



# Spark Annual Report FY25

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## About this report

- This report covers the activities of Spark New Zealand Limited and its subsidiaries for the period 1 July 2024 to 30 June 2025.
- This is an integrated report that covers our financial performance alongside the economic, social, and environmental factors that underpin our short, medium, and long-term value creation for our shareholders and other stakeholders.
- To inform our approach we have applied the International <IR> Framework and the Global Reporting Initiative (GRI) standards, two widely adopted global reporting standards. See pages 126 – 129 for more information on our approach to sustainability reporting.
- This Annual Report is published alongside a suite of other disclosures, including our Corporate Governance Statement, Climate-related Disclosures Report, Modern Slavery and Human Rights Statement, and Environmental, Social and Governance (ESG) Data Pack.
- For the full suite of FY25 disclosures please visit [spark.co.nz/governance](https://spark.co.nz/governance)



- This report is dated 20 August 2025 and is signed on behalf of the Board of Spark New Zealand Limited by Justine Smyth, Chair; and Gordon MacLeod, Chair Audit and Risk Management Committee.

**Justine Smyth CNZM**  
Chair

**Gordon MacLeod**  
Chair Audit and Risk  
Management Committee

## Key dates

Investor Strategy  
Briefing  
**11 September 2025**

Annual Meeting  
**7 November 2025**

FY26 half-year  
results announcement  
**27 February 2026**

FY26 year-end  
results announcement  
**21 August 2026**



# About Spark

Spark is New Zealand's largest telecommunications company. Our customers range from individual New Zealanders and households to small businesses, government, and large enterprise clients. Across all our services – mobile, broadband, digital services, and digital infrastructure – we have relevance for almost every New Zealander.

#1

**Market share**  
in mobile and broadband<sup>1</sup>

**Most reliable  
mobile network**  
with the widest coverage  
experience<sup>2</sup>

2.6m+

mobile connections

1. IDC New Zealand mobile market share report as at 30 June 2025.

2. Opensignal Awards - **New Zealand: Mobile Network Experience Report, September 2024**, based on independent analysis of mobile measurements recorded during the period June 1 – August 29, 2024 © 2024 Opensignal Limited.

3. Total headcount as of 30 June 2025. Spark FTE (full time employee) number is 3,847 as of 30 June 2025.

4. Towns with a population over 1,500.

5. Includes Spark active equipment on 1,600 third party towers, 572 Rural Connectivity Group (RCG) towers and 90 small cells active at 30 June 2025.



660k+

broadband connections

59

retail stores

99%

of New Zealanders reached  
by our 4G network

110k+

small-medium business customers

24

regional business hubs

50%+

of the population reached  
by our 5G network<sup>4</sup>

1,100+

enterprise and government  
customers

4,043

employees<sup>3</sup>

2,262

mobile sites housing our  
active infrastructure<sup>5</sup>

+40

customer net promoter score

23MW

Over 23MW data centre capacity

2.37m+

devices connected to our Internet  
of Things (IoT) network



# Performance snapshot

Reported operating revenues and other gains<sup>1</sup>

## \$3,725m

2.5% decrease vs FY24

Adjusted operating revenues and other gains<sup>2</sup>

## \$3,700m

4.2% decrease vs FY24

Reported EBITDAI<sup>1,3</sup>

## \$1,053m

7.7% decrease vs FY24

Adjusted EBITDAI<sup>2,3</sup>

## \$1,060m

8.9% decrease vs FY24

Reported net earnings<sup>4</sup>

## \$260m

17.7% decrease vs FY24

Adjusted net earnings<sup>2</sup>

## \$227m

33.6% decrease vs FY24

Mobile service revenue

## \$987m

2.3% decrease vs FY24

Broadband revenue

## \$608m

0.8% decrease vs FY24

IT revenue<sup>5</sup>

## \$666m

2.6% decrease vs FY24

Data centre revenue<sup>5,6</sup>

## \$50m

11.1% increase vs FY24

1. Reported revenue and EBITDAI excludes the results of the data centre business which has been classified as a discontinuing operation in the financial statements.

2. Adjusted numbers in FY25 include the impacts of removing the \$71 million gain on sale of the remaining investment in Connexa, and the \$53 million transformation costs associated with Spark's SPK-26 Operate Programme and any associated tax impacts. They also include the results of the data centre business for both years which has been classified as a discontinuing operation in the financial statements. The prior year net earnings has been adjusted for the \$26 million impact of the government change to tax depreciation rules for buildings.

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 the financial statements.

4. Reported net earnings includes earnings from both continuing and discontinuing operations.

5. The prior year IT revenue and data centre revenue has been restated to more accurately reflect how these products are viewed.

6. Data centre revenue includes both continuing (\$4 million) and discontinuing operations (\$46 million).

7. Free cash flow is a non-GAAP measure and is defined on page 7 of Spark's FY25 Detailed Financials.

8. Reported return on invested capital (ROIC) is calculated as net operating profit (EBITDAI less depreciation and amortisation for both continuing and discontinuing operations) after tax (at 28%) as a percentage of average invested capital (total debt including leases plus equity).

Adjusted free cash flow<sup>7</sup>

**\$330m**

no change vs FY24

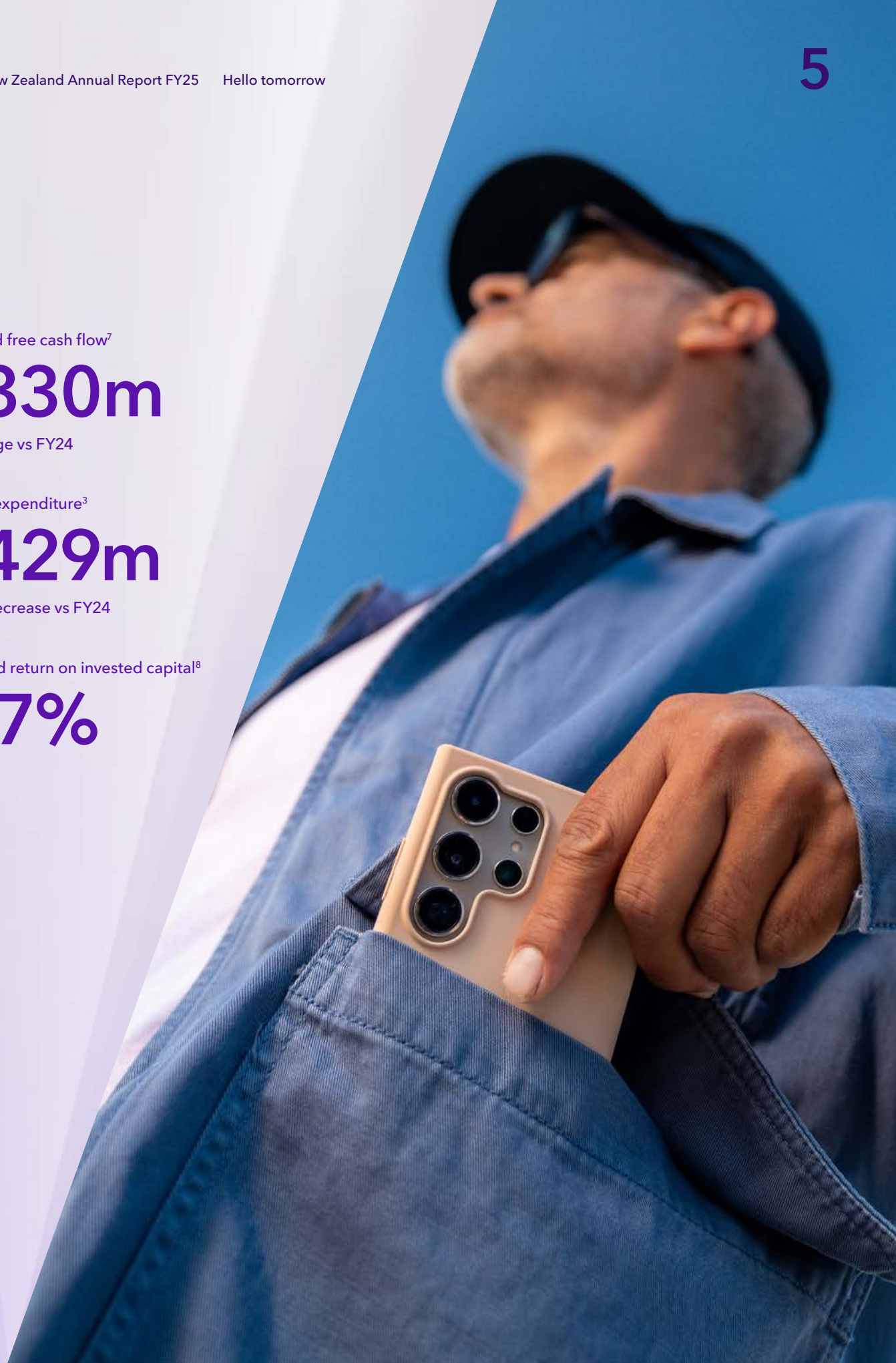
Capital expenditure<sup>3</sup>

**\$429m**

17.2% decrease vs FY24

Reported return on invested capital<sup>8</sup>

**8.7%**





# Chair's address



Justine Smyth  
CNZM

## Tēnā koutou,

The past financial year has been one of the most challenging periods in Spark's history, as we navigated economic headwinds, materially lower customer spending, and ongoing structural change in some of our markets. We acknowledge that not all the challenges we faced were beyond our control and understand our shareholders will rightly be concerned by our performance over the past year.

At our AGM in November, I outlined the action we would take to stabilise performance. Good progress has been made against these priorities since that time, and we have also reviewed Spark's future strategy and capital management settings to improve shareholder returns over the long term.

## Transforming today, for a stronger tomorrow

Through our transformation programme we have taken decisive action in four key areas – refocusing Spark on our core business of connectivity, simplifying our portfolio by divesting non-core assets, expanding our cost-reduction programme, and generating value through our data centre strategy.

Connectivity is at the heart of Spark. Our connectivity services across the consumer, SME, and business markets account for 80% of gross margins. This is why we have renewed our focus on our core, and in particular building momentum in the mobile market.

To support this focus and recycle capital into our core business, we undertook a strategic review of non-core assets. This culminated in the sale of our remaining stakes in Connexa and Hutchison Telecommunications (Australia) Limited, delivering combined proceeds of \$356 million.

Our expanded cost-out programme introduced four new global partnerships into our network and IT operations, which enables us to improve customer experiences while underpinning significant cost reductions.

To support the growth of our data centre business, we commenced a process during the year to identify a capital partner. At the start of August, we announced we had entered into an agreement to sell a 75% interest in our data centre business to Pacific Equity Partners (PEP)<sup>1</sup> – valuing the business at up to \$705 million<sup>2</sup> and securing a funding pathway to build out our planned 130MW+ development pipeline.



PEP is one of Australia's leading private capital managers, with a strong track record of growing businesses across New Zealand and Australia. Through this partnership we will realise value for our data centre assets in the short term, while also continuing to participate in the growing market through our 25% retained stake – creating further value for our shareholders over the long term.

The Board declared a final dividend in August 2025 of 12.5 cents per share, to bring the total FY25 dividend to 25 cents per share – delivering on updated guidance and taking into account the return of some of the Connexa sale proceeds.

Finally, our return on invested capital (ROIC)<sup>3</sup> in FY25 of 8.7% was in excess of our cost of capital and continues to outperform the majority of our global peers.

### Resetting capital management for long-term shareholder value

As part of our transformation focus, the Board undertook a review of Spark's capital management settings to maximise shareholder value. Our updated Capital Management Framework has three core focus areas – maintaining financial strength, ensuring an appropriate return on our investments, and sustainable shareholder returns.

From FY26, we have made changes to our Dividend Policy to support a sustainable dividend funded by free cash flow (FCF). Our definition of FCF now includes changes in working capital and capital expenditure used to operate our core business. Moving forward, the only capital expenditure excluded from FCF will be spectrum and strategic investments outside our core business, such as data centres. We have also changed our target dividend payout ratio to 70-100% of FCF, to provide flexibility if needed in the future.

In practice, this means the dividend guidance we provide each year will be tied to forecast free cash flows, which will also be included within guidance. In FY26 we are guiding to free cash flow of \$290-\$330 million and a dividend payout ratio of 100%.

### Board renewal

In a year of significant change for Spark we have also taken the opportunity to undertake Board renewal, with three new independent, non-executive directors joining in FY26, which will bring further depth and breadth to an already experienced board. Lindsay Wright, Vince Hawksworth, and Tarek Robbiati bring broad governance and senior management experience, and deep sector knowledge across the telecommunications, capital markets, infrastructure investment, and retail customer sectors.

Gordon MacLeod and Sheridan Broadbent will retire from the Board during FY26 and I would like to thank them both for the significant contribution they have made over the past three years and wish them every success in the future.

### Looking to the future

As we look ahead, we are firmly focused on returning Spark to topline growth and improving shareholder returns. Recognising the market has changed significantly since we announced our SPK-26 strategy, the Board has approved a new five-year strategy that refocuses Spark from an ambition to become a broader digital services business to its core of connectivity.

Through this new strategy our ambition is to deliver stable annuity-like returns, with sustainable free cash flow funding a growing dividend profile over time.

Your Board and Management remain committed to realising these ambitions in the years ahead and thank you for your continued support.

