobile Spectrum and property, plant and equipment transfers from finance lease receivables) to operating revenue and other gains	13.4%	6.9%	10.6%	11.9%	15.8%	10.6%	15.8%		

Capital expenditure is presented on an accruals basis, and includes purchase of property, plant and equipment and intangible assets, capacity purchases (including Southern Cross) but excludes leased customer equipment assets.

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 intangibles is reconciled below:

	H1 FY20	H2 FY20	H1 FY21	H2 FY21	H1 FY22	H1 FY21	H1 FY22	H1 FY21 v H1 FY22	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Depreciation - property, plant and equipment	119	114	124	118	116	124	116	(8)	(6.5%)
Depreciation - right-of-use assets ¹	10	11	11	11	11	11	11	-	-%
Amortisation of intangibles	75	88	84	82	83	84	83	(1)	(1.2%)
Total capital expenditure depreciation and amortisation	204	213	219	211	210	219	210	(9)	(4.1%)

¹ Includes depreciation on capacity right-of-use assets only as these are included within Spark's definition of capital expenditure.

Expenses restatement

Spark revised its accounting policy in relation to configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements. This was in response to the IFRS Interpretations Committee ('IFRIC') agenda decision, issued in April 2021, clarifying its interpretation of how current accounting standards apply to these types of arrangements. Details of the key change listed below:

Product line	Previous classification	Current product
Configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements	Capex (IT systems)	Labour, Network support costs and Other operating expenses

Further details can be found in Note 3 of Spark's interim financial statements for the six months ended 31 December 2021.