Ngā mihi



**Justine Smyth CNZM**  
Chair

1. Transaction subject to regulatory and customary consents.  
2. Headline enterprise value comprising base enterprise value of \$575 million and up to a further \$130 million of earn-out enterprise value.  
3. ROIC is calculated as net operating profit (EBITDA) less depreciation and amortisation for both continuing and discontinuing operations) after tax (at 28%) as a percentage of Invested Capital (total debt including leases plus equity). Peers are comparable telecommunications companies.

# CEO review



Jolie Hodson  
MNZM

## Tēnā koutou,

Over the past year, like many businesses across New Zealand, we have continued to experience the impacts of a recessionary environment, felt more acutely due to our exposure to the enterprise and government markets through our scale IT business.

We completed FY25 with adjusted EBITDA<sup>1</sup> of \$1,060 million, in line with revised guidance but down 8.9% on FY24. Adjusted NPAT of \$227 million was down 33.6%. Free cash flow of \$330 million was the same as in FY24 despite lower earnings, as we reduced total capex by 17.2% to \$429 million.

While we are not immune to economic volatility, we accept responsibility for our performance and have undertaken a significant transformation programme to reset the business and leverage our strong foundations. We are making good progress, laying the groundwork for ongoing performance improvements in the years ahead.

## Refocusing on our core of connectivity

Connectivity is our core business, with mobile alone contributing over half of our group gross margin – making this our number one priority.

Our overall mobile service revenue reduced during the year, driven primarily by the removal of an insurance product in consumer, aggressive pricing and reducing workforces in the enterprise and government segment, and more competition in consumer prepaid. Positively in consumer and SME pay monthly (the largest part of the market) connections grew and when we exclude the one-off impact of insurance, ARPU – our measure of the revenue we earn per customer – increased by around 3% in the second half.

The prepaid market was tougher and is characterised by more competition in the value segments of the market. Here we saw connections decline, while our December plan refresh and price increases maintained ARPU.

Enterprise and government comprises around 10% of our mobile service revenues, and while price competition continues to put pressure on ARPU, we were pleased to see the connection decline stabilise in the second half.

We have implemented a significant programme of activity that is driving momentum into FY26 – including new high data plans, brand campaigns, and new price points across the market. This is moving the dial – with our market share stabilising in the fourth quarter and Spark remaining #1 mobile provider<sup>2</sup> by some distance, with 42% total market share.

We were also pleased to be named 'New Zealand's most reliable mobile network with the widest coverage experience' in The New Zealand Mobile Network Experience Report, released by Opensignal<sup>3</sup> during the year. This recognises the significant and sustained investment we make into our network each year, which underpins our most valuable market.

## Transforming our cost base and technology delivery model

As we expanded the focus of our cost-reduction programme, we undertook a significant organisational redesign to align our business to our new transformation priorities, and to simplify our

enterprise and government division in the face of changing market demand. We integrated our cloud and data and AI subsidiaries into Spark to create a more efficient operating model and connected experience for our customers, improved utilisation, and undertook a simplification programme across our product portfolio.

We also transformed our technology delivery model, which refers to how we operate our IT and network functions across the business.

When we looked at our global peers, many had already moved to new partnership models in these areas of their businesses. Their experience showed that a partnership model would not only enable greater efficiency by leveraging existing global resources, but also create better customer experiences by tapping into the considerable investments these companies make into new products, services, and technologies.

Our new technology delivery model includes four key partnerships – Nokia in network, Infosys and HPE in IT, and Microsoft in cloud. Our network partnership with Nokia will enable us to accelerate our use of AI and automation in our network for better customer experiences, while delivering network operations more efficiently. Our IT partnership with Infosys will help us deliver digital and AI-driven customer experiences more quickly, while our IT partnership with HPE will ensure that our IT environments are continuously updated in line with advancements in technology. Finally, our cloud partnership with Microsoft will support us to continue providing compelling hybrid cloud options for our customers, while modernising our own cloud environment and improving overall cloud margins.

Undertaking a transformation of this scale has brought significant change for our people. It is never easy to make changes that impact our teams, and we do not do so lightly. But to deliver a leaner, more competitive business in a changing market, we have had to make tough but necessary choices to set Spark up for future growth, and to ensure our cost base is sustainable.

We also continued to invest in our artificial intelligence (AI) capability, which is leading in New Zealand. The AI tools we are implementing are improving the productivity of our people and delivering tangible benefits for our customers – such as shorter wait times in our call centres and faster identification and resolution of network issues. With the acceleration of agentic AI, and the capability of our global partners, we will continue to expand this capability to underpin both cost and experience improvements in FY26.

Overall, we delivered an \$85 million reduction in costs in the second half of FY25, compared to the same period in FY24.

This has helped ensure we are in a stronger position as we move into FY26, and as we embark on our new five-year strategy.

### Our new five-year strategy

In an increasingly digital world, our products and solutions are only becoming more important and more relevant for New Zealanders and businesses. Customer data use continues to grow every year, data centre capacity demand is growing off the back of strong AI

and cloud uptake, and digital transformation for productivity and efficiency gains remains an investment priority across the public and private sectors.

Our SPK-30 strategy takes a long-term view, recognising the scale and pace of technological change that is reshaping customer expectations, ways of working, and the products and services we offer. This longer time frame provides our shareholders with clarity around Spark's strategic priorities, and where we will invest to differentiate Spark from our competitors.

At the heart of our strategy is our ambition, *It's better with Spark*. Spark has a proud history in New Zealand – we are the country's largest telecommunications provider, we make significant investments into connectivity every year, and our brand is the most trusted in our sector nationally<sup>4</sup>. Our customers are at the centre of everything we do, and we are proud to have improved customer satisfaction five years running. Over the next five years our ambition is clear – whether it's our network performance, our customer experiences, or the workplace culture we create with our people – we want it to be better with Spark.

Where we focus our investment is also clearly defined through this new strategy. Our focus is on our core of connectivity – which includes mobile and broadband in the consumer and SME market, as well as additional connectivity services in the business market, such as managed data and networks, collaboration, and IoT.

To enable a greater focus on core connectivity, in adjacent segments – such as cloud and IT service management – we will simplify our operations and optimise the margin contribution of these businesses by leveraging greater levels of AI and automation, and our new global partnerships.

Underpinning these focus areas are four key enablers – people and culture, embedding technologies such as automation and AI within our operations, cost and financial discipline, and our ongoing commitment to sustainability.

Guided by our new strategy, we move into FY26 with renewed determination to return Spark to its history of stable performance, and deliver globally competitive shareholder returns.

In closing I would like to acknowledge our Spark people, who have experienced a year of significant change as we have transformed our business and thank our teams for the support they provide to our customers each and every day.

And to you, our shareholders – we thank you for your continued support.

Ngā mihi



**Jolie Hodson MNZM**  
CEO

1. Our FY25 financial results have been split into reported and adjusted numbers. Adjusted revenue and EBITDAI include the data centre business and exclude the Connexa transaction gain on sale (\$71m) and transformation costs (\$53m) associated with the cost out programme. In addition, FY24 NPAT has been adjusted to include the data centre business results and exclude the \$26 million impact of the government change to tax depreciation rules. This provides a like-for-like, year-on-year performance comparison.
2. Market share estimates sourced from IDC as at 30 June 2025.
3. Opensignal Awards – [New Zealand: Mobile Network Experience Report, September 2024](#), based on independent analysis of mobile measurements recorded during the period June 1 – August 29, 2024 © 2024 Opensignal Limited.
4. TRA brand reputation monitor April – June 2025.



# How we create value

## INPUTS

What we rely on to operate our business



### Finance

Strong balance sheet



### People

Skilled, engaged and effective teams



### Partnerships

Global and local partnerships that strengthen and broaden our capability



### Network & Technology

Our mobile and fixed networks, technology, and data centres



### Nature

Energy, water, materials, and land we use in our operations



### Relationships

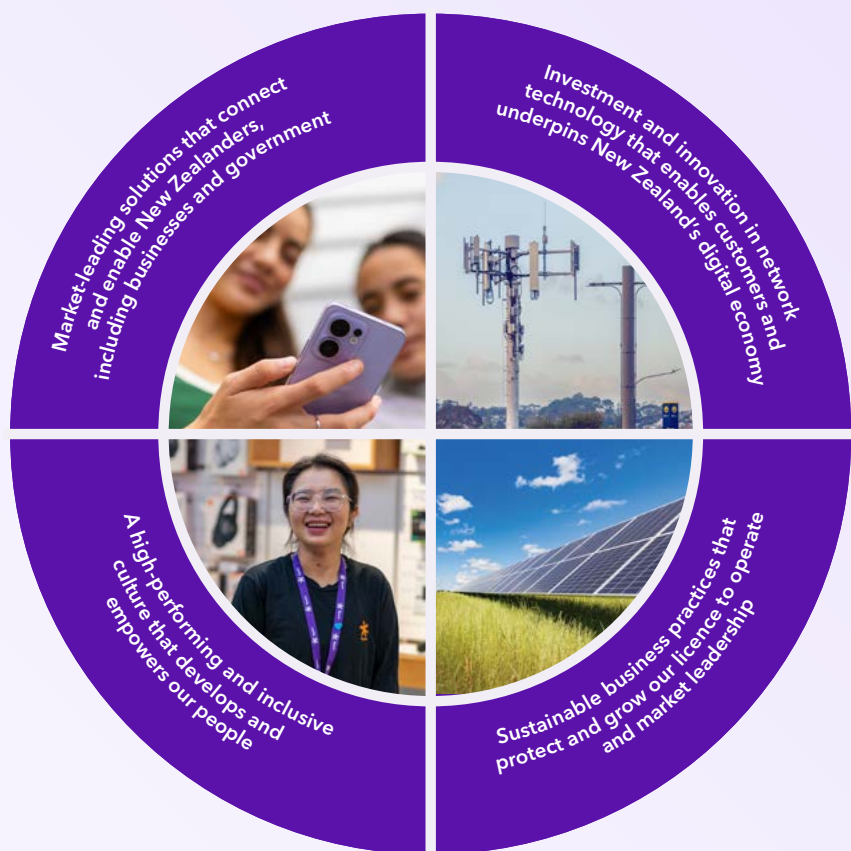
With customers, suppliers, communities and stakeholders

## OUR BUSINESS MODEL

How we use these inputs to create outputs and outcomes

### OUR PURPOSE

To help all of New Zealand win big in a digital world



### UNDERPINNED BY STRONG GOVERNANCE AND OUR VALUES

Whakamana (We empower)  
Matomato (We succeed together)  
Tūhono (We connect)  
Māia (We are bold)

## OUTPUTS

What we aim to create



Financial growth and shareholder returns



Skilled, safe and diverse workforce



Resilient, automated and adaptive network and technology



Reliable connectivity for our customers



Reduced use of natural resources



Improved customer experience, digital equity, and supply chain practices



## OUTCOMES

The benefits of these outputs

Creating value for shareholders

See pages 12 - 15

Employment and skill development

See page 40

Connected New Zealand and resilient digital economy

See page 28

Connected and enabled New Zealanders

See page 24

Protecting the environment and supporting New Zealand's decarbonisation

See page 32

Better customer experience, social outcomes, and participation

See page 24 and 36



# Creating value for shareholders

Transforming today,  
for a stronger tomorrow

We recognise our performance has not met shareholders expectations in FY25, and we remain focused on transforming our business to improve shareholder returns in the years ahead.

The recessionary economic environment in New Zealand created a challenging operating environment for Spark throughout FY25. Lower consumer spending resulted in higher levels of price competition in the market, while materially lower government and business spending reduced demand in Spark's IT business.

As businesses reduced workforces this also flowed through to lower numbers of mobiles needed for employees.

At the same time, we continued to experience structural changes in some of our markets and performance was not where it needed to be in others – and we take responsibility for this. This was a year of facing into those challenges, setting a plan for immediate transformation, and a strategy for the years ahead.

Our strong fundamentals and position in the telecommunications sector remain. Spark has New Zealand's most reliable mobile network, with the widest coverage experience in the country<sup>1</sup>. We are the market leader in the growing mobile market (leading the consumer segment in pay monthly and prepaid connections), in broadband, and in the SME and enterprise and government segments.

As New Zealand continues to digitise, our products and solutions are only becoming more important and relevant. New Zealanders continue to use more data every year, data centre growth is strong, and digital transformation remains an investment priority for businesses, and we approach these opportunities with a brand that is the most trusted in our sector<sup>2</sup> nationally.

1. Opensignal Awards – New Zealand: Mobile Network Experience Report, September 2024, based on independent analysis of mobile measurements recorded during the period June 1 – August 29, 2024 © 2024 Opensignal Limited.

2. TRA brand reputation monitor April – June 2025.



During FY25 we established four strategic priorities to transform our performance:

## Market momentum in our telco core

We renewed our focus on our core business, with a particular focus on our market of mobile, to build momentum and strengthen our market leadership. While the mobile market was challenging in FY25, this renewed focus has improved performance as we move into FY26 – with ARPU growth in consumer (our measure of how much revenue we earn from each customer), connection stabilisation in enterprise and government, and Spark stabilising its market share<sup>3</sup> in the fourth quarter.

## Simplified portfolio

We reviewed non-core assets to consider if Spark remained the best owner, or if greater shareholder value could be created from divestment. This culminated in the divestment of our Connexa and HTAL<sup>4</sup> shareholdings, generating combined proceeds of \$356 million<sup>5</sup>.

In our enterprise and government division, we undertook a significant simplification programme focused on integrating subsidiaries into Spark and product rationalisation for improved customer outcomes.

## Transformed cost base

We transformed our IT delivery model, which refers to how we operate our network and IT at Spark, through the formation of four strategic global partnerships – with Microsoft, Nokia, Infosys and HPE. We are leveraging the scale and capability of these partners to augment our own expertise and deliver efficiency and customer experience improvements.

Combined with a review of our broader Spark operating model, our workforce reduced by approximately 1,300 full-time employees at the end of FY25. This reduction in labour costs, combined with other reductions in opex and product costs, supported savings of \$85 million in the second half of FY25 compared to the same period in FY24.



## Generating value through our data centre strategy

We undertook a process to identify a capital partner for our data centre business, to enable Spark shareholders to benefit from this rapidly growing sector in the long-term, without shouldering the full capital investment required.

This culminated in an agreement to sell a 75% interest in our data centre business to Pacific Equity Partners (PEP)<sup>6</sup> – valuing the business at up to \$705 million<sup>7</sup> and securing a funding pathway to build out our planned 130MW+ development pipeline.

Through this partnership we will realise value for our data centre assets in the short term, while also continuing to participate in the growing market through our 25% retained stake – creating further value for our shareholders over the long term.

3. Market share estimates sourced from IDC as at 30 June 2025.

4. Hutchison Telecommunications (Australia) Limited (HTAL).

5. \$309 million from Connexa transaction (net of transaction costs), \$47 million from Hutchison Telecommunications (Australia) Limited (HTAL) transaction received 17 July 2025.

6. Transaction subject to regulatory and customary consents.

7. Headline enterprise value comprising base enterprise value of \$575 million and up to a further \$130 million of earn-out enterprise value.



## Resetting capital management

In line with our transformation focus, the Board undertook a review of Spark's capital management settings, to consider shareholder value creation in the context of current market performance and Spark's future strategic priorities. The key components of the new Capital Management Framework include:

To maintain **financial strength**, we are focused on a strong balance sheet, and targeting metrics consistent with our current credit rating.

When considering **investment and portfolio management**, investments and M&A for growth must meet our hurdle rates – which include being net present value (NPV) positive, with ROIC greater than the cost of capital. New definitions of capex have also been introduced – with BAU capex covering all capital investment in our core business (with the exception of spectrum), and strategic capex including any capital investment outside the core business, such as data centres. A long-run target of capex to revenue of 10-12% has been maintained.

To **deliver sustainable shareholder returns**, Spark's Dividend Policy has been updated. The dividend guidance we provide each year will be tied to a new definition of free cash flow (FCF), which now incorporates changes in working capital and capital expenditure used to operate our core business. Moving forward, the only capital expenditure excluded from FCF will be spectrum and strategic investments outside our core business. We have also changed our target dividend payout ratio to 70-100% of FCF, to provide flexibility if needed in the future.

When applied to FY26, we are guiding to FCF of \$290-\$330 million and a dividend payout ratio of 100% of FCF.

## Looking to the future

Overall good progress has been made, but more must follow.

We move into FY26 with a new five-year strategy that builds on our transformation focus and is designed to return Spark to its history of stable performance, while maintaining globally competitive shareholder returns.

Our vision is *It's better with Spark*. Better for our shareholders, better for our customers, better for our people, and better for New Zealand as a whole. This speaks to our ambition to maintain and grow our leadership position in the market, grounded in the things that matter to our customers – delivering a better network, and better customer experiences.

Our focus is on our core of connectivity – which includes mobile and broadband in the consumer and SME market, as well as additional connectivity services in the business market, such as managed data and networks, collaboration, and IoT. In segments beyond the core, we will simplify and optimise our business to improve margins while continuing to deliver great experiences for our customers.

Our new strategic plan is shared on the following page. Across the remainder of this report, we outline our financial and non-financial performance across a range of areas that support our success in the marketplace and therefore shareholder returns. This includes how we serve our customers, how we invest in our network and technology, how we reduce our impact on the environment, how we maintain our licence to operate with our communities, and how we invest in our employees.

## SPK-30 Strategy

### Our Purpose

To help all of  
New Zealand  
win big in a  
digital world



### Our Ambition

It's better  
with Spark

Better network  
Better customer  
experiences



### Our Strategic Choices

1

Lead in core  
connectivity

2

Simplify and  
optimise beyond  
the core



### Our Enablers



People and  
culture



Technology  
and AI



Financial  
discipline



Sustainable  
Spark





# Our performance

Reported EBITDAI<sup>1,2</sup>**\$1,053m**

7.7% decrease vs FY24

Reported net earnings<sup>3</sup>**\$260m**

17.7% decrease vs FY24

Reported basic earnings per share<sup>3</sup>**14.0 cents**

19.1% decrease vs FY24

Adjusted EBITDAI<sup>1,4</sup>**\$1,060m**

8.9% decrease vs FY24

Adjusted net earnings<sup>1,4</sup>**\$227m**

33.6% decrease vs FY24

Adjusted basic earnings per share<sup>4</sup>**12.3 cents**

34.2% decrease vs FY24

Dividends per share<sup>5</sup>**25.0 cents**

## Reported and adjusted results

Spark's FY25 financial results include reported and adjusted figures. Reported EBITDAI includes continuing operations and removes the results of the data centre business, which is classified as a discontinuing operation. This means data centre net earnings are disclosed separately in the Financial Statements. Adjusted numbers include the results of the data centre business, remove the \$71m gain on sale from the Connexa stake and the \$53 million of transformation costs in FY25, and in FY24 remove the \$26 million impact of the government change to tax depreciation rules for buildings. This provides a like-for-like, year-on-year performance comparison. A detailed reconciliation is contained on page 9 of Spark's Detailed Financials.

## Operating revenues and other gains

### Reported revenues<sup>2</sup>

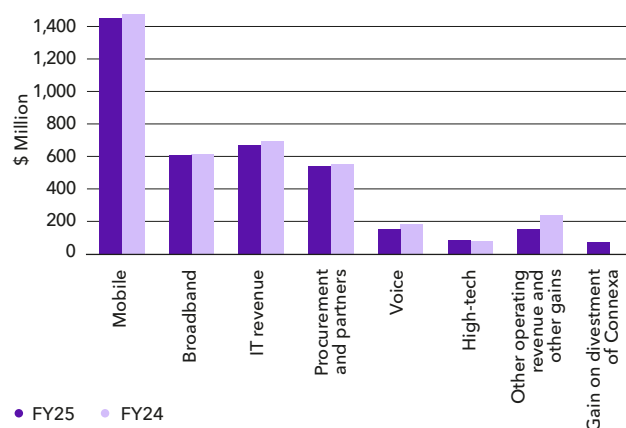
- Mobile service revenue reduced \$23 million or 2.3%. This was driven by continued price pressure in enterprise and government and consumer prepaid, the removal of a Spark-owned insurance product in consumer pay monthly. Non-service revenue increased \$2 million, or 0.4%, with an uplift in wholesale device sales largely offset by lower volumes of handset and accessories sales in the consumer market.
- Within mobile, consumer and SME pay monthly connections grew 0.5%, while ARPU declined 0.6pp - impacted by the reduction in insurance revenue, which will not reoccur in FY26. Excluding the impact of insurance, H2 ARPU increased 3%. In consumer prepaid, connections declined 5.2% while ARPU grew 0.7%, as new offers were introduced. In enterprise and government, ARPU declined 13.9%, however the reduction in H2 improved on H1. Connections declined 1.9% and stabilised in H2.
- Broadband revenue declined \$5 million, or 0.8%, with the benefit of price increases offset by a decline in broadband connections of 26,000, or 3.8%, in a highly competitive market.
- IT revenue declined \$18 million, or 2.6%. Continued uptake of public cloud drove cloud revenue growth of \$10 million, or 4.4%, which was more than offset by a \$22 million decline in managed data and networks, due to declines in legacy WAN revenues, and a \$12m decline in IT services revenue, as tough economic conditions dampened demand.

**\$3,725m**

reported (down 2.5%)

**\$3,700m**

adjusted (down 4.2%)



- Procurement and partners revenue decreased \$10 million, or 1.8%, mainly due to lower procurement volumes across the customer base, noting this was offset by associated lower procurement costs.

1. EBITDAI is a non-GAAP performance measure that is defined in note 2.5 of the financial statements.

2. Reported revenues, operating expenses, and EBITDAI exclude the results of the data centre business which has been classified as a discontinuing operation in the Financial Statements.

3. Reported net earnings and basic earnings per share includes earnings from both continuing and discontinuing operations.

4. Adjusted numbers in FY25 include the impacts of removing the \$71 million gain on sale of the remaining investment in Connexa, and the \$53 million transformation costs associated with Spark's SPK-26 Operate Programme and any associated tax impacts. They also include the results of the data centre business for both years which has been classified as a discontinuing operation in the Financial Statements. The prior year net earnings has been adjusted for the \$26 million impact of the government change to tax depreciation rules for buildings.

5. This represents the H1 FY25 first-half dividend of 12.5 cents per share, together with the H2 FY25 second-half ordinary dividend declared of 12.5 cents per share. Referenced on page 106.

## Operating revenues and other gains (continued)

- Voice revenues declined \$30 million, or 16.7%, in line with the long-term trend. Legacy voice revenues now contribute only 4% of total company revenue.
- High-tech revenue increased \$5 million, or 6.3%, driven by strong connection and revenue growth in the IoT business.
- Other operating revenue declined \$16 million, or 11.4%, largely due to lower network build work in Entelar.
- Other gains of \$102 million includes the \$71 million gain on sale of Connexa investment. Excluding this gain the remaining other

gains of \$31 million were down \$71 million due to fewer lease modifications and terminations and lower vendor funded test and development equipment.

### Adjusted revenues<sup>4</sup>

- Adjusted revenues include \$46 million data centre revenues reported within the discontinuing operation and excludes the gain of \$71 million from the Connexa shareholding divestment.

## Operating expenses

### Reported operating expenses<sup>2</sup>

- Product costs decreased \$17 million, or 1.0%, with declines broadly in line with decreases in associated revenues. The major declines were associated with lower mobile handset sale volumes, reduced voice connections, lower procurement volumes, and product cost savings, partly offset by higher broadband input costs.
- Labour costs decreased by \$68 million, or 13.4%, as the business undertook a transformation of its operating model.
- Other operating expenses increased \$78 million, or 18.4%, due largely to transformation costs (totalling \$53 million) and CPI increases in software licence costs impacting computer costs and increased network support costs due to network expansion.

### Adjusted operating expenses<sup>4</sup>

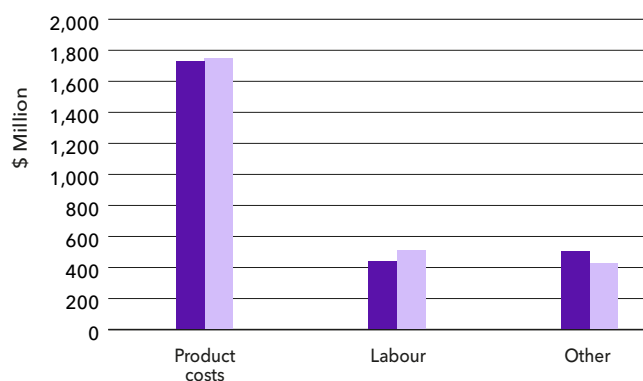
- Total adjusted operating expenses (including data centre costs and removing the transformation costs) decreased by \$58m, or 2.1% from FY24.

**\$2,672m**

reported (down 0.3%)

**\$2,640m**

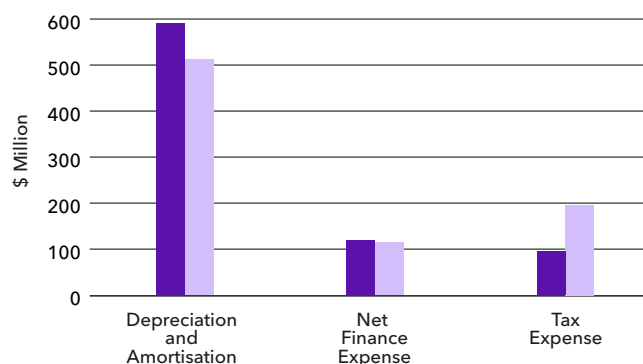
adjusted (down 2.1%)



• FY25 • FY24

## Other

- Total depreciation and amortisation increased \$78 million, or 15.2%, largely driven by higher costs associated with the increased capital spend in prior years combined with increased depreciation on right-of-use assets in line with increased mobile tower and property leases.
- Net finance expense increased \$4 million, driven by higher debt levels, as well as increased interest on leases due to long-term infrastructure leases.
- Tax expense decreased \$101 million, largely due to decreased earnings before tax, the non-taxable gain on sale of Connexa and the cycling of \$26 million additional tax in the prior year relating to the tax depreciation on buildings.



• FY25 • FY24

## Net earnings from discontinuing operation

The data centres business has been classified as a discontinuing operation held for sale at 30 June 2025 resulting in separate disclosure of its net earnings after tax of \$8 million, an increase of \$3 million from FY24. The increase in earnings is largely due to revenue growth of \$5 million, or 12.2%, driven by scaling utilisation, customer wins, and price increases.

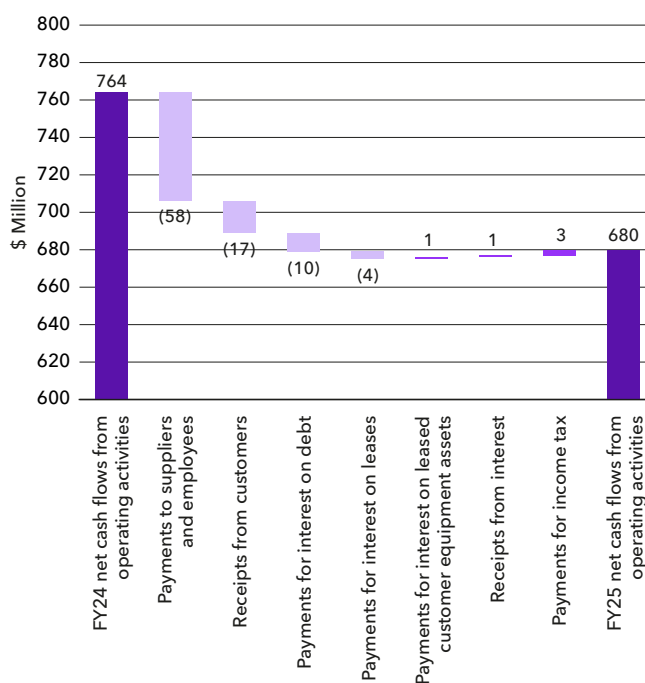
## Cash flows

	2025	2024
YEAR ENDED 30 JUNE	\$M	\$M
Net cash flows from operating activities	680	764
Net cash flows from investing activities	(112)	(550)
Net cash flows from financing activities	(593)	(255)
<b>Net cash flows</b>	<b>(25)</b>	<b>(41)</b>
<b>Free cash flow<sup>6</sup></b>	<b>330</b>	<b>330</b>

- Operating cash flows decreased \$84 million, largely due to severance payments as part of transformation costs, lower receipts from customers as a result of lower revenue during the year, higher payments for interest on debt, and higher payments for interest on leases resulting from increased infrastructure leases.
- Investing cash outflows of \$112 million decreased by \$438 million. The main drivers of the difference were the receipt of net proceeds from the sale of the remaining interest in the Connexa business of \$309 million, and a \$150 million reduction in payments for capital expenditure<sup>7</sup>, largely due to lower spend on the Standalone 5G network, combined with timing-related higher network payments in the prior year.
- Financing cash outflows were \$593 million in FY25, consisting mainly of dividend payments of \$302 million and net repayments of debt of \$197 million (following the receipt of the Connexa proceeds).
- Free cash flow was flat year-on-year, with the decline in EBITDAI offset by lower cash payments for capital expenditure included in free cash flow, and increased payments for interest.

### Operating cash flows

**\$680m** (down 11.0%)



6. Free cash flow is a non-GAAP measure and is defined on page 7 of Spark's FY25 Detailed Financials.

7. Payments for capital expenditure includes purchase of property, plant and equipment, intangibles (excluding spectrum), capacity, and assets classified as held for sale.



## Capital expenditure<sup>8</sup>

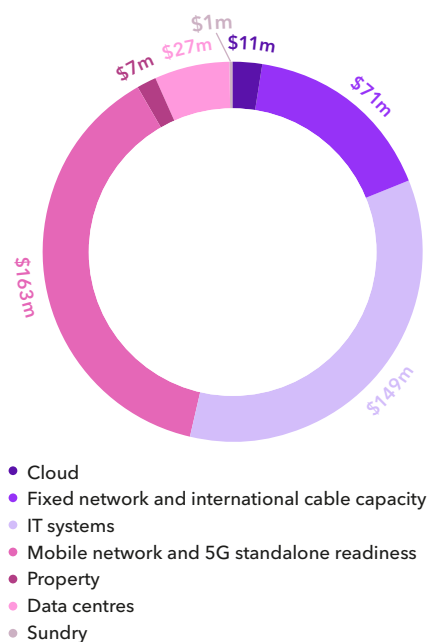
**\$429m**

Capital expenditure in FY25 included the following key focus areas and projects:

- Continued investment in Spark's mobile core and radio access network (RAN), delivering greater network capacity, coverage, and reliability.
- Strategic investment in the lifecycle and licensing of internal IT systems focused on automation and enterprise platform integration to drive efficiency.
- Expanding AI investment to embed intelligence across operations, accelerating automation and service transformation.
- Fixed network infrastructure and international cable capacity to meet requirements for Spark's fibre, transport, and IP network, continuation of the core network expansion and resilience programme, PSTN decommissioning, and international cable capacity purchases to meet forecasted demand for data.
- Data centre investment, including the ongoing construction of the University of Waikato data centre and the upgrade of the Aotea Campus, as well as the commencement of pre-construction activities for the Takanini and North Shore campuses.
- Property investment in Spark's retail store fitouts and refits, and sustain investment for power and building services for Spark-owned exchanges and data centres.

Capital expenditure to adjusted operating revenues and other gains<sup>9</sup>

**11.6%** (FY24 13.4%)



## Reported return on invested capital (ROIC)<sup>10</sup>

ROIC of 8.7% in FY25 was in excess of estimated weighted average cost of capital of 8.0% and outperforms the majority of Spark's global peers.

8. CAPEX is a non-GAAP performance measure that is defined in note 2.5 of the financial statements.

9. CAPEX to operating revenues and other gains for FY25 is calculated on adjusted operating revenue (excluding the gain on divestment of Connexa) to enable a meaningful analysis.

10. Reported return on invested capital (ROIC) is calculated as net operating profit (EBITDAI less depreciation and amortisation for both continuing and discontinuing operations) after tax (at 28%) as a percentage of average invested capital (total debt including leases plus equity).

# Our Board and Leadership Squad

## Our Board



**Justine Smyth CNZM**  
Chair and Non-executive Director

Justine was appointed to the Board in December 2011 and was last re-elected in November 2022. She was appointed Chair in October 2017, and has experience in listed company governance, capital markets, and the financial and commercial performance of large corporate enterprises.



**David Havercroft**  
Non-executive Director

David joined the Board in October 2021 and became Chair of the Human Resources and Compensation Committee (HRCC) in 2024. David brings risk management, regulatory policy, data, digital technologies, and strategic telco industry knowledge and experience to the Board.



**Warwick Bray**  
Non-executive Director

Warwick joined the Board in September 2019 and brings financial, commercial, capital markets, customer insight, listed company governance, and strategic telecommunications industry experience to the Board.



**Lisa Nelson**  
Non-executive Director

Lisa joined the Spark Board in May 2024 and brings financial, commercial, customer insight, listed company governance, capital structures, global data, and digital technology business experience to the Board.



**Jolie Hodson MNZM**  
Chief Executive and Executive Director

Jolie joined the Board in September 2019, following her appointment to CEO in July the same year. Jolie brings strategic knowledge within the telco and technology sector, financial and commercial, and people leadership and culture development experience to the Board.



**Gordon MacLeod**  
Non-executive Director

Gordon joined the Board in August 2022 and became Chair of the Audit and Risk Management Committee (ARMC) in 2023. Gordon brings experience in the financial and operational performance of large businesses, capital markets, and people leadership to the Board. Gordon will resign from the Board effective 1 September 2025.



**Sheridan Broadbent**  
Non-executive Director

Sheridan joined the Spark Board in August 2022 and brings risk management, regulatory, people leadership, and strategic telco and technology industry experience to the Board. Sheridan will resign from the Board, effective 1 October 2025.



More information  
about the Board:  
[spark.co.nz/leadership](https://spark.co.nz/leadership)

The following Directors were appointed to the Board during FY26:



**Lindsay Wright**  
**Non-Executive Director**

Lindsay joined the Board on 1 August 2025, and brings substantial expertise in commercial operations, strategy, investment management, finance, capital markets, and risk and capital management to the Board.<sup>1</sup>



**Vince Hawksworth**  
**Non-executive Director**

Vince will join the Board from 1 October 2025, and brings experience in infrastructure investment, management of large-scale customer bases, and people and culture leadership to the Board.



**Tarek Robbiati**  
**Non-Executive Director**

Tarek will join the Board from 1 October 2025, and brings financial and commercial acumen, strategic business transformation, and deep telecommunications industry experience to the Board.

1. Lindsay has joined the ARMC and will assume the role of Chair upon Gordon MacLeod's retirement.





## Leadership Squad



**Stewart Taylor**  
**Chief Financial Officer**

Stewart joined Spark as Chief Financial Officer in 2024. He brings financial, capital management, business strategy, and performance delivery expertise to the business.



**Mark Beder**  
**Customer Director**

Mark joined Spark in 2003 and was appointed to the Leadership Squad in 2016. He moved from the role of Chief Operating Officer to Customer Director in 2023. He brings technology leadership, network operations, capital investment, sales, and business strategy expertise to the business.



**Greg Clark**  
**SME and Consumer Director**

Greg joined Spark in 2013 and was appointed SME and Consumer Director in 2023. He brings retail, sales, and customer service expertise to the business.



**Renee Mateparae**  
**Network and Operations Director**

Renee joined Spark in 2017 and was appointed Network and Operations Director in 2023. She brings technology leadership and network operations expertise to the business.



**Matt Bain**  
**Data and Marketing Director**

Matt joined Spark in 2018 as Marketing Director, taking on the role of Data and Marketing Director in 2023. He brings brand strategy, AI, technology, digital and data-driven marketing, and customer experience expertise to the business.



**Heather Langton**  
**People and Culture Director**

Heather joined Spark in 2013 and was appointed People and Culture Director in 2019. She brings leadership development, culture, and workforce transformation expertise to the business.



**Melissa Anastasiou**

**Commercial Director**

Melissa joined Spark in 2009 and was appointed Group General Counsel in 2012. She moved into the role of Commercial Director in 2025. She brings legal, regulatory, and commercial expertise to the business.



**Leela Ashford**

**Corporate Relations  
and Sustainability Director**

Leela joined Spark in 2020 and brings corporate affairs, government relations, sustainability, and stakeholder engagement expertise to the business.



**John Wesley-Smith**

**Strategy and Regulatory Director**

John joined Spark in 2005 and became Strategy and Regulatory Director in 2023. He brings strategy, public policy, and regulatory expertise to the business.



More information about the  
Leadership Squad:  
[spark.co.nz/leadership](https://spark.co.nz/leadership)

A photograph of two women in the background, slightly out of focus, looking at a purple smartphone held by a hand in the foreground. The woman on the left is wearing a green top, and the woman on the right is wearing a grey top. The phone is a purple Huawei P30 Pro. The background is a blurred indoor setting.

# Our customers

The key to our success lies in how satisfied and loyal our customers are to Spark, which puts customer experience at the heart of our strategy. We provide mobile, broadband, cloud, digital, and IT services that connect individuals and households, small businesses, government, and large enterprise customers. These products and services connect customers and communities across the country, creating value for New Zealand as well as Spark.

## Improving customer experience

We have an enduring focus on improving the experiences of Spark customers, by making their interactions with us easy and effective. This work continues to show up in customer feedback, with our interaction net promoter score (our measure of customer satisfaction) for our consumer and SME customers up 2 points to +40 in FY25.

This is the fifth year running we have improved customer experience - with a total 18 point improvement since FY20. We continue to focus on training for our store and call centre teams, improvements to our digital journeys, and utilising new technologies like Artificial Intelligence (AI) to better serve our customers.

# +40

Net promoter score up 2 points in FY25



## Using Generative AI to improve customer experience

In FY25 we launched a new tool called 'Bravety' to support our customer care teams. Bravety uses Generative AI (Gen-AI) to transcribe and summarise live customer calls in real-time and provides the summary to the care team member for review immediately after the completion of the call.

This ensures we have consistent and accurate records and allows our people to spend more time focusing on our customers, and less time taking notes.

For customers it means our people are well informed about previous interactions they may have had with our team, which makes it faster and easier to receive the support they need. Since its launch, Bravety has summarised customer calls within 5 seconds and saved, on average, ~1.5-2 minutes per call.

## More data than ever before for our mobile customers

Mobile is central to our business, and in FY25 we improved New Zealand's data for dollars ratio by introducing big data mobile plans.

Our research told us that customers valued data above everything else, and to meet that need we launched new 'high data at max speed', pay monthly mobile plans – matching the increased customer demand for mobile data seen year-on-year. In the first six months since its launch, we've seen acquisition in our consumer and SME segments increase more than 7% compared to the same period last year.

In March we launched our new mobile brand campaign, 'What a time to be', along with free data for Spotify music on all eligible pay monthly mobile plans – allowing our customers to enjoy their favourite tunes without cutting into their data allowances.

We also re-introduced 'Companion Plans', rewarding friends and family on the same account (with the same data inclusions) with a discounted rate. Spark's prepaid offering was then refreshed, with an increase in base data allowances across all plans, the inclusion of Australia in SMS and minutes allowances in some of our plans, and the launch of two new lower-priced value packs for price-conscious prepaid customers.



## Launching a world-first AI ambassador with Skinny

Skinny made history selecting Liz, a long-time customer from Kerikeri, as its new AI-created brand ambassador, following a nationwide search. The campaign paired AI with a team of local creative minds, and over 11 weeks, Liz's voice, facial expressions, and personality were captured to bring her AI clone to life. The result is a highly realistic AI version of Liz, capable of delivering new campaign out-of-the-box advertising without the need to film a new ad each time a new campaign is created – keeping prices low for Skinny customers. Liz's AI likeness will feature in Skinny advertising over the next two years.

## Preparing to launch satellite-to-mobile in FY26

During FY25, Spark entered a new partnership with another US-based satellite provider to offer customers satellite-to-mobile services from the second half of FY26. We are making good progress preparing for launch, and have recently started testing on our network, with customer trials to follow ahead of a commercial launch early next year.

For our business customers we already offer fixed site and land mobility satellite broadband as part of a range of managed connectivity solutions, enabling them to add an additional layer of resilience to traditional networks and providing connectivity to remote areas.



## Connecting New Zealand businesses, big and small

As tough economic conditions persisted, our Enterprise and Government division continued to experience reductions in business spending and shrinking mobile fleets and fixed connections, as the public and private sectors reduced workforces. Positively, connection decline stabilised in the second half and Spark continued to win new business, with notable new accounts including Summerset, Deloitte, and New Zealand Red Cross. We also delivered a range of innovative new services, including the country's first private 5G network for business with Air New Zealand.

Spark supports over 110,000 small and medium enterprises (SMEs) in New Zealand through our network of local business hubs. Our 'local like you' model, where each Business Hub is locally owned, has resonated well with customers, resulting in a notable increase in our SME Business Hub customer satisfaction score of +5 points in FY25 to +71. In response to the challenging economic environment our SME customers faced during the year, we launched the 'AI Foundations' course in partnership with New York's Section Business School. This initiative provided 2,000 Spark customers with essential AI skills to enhance their productivity.

## Keeping our customers safe online

Spark puts cyber security, customer safety, and privacy at the forefront of everything we do. We invest in the security of our networks, ensure our people undergo regular training, provide our customers with tools and education, and regularly update our policies and frameworks, so that we can keep our customers safe on our network.

### Online safety

We recognise the important role we must play in protecting our customers from the growing list of threats they face online – including scams, cyber security risks, and objectionable material.

Because we cannot stop scamming from occurring, or objectionable material from being shared, we implement a range of blocking measures on our network, provide additional tools for our customers to utilise on their own devices, and empower our customers with education and information on how to keep themselves safe online.

Our SMS Firewall (which is designed to identify and block scams before they reach our customers) has blocked nearly 1.4 million SMS messages since October 2024. The SMS firewall monitors and blocks all SMS traffic, whether it originates overseas or locally, and can detect and block scammers attempting to use our network five times faster than our previous methods. We expect this to improve further as we continue to refine our blocking rules and respond to current scam trends.



More information about Spark's approach to privacy: [spark.co.nz/privacy](https://spark.co.nz/privacy)



## Privacy

Protecting our customers' personal information is a responsibility we take seriously. As we continue to embed new technologies like AI throughout our business processes, we also continue to evolve our governance approach to data ethics and privacy to ensure we have the right guardrails in place to protect our customers' and employees' information.

We are committed to keeping customers' personal information safe and managing it in ways that align with their expectations. We do this through various frameworks including Spark's Artificial Intelligence Principles and Spark's Privacy Values, and by adhering to relevant laws, including the Privacy Act 2020, and the Telecommunications Information Privacy Code 2020.

Spark's Digital Trust team leads Spark's privacy programme, providing frameworks, tools, and training to support our people to follow our Privacy Policy and Values. The Privacy and Online Safety section on our website contains a range of tools and services to help our customers safely manage their privacy and security.

In FY25 our people reported 156 data breaches for investigation. When required, Spark reports these breaches to the Office of the Privacy Commissioner (OPC). We also continue to see incidents where fraudsters use personal information obtained from non-Spark sources, such as compromised online accounts to obtain access to customer accounts.

Spark also received 39 substantiated privacy complaints from customers. There were no substantiated complaints received through the OPC. More details on our approach to ethics, legal compliance and employee training can be found on page 54.



### Cyber security

Spark is a trusted advisor to a large number of New Zealand businesses on cyber security, and we work alongside cyber security agencies and partners to monitor and respond to threats.

Our Chief Information Security Officer (CISO) has responsibility for Spark's cyber security. We have a large cyber security team and established processes that ensure appropriate ownership, oversight, and ongoing risk management is applied to our customers' and Spark's IT systems and data.

Spark people also play a critical role in helping to detect and defend against potential cyber security threats. For that reason, all our people are required to undertake regular cyber security training, to equip them in identifying and helping to mitigate potential threats.



More information about Spark's approach to online safety and cyber security: [spark.co.nz/protecting-our-customers](https://spark.co.nz/protecting-our-customers)

### Spark and Air New Zealand implement country's first private 5G network

Spark worked with Air New Zealand to develop New Zealand's first private 5G network for business. The network enables a drone connected to a robot to carry out stocktaking, increasing productivity.

The trial took place at Air New Zealand's logistics warehouse at Auckland Airport. The warehouse holds hundreds of items, ranging from aircraft spare parts to passenger supplies like blankets and headphones. Stocktakes were taking place twice a year at the 5,000 square metre facility.

Spark's 5G technology allows a drone tethered to an autonomous ground robot to operate on Air New Zealand's private network. The single, automated device helps employees with regular stocktakes by scanning barcodes and sending data through to an app. This also supports a safer workplace, reducing the need for team members to complete stocktakes at up to 15 metres high.

The private network was built with partner Ericsson and its Ericsson Private 5G product, while the stocktaking drone solution, Captis, comes from Spark's partner Cypher Robotics.

This trial has shown what is capable in large warehouse environments – and more opportunities are being explored with other customers.

Using Spark's 5G technology, Air New Zealand is using a drone connected to a robot to assist with regular stock takes at its warehouse.







# Our network and technology

Our network and technology underpin value creation for our shareholders, enabling the products and services that connect and empower our customers and New Zealand. Our customers rely on us to keep them connected in as many places as possible, and we make significant investments into our network every year to improve coverage, capacity, and resilience, and create a better network experience for our customers.

## Transforming our technology delivery model

A key strategic focus in FY25 has been the transformation of our technology delivery model, which refers to our IT and network operations.

We have had a long-term focus on modernising our technology, embedding AI into our business, and building a resilient, adaptive, and automated network. Our new technology delivery model accelerates this focus through the establishment of several strategic partnerships, which is a common structure utilised by telcos in offshore markets.

Through these partnerships we will be able to leverage the scale, capability, and innovation of global partners, to support better customer outcomes and improved cost efficiency. The four new partnerships are outlined below:

### Network partnership with Nokia

This partnership will accelerate our network strategy and support us to create better customer experiences, while also contributing to reduced network operating costs.

Nokia will manage day-to-day monitoring and support for our network through their global delivery team, and have also established a local Network Operations Centre (NOC) in New Zealand. Spark retains all components of future network strategy and planning, network design engineering, critical incident oversight, and complex operations. We will also work together to jointly develop AI and automation capabilities.

### IT partnership with Infosys

This partnership will help us deliver digital and AI-driven customer experiences more quickly, while also contributing to reduced IT operating costs. Infosys will work with us to provide global DevOps<sup>1</sup> and software engineering capabilities to help build, test, integrate, and deliver our systems and applications, along with monitoring and support. We will retain our IT assets and control of our technology architecture strategy, product design and innovation roadmap, and business applications.

### IT partnership with HPE

This partnership will help us ensure that our IT environments are continuously updated in line with advancements in technology, while also contributing to reduced IT operating costs.

HPE will provide us with IT infrastructure and capability to manage our compute, storage, and backup through HPE GreenLake cloud, which will enable us to adapt our usage in line with market demand. We will retain control over our IT environments, including critical infrastructure, service delivery, innovation, IT architectural decisions, security policies, and service orchestration.

### Cloud partnership with Microsoft

Through this partnership we will continue to provide compelling hybrid cloud options for our customers, while modernising our own cloud environment, enabling further AI uptake by our people, and improving our overall cloud economics. To achieve this, we will be moving a proportion of our own workloads to Microsoft Azure and have rolled out additional Microsoft 365 Copilot licenses to our people. We now have 2,500 of our people using Copilot.

## Creating long-term shareholder value through data centres

During FY25 we continued to grow our data centre revenues and position the business for future expansion.

Globally we are seeing increased demand for data centre capacity, as cloud adoption continues and the use of AI accelerates.

Spark is a significant player in the market, with existing international cloud and content provider contracts and our local capability a compelling proposition to customers.

During the year we commenced a process to secure a capital partner to support this future investment.

This culminated in an agreement to sell a 75% interest in our data centre business to Pacific Equity Partners (PEP)<sup>2</sup> – valuing the business at up to \$705 million<sup>3</sup> and securing a funding pathway to build out our planned 130MW+ development pipeline.

Through this partnership we will realise value for our data centre assets in the short term, while also continuing to participate in the growing market through our retained 25% stake – creating further value for our shareholders over the long term.

## The most reliable network, with the widest coverage experience

Our customers rely on us to keep them connected in as many places as possible. Spark invests significantly into our network every year, to expand coverage and capacity, and further strengthen resilience.

Testament to this, in FY25 we were awarded the Reliability Experience award in *The New Zealand Mobile Network Experience Report*, released by Opensignal<sup>4</sup> during the year. Reliability experience measures the ability of users to connect to, and successfully complete basic tasks on a mobile network such as stream video, browse the internet, and use applications, as well as analysing user experience and connectivity issues. Additionally, we also secured the top position for Coverage Experience. The Opensignal Coverage Experience metric measures the extent of mobile networks in the places people live, work, and travel and represents the experience users receive as they travel around areas where they would reasonably expect to find coverage.



Spark's planned new data centre campus on Auckland's North Shore.

1. DevOps is an abbreviation for Development Operations, which is a process that aims to automate and integrate the processes between software development and IT operations.
2. Transaction subject to regulatory and customary consents.
3. Headline enterprise value comprising base enterprise value of \$575 million and up to a further \$130m of earn-out enterprise value.
4. Opensignal Awards – New Zealand: Mobile Network Experience Report, September 2024, based on independent analysis of mobile measurements recorded during the period June 1 – August 29, 2024 © 2024 Opensignal Limited.





## Boosting resilience to natural disasters

One of the main reasons for telecommunications outages in a natural disaster is a loss of power or backhaul (fibre between cell sites that transport local towers to the core network). Most of our cell sites are equipped with battery backup and the ability to connect standalone generators when those battery reserves are exhausted. Over the past year, we have been working to extend battery life on critical sites to ensure they can withstand longer power outages. We are also rolling out a monitoring solution that will enable our cell sites to detect when they are unable to draw power from the grid, report real-time power consumption, and conserve power by automating decision-making to prioritise connectivity for essential communications such as calls and texts.

We have been working to establish a network of satellite-connected small cells throughout the country, which can be deployed to provide access to a basic level of mobile connectivity during emergencies when fibre backhaul (which connects a cell tower back into the network) becomes compromised. These satellite-connected emergency small cells are housed in strategic locations around the country, including Northland, Auckland, Gisborne, Palmerston North, Canterbury, and Westport, making them readily available to deploy in a disaster.

In June, this satellite solution was successfully deployed in Murchison, when areas of the South Island were impacted by severe flooding and storms. This was the first time we used this type of solution as part of our standard emergency response.

We also work collaboratively with our peers on disaster preparedness and during major incidents. The sector comes together through our industry group, the Telecommunications Forum (TCF), which coordinates operators, other infrastructure sectors, including electricity and roading, as well as government, to restore services.

## Investing in new technologies

### Unlocking the power of 5G

Our national 5G rollout has continued at pace, with 5G now live on more than 950 cell sites. These sites span 130 locations with a population greater than 1500 across Aotearoa, from large cities to smaller regional towns. This means more than half the population can now access 5G through Spark's network.

As we build our 5G network across the country, we are also deploying a 5G core network – known as 5G standalone, which will deliver a true end-to-end 5G experience without any dependency on legacy technologies. 5G standalone introduces new 5G network features such as lower latency, and network slicing, which allows us to create different service slices of the network that can be tailored for different purposes. This means we can optimise the network to suit the specific needs of different customers and industries. In FY25, together with Ericsson and Red Hat, we successfully completed the deployment of the first network slice of our 5G Standalone network in a lab environment and trialled our first data session.

This milestone brings us closer to introducing the next wave of 5G to Aotearoa, bringing with it all the transformative capabilities an end-to-end 5G network can offer. We will launch 5G standalone to customers in FY26.

### AI and automation for better customer and employee experiences

We have been investing in AI and automation across our business for many years, with a particular focus on enhancing customer and employee experiences and boosting operational efficiency.

In addition to our Bravety tool that is mentioned earlier in the report, other examples of successful initiatives include:

- **SparkGPT** – an internal assistant for our employees that helps them access company, product, and financial information quickly, reducing the workload for common database queries.
- **Writer** – a generative AI platform that helps our people create content quickly, while maintaining brand consistency, tone, and compliance.
- **Bravo** – an assistant for our customer care teams that uses our internal knowledge base to get the right information for our customers more quickly. Bravo is answering around 20,000 questions every month, resulting in a 60% reduction in queries being referred to back-office teams.
- **AI marketing tool** – which automates customer communications and tailors offers to our customers' needs, reducing campaign-to-market time from weeks to hours.
- **Mercury (SME) and ClientHQ (Enterprise)** – AI sales platforms that provide our teams with the insights and priorities they need to best serve our customers and grow our business.
- **Microsoft Copilot** – An AI assistant embedded in Microsoft tools like Word, Excel, and Teams that helps Spark employees work faster and smarter by automating tasks, generating content, and surfacing insights from data and documents.

During FY25 we have been working to increase the uptake and proficiency of AI use amongst our people, as part of our ambition to establish a strong foundation for AI-enabled future productivity and customer experience improvements.

## Spectrum

Spark currently holds a comprehensive portfolio of spectrum rights in New Zealand, which gives us optionality to meet future demand on our network and deploy new technologies.

At the start of FY24, Spark was allocated long-term spectrum management rights to 80 MHz of 3.5 GHz (or C-band) spectrum, and over the past two years, this has been used to deliver high-speed 5G services to our customers through our accelerated 5G roll out program, and our commitment to extend 5G availability to regional towns.

The next spectrum renewal is expected to occur in FY29, however we expect an auction for mmWave frequencies (24GHz-29GHz) at some stage in FY27, with the spectrum being available for long-term use in early 2028. mmWave is a future step that will allow us to further deliver on 5G's potential - with increased speeds and significantly more capacity. 5G mmWave will be valuable for business applications such as ultra-HD video streaming, advanced analytics and machine learning, intelligent transport systems, e-health, education and much more.

Spark is already planning for this future by trialling mmWave technology in different scenarios and working with the business community to identify and test other cutting-edge use cases.

## Migrating customers off legacy technology onto future-proof alternatives

We continue to migrate customers off end-of-life technology and onto modern alternatives already used by the majority of New Zealanders, such as fibre and wireless. This includes the retirement of our 3G network and the Public Switched Telephone Network (PSTN).

### Closing our 3G network

In FY25 we confirmed that we will close our 3G network on 31 March 2026, as this technology reaches its end-of-life. Since announcing our shutdown plan in 2023, we have been expanding our 4G network - building over 70 new 4G mobile sites and upgrading more than 600 others. All 3G-only cell towers will be upgraded to 4G and 5G technology, with the majority of these upgrades already completed.

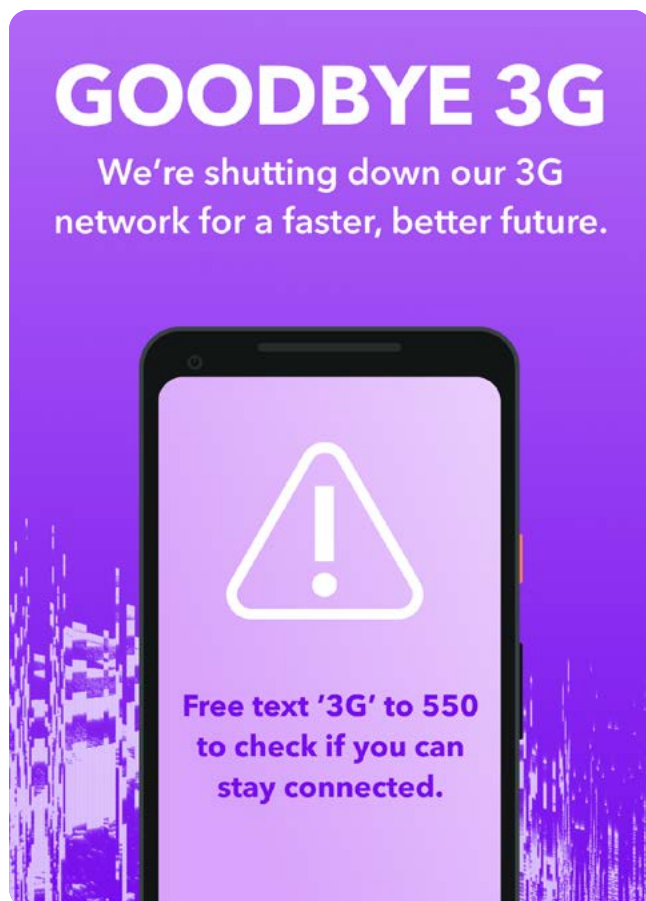
We know that some of our customers still use 3G-only devices, and we are communicating directly with them. We are also providing information to the community more broadly through instore brochures, community outreach, and advertising on radio, social, print, and out-of-home media outlets, through our industry group, the Telecommunications Forum.

To make it easier for customers to figure out what action they need to take, we launched a device checker service where customers can text '3G' to 550, free of charge, to check if their device will work after the 3G network is switched off. We also set up a dedicated customer phone line to answer queries on 0800 3G EXIT, and closer to shut down, we will add a pre-recorded voice message that will automatically play when a customer uses a 3G-only device to make calls.

### Retiring the Public Switched Telephone Network (PSTN)

The Spark-operated PSTN - the traditional way of providing landline services - was built in the 1980s and is rapidly reaching the end of its life. The network's components have not been manufactured since 2003 and the people with the skills needed to maintain it are getting harder to find.

The majority of New Zealanders have already made the switch to fibre or wireless proactively. In 2017 we had over a million customer lines on the PSTN, and by the end of FY24 only 77,000 remained. At the end of FY25 this had dropped further to 38,000. As customers move off the PSTN, we are able to decommission legacy PSTN equipment. To date, we have decommissioned almost 74% of our PSTN switches, which has resulted in a significant decrease in our power usage and carbon emissions.







# Our environment

The natural resources we rely on are not just essential to our operations, they're essential to delivering long-term success.

By using natural resources responsibly and efficiently – and supporting our customers to do the same – we strengthen the sustainability of our business model, drive operational excellence, and deliver lasting value for all of New Zealand.

## Commitment to responsible environmental management

Spark's approach to environmental management is integrated into our overarching ESG governance. See the ESG Governance section on page 64 for a detailed description.

Our overarching environmental commitment is contained within our **Environmental Policy**, which can be found on our website, and sets out our expectations for our people to consider environmental impacts when making decisions at work, including examining our business practices, understanding their impacts, and taking reasonable steps to reduce our environmental footprint.

## Performance against our climate commitments

We provide detailed reporting on our performance against climate metrics and targets in our Climate-related Disclosures Report, which includes our FY25 Greenhouse Gas (GHG) Inventory and tracks our year-on-year emissions performance.

Our key target is our science-based emissions reduction target, which has received verification by the Science Based Targets initiative (SBTi). This target includes a commitment<sup>1</sup> to reduce our scope 1 and 2 emissions by 56% by FY30 against a FY20 baseline, alongside a scope 3 emissions target that 70% of our suppliers (by spend) have science-aligned targets in place by the end of 2026. For FY25, approximately 61% of our spend was with suppliers that

have targets, up from 43% in FY24 (see page 29 of our Climate-related Disclosures Report for a more detailed explanation).

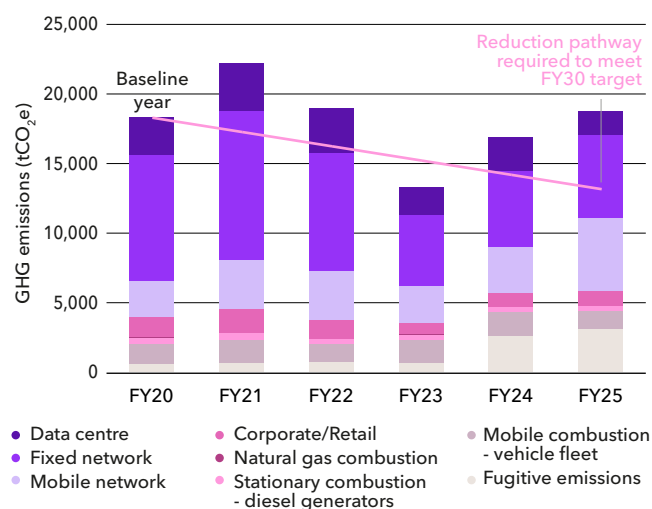
Emissions reduction does not track a straight-line trajectory and often occurs in step changes tied to specific initiatives. We remain committed to our FY30 emissions target and we are taking meaningful steps to work towards our emissions reduction target, with progress made on underlying performance in the past year which lays the foundation for future emissions reduction.

A significant initiative that launched in the second half of the year was the commencement of our ten-year renewable energy partnership with Genesis Energy, which enables Spark to reduce our reported (market based) scope 2 emissions through linking emissions from electricity consumption to new renewable generation.

This new partnership will allow us to decouple our market-based scope 2 emissions from the national grid emissions factor. This factor is heavily influenced by the share of hydroelectric generation, which is the largest source of electricity feeding the New Zealand grid.

In the past year, a winter energy crisis caused by poor hydrological conditions meant more coal was burnt to meet energy generation needs. This contributed to an 11.0% increase in our year-on-year scope 1 and 2 emissions. This means our emissions are tracking 41.8% above our reduction trajectory plotted as a straight line between our FY20 baseline and FY30 target year.

Our emissions are also influenced by one-off events, such as the release of fire suppressant, which also occurred in FY25 increasing our scope 1 fugitive emissions. In FY25 these factors were offset by a reduction in scope 2 electricity consumption, and a 26.3% reduction in fleet emissions. For FY26 we will need to consider the impact of the sale of 75% of our data centre business on our reporting and target baseline and boundaries. See page 27 of our FY25 Climate-related Disclosures Report for more information.



1. This means Spark is committed to pursuing this target and we are working towards it. For clarity, this is not a guarantee that we will meet this target.

## Detailed environmental reporting

This section of our Annual Report is a high-level summary of our approach to environmental management, including a summary of our environmental performance over the past year. As part of our annual reporting, we publish more detailed environmental disclosures across accompanying reports:



Our **FY25 Climate-related Disclosures Report** is published in compliance with the New Zealand Climate Standards. It includes detailed reporting on all aspects of how climate change impacts Spark's value creation. This includes our climate-related risks, climate scenario analysis, and reporting our greenhouse gas emissions against our science-based emissions reduction target.



Spark's **FY25 ESG Data Pack** includes our detailed GRI Index and ESG performance data. This includes a summary of environmental performance data, including climate, energy, waste and water.



Spark's Environmental policy, ESG Data Pack and Climate-related Disclosures Report are here: [spark.co.nz/governance](https://spark.co.nz/governance)



Cutting the ribbon at Lauriston solar farm were, from left, Michael Steiner of FRV, South Island Minister and local MP James Meager, Genesis CEO Malcolm Johns, Spark CEO Jolie Hodson, Genesis Renewables Development Manager Craig Brown, Chief Operating Officer Tracey Hickman.

## Our electricity consumption performance

In the past year we have seen a decrease in electricity consumption linked to our scope 2 emissions. Our electricity consumption is down 4.9% from 156.3GWh to 148.7GWh.

This decrease is largely due to our long-standing programme of network simplification, including the decommissioning of legacy equipment, such as the public switched telephone network (PSTN), which has driven year-on-year reductions in electricity use across our business. These savings offset growth in other areas, such as our mobile network, which is increasing its energy use as we roll out 5G.

In the past year the relocation of Spark's Auckland corporate office to 50 Albert Street also supported our efforts to reduce our environmental impact. Since our move in December 2024, we have already seen significant energy savings. This has contributed to a reduction in our office and retail site consumption, down 23.2% compared to the previous year.

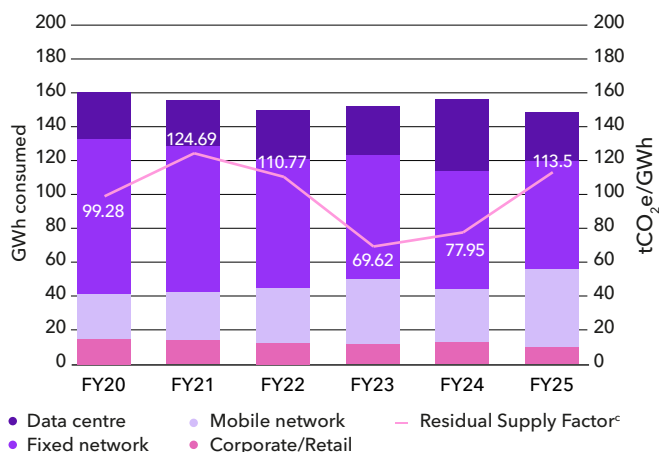
## Renewable energy partnership

Spark's renewable energy partnership with Genesis Energy commenced in FY25. Through the partnership, Spark's energy consumption is matched via Renewable Energy Certificates with new renewable energy generated by the Lauriston solar farm, which officially started supplying the grid in early 2025.

The partnership demonstrates how New Zealand businesses can work together to support New Zealand's decarbonisation - with Spark's procurement supporting Genesis's renewable energy investments, and those investments in turn enabling Spark to meet its emissions reduction target.

The annual production from the solar farm is projected to be equivalent to approximately 60% of Spark's annual electricity consumption. Although the site was only operational for part of the FY25 period, it enabled Spark to reduce reported market-based electricity emissions by 3,954 tCO<sub>2</sub>e across scope 2 and 3.

### Electricity consumption



# 60%

The annual production from the solar farm is projected to be equivalent to approximately 60% of Spark's current annual electricity consumption



## Real-time flood monitoring for Hawke's Bay

In FY25 we supported Hastings District Council to improve flood resilience by using real-time IoT sensor technology to protect communities in high-risk areas.

In the aftermath of Cyclone Gabrielle, the Council was looking for a smarter, faster way to detect and respond to rising stream levels across Havelock North. Partnering with engineering consultancy Beca, we deployed a network of solar-powered sensors to monitor water levels at 15 key sites – transmitting data via our IoT network, with satellite connectivity as fallback in low-coverage areas.

These sensors feed critical data to our Adroit cloud platform, where automated alerts flag rapid water-level increases, and trigger early warnings to Council teams and emergency agencies. From there the data is integrated into a public-facing dashboard, giving residents real-time visibility of stream activity and empowering them to assess local risk and respond more effectively during severe weather events.

The project is the most comprehensive deployment of environmental sensors for flood detection in New Zealand to date. It also marks the first time a Council has committed to making this level of real-time flood data available to the public – enhancing transparency, trust, and community preparedness.

With a scalable platform and a growing suite of environmental sensors, Spark is enabling local councils to respond more effectively to climate-driven challenges – improving decision-making, safety, and long-term infrastructure resilience across the country.



Technicians installing solar-powered sensors in Havelock North.

## Reducing electronic waste

Electronic waste includes valuable and potentially hazardous elements. For Spark, it is an important issue due to the potential volume generated by our operations and the end-of-life impact of customer equipment. That's why we are focused on circularity and minimising environmental harm from improper disposal.

We recycle end-of-life network equipment, with materials separated and processed by local recycling partners. Some components are sent overseas for recycling, reselling, or reusing. In FY25 we recovered 207 tonnes of electronic waste via our e-waste recycling partner. We also recover scrap metal and other material from network equipment. In FY25 we recovered 364 tonnes of scrap metal. Across both categories this represents a 27% increase in materials collection and recovery from FY24, when we collected 450 tonnes across e-waste and scrap metal combined.

In FY25 Spark also received 20,828 mobile devices for recycling and trade-in, up from 16,425 in FY24. Trade-ins are increasingly popular our customers, allowing them to unlock value from their older devices, while supporting reuse through refurbishment and resale. Devices that can't be redeployed are stripped for essential materials, which are reused in new products.

Spark is a member of the Telecommunication Forum's (TCF's) RE:MOBILE product stewardship scheme. The RE:MOBILE scheme takes unused mobile phones, and either refurbishes and on-sells them in overseas markets or recycles them to recover the materials used. Profit from the scheme is donated to the charity Sustainable Coastlines.

Spark is a part of the TCF Product Stewardship working group, which is reviewing the RE:MOBILE scheme. This included a gap analysis conducted by a third-party, which provided recommendations on how we can strengthen RE:MOBILE to deliver the best environmental outcomes.



We recycle end-of-life network equipment, with materials separated and processed by local recycling partners.





# Our communities

We recognise that earning the trust of our communities and stakeholders is critical to maintaining our licence to operate and the long-term health of our brand, which supports value creation for our shareholders.

We work alongside New Zealand communities to harness the power of technology to create a positive digital future for all. Our products and services help our communities to stay connected and enable the provision of community services.

## Championing digital equity

At Spark our commitment to digital equity starts with our purpose – to help all of New Zealand win big in a digital world. Digital equity starts with having access to devices and a connection to the internet, but it doesn't stop there. To close the digital divide, our communities need the skills to use technology, trust in the digital world, and the motivation to participate.

# \$10m+

In FY25 we committed over \$10 million in free data and funding, alongside internal resources, to achieve our digital equity ambitions and contribute to our communities.



The Spark Foundation team with rangatahi from the P-Tech programme.

### Spark's investment into the community

In FY25 we committed nearly ~\$10.5 million in free data and funding, alongside internal resources, to achieve our digital equity ambitions and contribute to our communities.

This included \$1.9 million donated to Spark Foundation, with \$1.4 million designated specifically for community projects, and the remaining funding operational costs. It also includes the commercial value of the data provided to households in need through Spark's subsidised broadband service Skinny Jump, which totalled over \$8.6 million in FY25. Skinny Jump has been designed to operate on a not-for-profit basis - with the revenue generated covering the costs of the free modems, community partner network, product development, and customer care and education.

Spark also funds the Spark Give and Spark Volunteer programmes, which match employee charitable donations (up to a total pool of \$250,000 per annual year) and provides all Spark people with one day leave a year to commit to volunteering.

# 33,917

Households across the country who are actively using Skinny Jump

### Improving access and affordability through Skinny Jump

Skinny Jump is Spark's not-for-profit wireless broadband service for people who find cost a barrier to having an internet connection at home. The service is entirely prepaid, so there are no long-term contracts or credit checks needed. Customers are provided with 35GB of data for just \$5, with the first 15GB of data each month free and the ability to purchase up to six top-ups a month.

Jump is delivered by a dedicated squad of Spark people alongside a community partner network, which is overseen by the Digital Inclusion Alliance Aotearoa (DIAA) and includes over 300 local organisations nationwide. There are now over 33,917 households across the country who are actively using Skinny Jump. For wireless broadband an active connection is defined as a customer having used their modem in the last 30 days. However, Skinny Jump customers are more likely to have infrequent internet use as they have to reprioritise their monthly spending when budgets are tight. This is why for Jump, we also measure customers who have used their modem in the last 90 days, and in FY25 this totalled 36,202 households.

In FY25, Skinny Jump continued its key partnerships, including the 'Ciena Jump for Students Fund', which gives eligible students a free Skinny Jump connection until the end of the school year. There are now 1,094 students using the Ciena Jump for Students Fund.

Skinny Jump also continued to support the 'Awhi Matihiko: Red Cross Digital Settlement Package' - a collaboration with New Zealand Red Cross, Internet NZ, and Digital Inclusion Alliance Aotearoa that gives new refugees free Skinny Jump connections (for 12 months), laptops, and digital skills training.



Library Digi-Coaches setting up a customer with Jump at the War Memorial Library in Lower Hutt.





A Tūrama Pathways intern being welcomed to Spark.

### Spark Foundation

Spark Foundation leads Spark's work in the community. The Foundation has a single-minded focus on digital equity, and its vision is that no New Zealander is left behind in a digital world. It has focused its strategy on the areas it can make the biggest difference – **digital access, digital skills and pathways, and digital wellbeing.**

Spark Foundation allocates funding for programmes through a strategic partnership approach, working with organisations whose objectives are aligned to improving digital equity for Aotearoa.

After many years of focus on digital access, over the past two years the Foundation has increased its focus on digital pathways. The exponential growth of digital transformation in the last few years has accelerated the need for people with advanced digital skills. Spark Foundation wants to ensure that people from all communities, particularly those who have been traditionally underrepresented in the technology industry, including Māori, Pasifika, and women, have the opportunity to learn the skills they need to participate in this growing digital economy.



More information about Spark Foundation:

[spark.co.nz/spark-foundation](https://spark.co.nz/spark-foundation)



Students attending a Tōnui Collab after-school coding lab.

### Providing dual language STEM learning for youth

Tōnui Collab provides reo rua (dual language) Science, Technology, Engineering, Mathematics, and Mātauranga Māori (STEMM) learning opportunities that empower youth in the local community to explore animation, engineering, 3D design, robotics, coding, game development, virtual reality (VR) and more – blending mātauranga Māori and cutting-edge technology.

Some of the opportunities provided to the local community include partnerships with local marae to create learning experiences for children to experiment with VR while learning pūrakau (traditional stories) significant to their marae. They also support girls from local schools in Years 6 to 9 to engage with Robotics, run an after-school coding lab for Years 7 to 13 students to create games and other digital experiences, and partner with Spark Foundation Partner, RAD (Recycle a Device) to teach young people to refurbish second-hand laptops that are then distributed to the community.

In just five years, Tōnui Collab has created over 2500 unique learning opportunities, which have enabled over 50,000 children and young people across the region to explore the diversity of and consider futures in STEMM.



The Spark team with a cohort of students from the Tūrāma Pathways programme.

### Tūrāma Pathways

During FY25 Spark launched Tūrāma Pathways, in partnership with Spark Foundation, as part of our commitment to support pathways into the technology sector for underrepresented communities.

One cohort of eight students was selected from Manurewa High School, Mangere College, and Aorere College to intern at Spark over a five-week period. As part of the programme, students experienced working in Spark retail stores and head office and had opportunities to network and learn from experienced industry professionals. After completing the programme, five interns were successfully placed and offered part-time roles in Spark retail stores, with other candidates offered ongoing mentoring and support from Spark to help them on their journeys. Additional cohorts are planned for FY26.

### Connecting our people to our communities

Spark encourages our people to give back to the community through our Spark Give and Spark Volunteer programmes. You can find more information on these programmes and participation levels in our ESG Data Pack.



Spark's ESG Data Pack is available here:  
[spark.co.nz/governance](https://spark.co.nz/governance)

### Spark signs Quadrent Green Lease

A partnership between Quadrent and Spark has resulted in hundreds of high school students in low-decile schools receiving laptops to use, with more laptops to be donated over the next four years.

Through the Quadrent Green Lease initiative, Spark leases the laptops its employees use. Once the lease has ended, the laptops are then donated to schools, helping to bridge the digital divide for students without access to essential learning tools.

To accelerate Spark's donations, Quadrent bought more than 3,000 laptops from Spark. The proceeds from their resale in the secondary market have enabled more than 800 brand new laptops to be purchased for donation. Four hundred of these have already been delivered to schools, providing vital digital resources to up to 30 classrooms, with the first beneficiaries being South Auckland schools - Papakura High School, Papatoetoe High School, and Māngere College.





# Our people



Our people are essential to our business.

We are focused on creating a high-performance culture that offers our people leading-edge learning and development and the opportunity to grow their careers in an inclusive, agile environment.

## Operating model transformation

Over the past year Spark has undertaken a large-scale transformation programme, with the realignment of our organisational structure to reflect our changing strategic priorities. This has also included the establishment of several strategic partnerships across our IT delivery model (see page 28), which has brought significant change for our people.

As a result of these changes, we now have 4,043 employees across the business, compared to 5,291 at the end of FY24. It is never easy to make changes to our business that impact our people, and this in no way reflects the quality of our teams. But to deliver a leaner, more competitive business, we have had to make tough but necessary choices to set Spark up for future growth. As we have worked through these changes, we have been focused on supporting our people and teams who have been impacted. All our people are provided with redundancy packages, as well as outplacement support. This includes access to wellbeing services through our wellbeing platform, Clearhead, which provides mental health support tools and the option to access fully funded therapy sessions.



## Fifty Albert Street

In December, Spark shifted its Auckland head office to a new location at 50 Albert Street.

The move to Fifty Albert allowed Spark to bring its Auckland teams together into one fit-for-purpose space over six levels, with a smaller and more efficient footprint that better aligned with its leaner workforce and new ways of working.

Fifty Albert has 6-Green-Star and 5-Star-NABERS energy efficiency ratings, aligning to Spark's sustainability ambitions. Multiple open spaces across each floor offer opportunities for our people to come together to collaborate and create innovative products and solutions for our customers.

The building is located in the heart of the city, in close proximity to trains, buses and ferries - providing a range of public transport commuting options for our people.

## People engagement

We measure the engagement of our people at least twice a year to understand our people's views and needs. We use a globally recognised measure of engagement that covers pride in working at Spark, whether they would recommend Spark as a great place to work, their level of motivation, and the likelihood of staying with Spark in the near future.

Feedback from these surveys is shared with our people, with improvement actions then co-created within teams to improve our ways of working and culture. At the end of FY25 our people engagement score was 50%, which is down from 67% a year ago. This drop in engagement, while disappointing, is understandable given the scale of operational change in the business and challenging performance context over the past 12 months. It is also in line with the typical reductions experienced by companies going through significant change.

We did see several positive results emerge from this survey, with 85% of our people saying they feel empowered to make decisions in their role, and 79% knowing how their work contributes to the goals of Spark. Feedback on wellbeing and inclusion-related topics were also strong with 83% agreeing that their leader cares about their wellbeing, and 81% saying they bring their authentic self to work.

Despite the decrease in overall people engagement, we remain focused on our ambition to create a culture of high engagement and inclusion and have clear action plans in place - from the Leadership Squad to all individual teams - to return to strong engagement levels, with continual improvement.





## Health, safety, and wellbeing

Spark has a well-established health and safety management system, focused on continuous improvement. It covers all Spark employees and contractors working at Spark sites and aligns to the Health and Safety at Work Act (2015) and other relevant legal and regulatory requirements.

During FY25 no Spark employee or contractor suffered serious injury or death whilst at work. Our TRIFR (Total Recordable Incident Frequency Rate) increased to 3.9 per million hours worked, primarily due to an increase in the number of recordable soft tissue injuries. No notifiable events were reported under current New Zealand health and safety legislation.

Spark received one health and safety improvement notice issued by WorkSafe to its subsidiary, Entelar Group. While no harm occurred and no injuries were sustained, the usual safety process was not followed. As a result, Entelar Group reviewed its policy, provided additional training for its warehouse teams and contractors, and built better traffic management plans at its warehouses.

Wellbeing remains a clear priority at Spark through Mahi Tahi, our wellbeing programme. The four pillars of the Mahi Tahi framework are closely aligned with Te Whare Tapa Wha (the four cornerstones of Māori health) – healthy work environment; connection, collaboration, and community; mind health; and energy.

We have an online Wellbeing Hub that includes opportunities for our people to book sessions with Spark-certified Mahi Tahi coaches (who are trained and supervised by psychologists and act as first-line support to our people) or one of our psychologists, who we have partnered with directly to provide specialist care to people in critical need.

We continued our partnership with Clearhead – a wellbeing platform using an online app to support people to proactively manage their mental health and resilience by, providing access to specialised care with trained psychologists and counsellors. We also continue to work with Take A Breath to offer the tools and approaches that help our people improve their energy, reduce anxiety and manage healthy sleep cycles.

## We continued to upskill our people through our internal skilling centre, Te Awe.



## Investing in learning and development

Continuous learning is a core focus of how we develop our people at Spark. We want to enable personal growth and adaptability, so our people are clear on what our customers want and need, are open to diverse ideas and perspectives, can adapt at pace, and sustain high performance.

### Our skilling centre – Te Awe

We continued to upskill our people through our internal skilling centre, Te Awe.

In FY25 we offered programmes in cloud computing in partnership with AWS and Microsoft. We also offered two programmes in Generative AI, with 870 Spark people completing at least one module, and a tiered learning programme via our partnership with Tech Academy, which over 1,000 Spark people participated in.

During the year we also launched a New Zealand Qualifications Authority (NZQA) accredited Generative AI Foundations micro-credential in partnership with Open Polytechnic and Te Pūkenga, that offers our people Level 3 and 4 NZQA credits.

### Leadership development

Given the scale and pace of change in our operating environment, adaptive leadership skilling continues to be a key focus for Spark. During FY25 we evolved our leadership standard, which sets consistent company-wide expectations of our senior leaders. The new standard was informed by global research identifying the attributes required for people who are leading transformative change. All of Spark's senior leaders completed an assessment to evaluate their current interpersonal and leadership skills against this standard, as well as opportunities for growth. This then informed ongoing development plans as part of Spark's enduring focus on further upskilling our leaders and embedding our leadership standards across the business.

## Diversity, equity, and inclusion

Research demonstrates, and we know from our own experience and agile ways of working, that diverse teams and diversity of thought deliver better business results. This is why our commitment to diversity, equity, and inclusion is a strategic business priority.

In addition to measuring our diversity and setting targets for improvement, we also take the time to celebrate the things that make our teams unique through our 'Blue Heart' programme. In FY25 we celebrated many cultural events that are important to our people, such as Diwali, Eid, Matariki, and Pasifika language weeks.

### Te Korowai Tupu

Building our cultural competency in te ao Māori supports our ability to engage our people, our customers, and our communities – particularly iwi. Guided by Te Korowai Tupu, our Māori strategy, we have embedded te ao Māori competency into our learning framework over the past year.

During FY25, over 500 of our people have participated in various learning activities – including te reo Māori or tikanga courses through our partners Te Wānanga o Aotearoa and Education Perfect, Māori development training with Hapai Tūhono, and in-house training. Feedback has been overwhelmingly positive, with increased confidence in engaging with Māori customers and stakeholders.

We celebrated Waitangi Day, Matariki, and Te Wiki o te Reo Māori to encourage engagement with kaupapa Māori and build our people's te reo Māori language skills. A highlight for FY25 was the blessing of our new office in Tāmaki Makaurau (Auckland) by Ngāti Whātua Ōrakei.



Read our Diversity and Inclusion Policy:  
[spark.co.nz/diversity-policy](https://spark.co.nz/diversity-policy)





## Our diversity performance

Over the past year we have continued to focus on improving female representation to achieve our ambition of 40:40:20 representation Spark-wide, which refers to 40% men, 40% women, and 20% of any gender<sup>1</sup>. In FY25, female representation across Spark increased from 34% in FY24 to 35%.

Across our Leadership Squad and senior leaders, we maintained 40:40:20 representation, which is fundamental to reaching our broader diversity ambitions. Our Leadership Squad had a 50% female and 50% male split in FY25. Our Board had a 57% female and 43% male split in FY25, with four female directors (including our CEO) and three male directors. Following the conclusion of the financial year we announced changes to our Board composition, with two directors resigning from the Board, and three new directors joining in FY26. As a result, from October 1 2025, our Board composition will be 50% female and 50% male, meeting our 40:40:20 ambition.

In addition to the tables below, we also publish a stand-alone ESG Data Pack which includes detailed employee reporting, including employees by contract type, benefits available to employees by contract type, and parental leave return rates.

## Gender composition by role (with headcounts)<sup>1</sup>

There are an additional 52 people who have not provided/prefer not to disclose their gender.

	Number of people	Female %	Male %	Gender <sup>2</sup>		Gender diverse
				Female #	Male #	
Directors	7	57%	43%	FY25: 4	FY25: 3	
	-1	-6%	6%	FY24: 5	FY24: 3	
Leadership Squad <sup>3</sup>	10	50%	50%	FY25: 5	FY25: 5	
	-1	-5%	5%	FY24: 6	FY24: 5	
Other leadership roles <sup>4</sup>	62	45%	55%	FY25: 28	FY25: 34	
	-10	2%	-2%	FY24: 31	FY24: 41	
Permanent starters	397	48%	52%	FY25: 189	FY25: 208	
	-447	9%	-7%	FY24: 330	FY24: 497	
Permanent leavers	1,489	29%	71%	FY25: 437	FY25: 1,050	
	514	-9%	11%	FY24: 369	FY24: 583	
Total <sup>5</sup>	4,049	35%	65%	FY25: 1,405	FY25: 2,576	FY25: 10
	-1,249	1%	-1%	FY24: 1,778	FY24: 3,435	FY24: 16

## Age distribution by role (with headcounts)

	Number of people	Age		
		Under 30 years old	30 - 50 years old	Over 50 years old
Directors	7	0%	14%	86%
	-1	No change	No change	No change
Leadership Squad <sup>3</sup>	10	0%	50%	50%
	-1	No change	-5%	5%
Other leadership roles <sup>4</sup>	62	0%	58%	42%
	-10	-2%	0%	2%
Permanent starters	397	38%	55%	7%
	-447	5%	-1%	-4%
Permanent leavers	1,489	4%	67%	28%
	514	-24%	14%	10%
Total <sup>5</sup>	4,049	15%	59%	26%
	-1,249	-2%	2%	0%



Spark's ESG Data Pack  
is available here:  
[spark.co.nz/governance](https://spark.co.nz/governance)

1. The "20" in the 40:40:20 ratio refers to the remaining portion of a group or team that can be filled by any gender including male, female, non-binary, and other gender identities, allowing for further diversity and inclusion beyond the 40/40 split.
2. For the purposes of NZX Listing Rule 3.8.1(c) no directors or members of the Leadership Squad self-identify as gender diverse.
3. Includes the CEO who is also included as a Director in the line above. The Leadership Squad is considered 'senior managers' for the purposes of the Financial Markets Conduct Act 2013 and 'senior executives' for the purposes of the ASX Corporate Governance Council's Principles and Recommendations.
4. Substantive roles that report directly to members of the Leadership Squad.
5. Includes non-executive directors. Spark's employee headcount, including our CEO, is reported as 4,043.

## Reducing our gender pay gap

Our ambition was to reduce our median gender pay gap by 10 percentage points from 28% in FY21 to 18% by the end of FY25. We have made steady progress in recent years, with our closing pay gap at the end of FY25 at 23%. Whilst we did not achieve the 10 percentage point reduction we had targeted, looking ahead to FY26 we will maintain our focus on achieving a reduction in our median gender pay gap with new goals to be set as part of our FY30 strategic ambitions. This will continue to require improvements in female representation and progression in specialist skilled areas and roles as well as a sharper focus on our partnerships, pathways and practices.

Despite the median gender pay gap progress not being as significant as we would have liked by FY25, our mean (average) gender pay gap has continued to improve from 12% in FY24 to 11% in FY25.

Category	Number of employees in category	Gender gap: mean <sup>1</sup>	Gender gap: median <sup>2</sup>
<b>Leadership:</b> CEO, Leadership Squad and substantive roles that report directly to members of the Leadership Squad	<b>FY25: 72 (39 Male, 33 Female)</b> FY24: 83 (46 Male, 37 Female)	<b>FY25: 4%</b> FY24: -1%	<b>FY25: 18%</b> FY24: 19%
<b>Technology:</b> employees who work in technology-focused areas of the business	<b>FY25: 2,001 (1,552 Male, 449 Female)</b> FY24: 2,728 (2,081 Male, 647 Female)	<b>FY25: 10%</b> FY24: 12%	<b>FY25: 14%</b> FY24: 20%
<b>Customer Channels:</b> people primarily employed within our contact centres and retail operations	<b>FY25: 791 (394 Male, 397 Female)</b> FY24: 820 (418 Male, 402 Female)	<b>FY25: 3%</b> FY24: 0%	<b>FY25: 0%</b> FY24: 0%
<b>Rest of Spark:</b> including corporate, product, marketing, and customer units	<b>FY25: 1,117 (591 Male, 526 Female)</b> FY24: 1,582 (890 Male, 692 Female)	<b>FY25: 18%</b> FY24: 16%	<b>FY25: 18%</b> FY24: 17%
<b>Total<sup>3</sup></b>		<b>FY25: 11%</b> FY24: 12%	<b>FY25: 23%</b> FY24: 22%

1. Pay gap = (mean male salary - mean female salary)/mean male salary

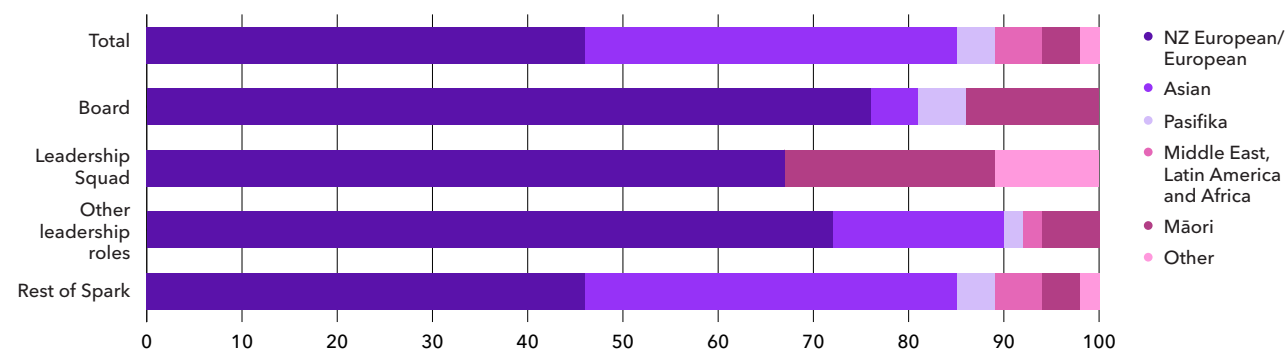
2. Pay gap = (median male salary - median female salary)/median male salary

3. Gender diverse individuals and those who have not provided or prefer not to disclose their gender were excluded from the analysis.

Calculated using hourly On Target Earnings or Total Base Remuneration plus Short-Term Incentive Target values as at 30 June 2025.

## Focusing on improving ethnic representation

In FY25 we continued our focus on attracting, retaining, and progressing a diverse range of people across our organisation. Our people identify with 176 unique ethnicities, and this diversity contributes strongly to our workplace culture. We had an ambition to lift Māori and Pasifika representation by 5 percentage points by the end of FY26, which at this point in time has proven challenging. In FY25, Māori and Pasifika represented ~8% of our workforce, which was down on the previous year. We remain committed to improving Māori and Pasifika representation to ensure we reflect New Zealand's changing demographics and the diversity of our customers. As part of our strategic ambitions ahead we will put in place a revised ambition and pathway out to FY30.



Percentages based on permanent and fixed-term employees at Spark; employees as of 30 June 2025 who had provided ethnicity data (n=3179). NZ European/European includes all European ethnicities (e.g. British, German) and Australian European. Spark collects information on main and other ethnicity where an individual identifies with more than one ethnicity. Consistent with the Champions for Change methodology, where an individual reports more than one ethnicity these are represented equally (e.g. two ethnicities represented as 0.5 each).

# Remuneration Report

## A note from David Havercroft, Chair of the HRCC

As the Chair of the Human Resources and Compensation Committee (HRCC) I am pleased to present Spark's Remuneration Report for FY25.

The HRCC is tasked with reviewing and refining our framework and practices to ensure they remain competitive and fair, to support the attraction, retention, and motivation of a talented workforce. Our approach is underpinned by robust governance and benchmarking against industry standards, ensuring that our policies reflect both market conditions and the long-term interests of our shareholders.

At Spark, in addition to our competitive salaries for our people we operate incentive schemes for our Leadership Squad and a select group of senior leaders that drive business-wide outcomes. Our Short-Term Incentive (STI) focuses on core financial metrics, customer service and for FY26 I am pleased that we are introducing mobile network leadership as a key component. Our Long-Term Incentives (LTI) are focused on sustainable value growth for our shareholders. No STI payments were made for FY25 as the EBITDAI threshold was not met and all options issued through our FY22 LTI, which was due to vest in September 2024, lapsed as the performance hurdle was not achieved.

Recognising the significant transformation programme currently underway, which will underpin business results in the years ahead, we introduced a new transformation delivery incentive for a select group of individuals within the business, including our Leadership Squad. This incentive is equity-based and will vest in September 2027 if partnering and operating model targets are achieved.

This year we undertook a review of our total remuneration framework. To ensure our continued focus on rewarding contribution and delivery of business performance we made changes to our short-term and long-term performance measures for FY26. In our short-term incentive this includes a stronger weighting of financial metrics, the inclusion of free cash flow alongside EBITDAI and in our long-term incentive the inclusion of both relative and absolute total shareholder return hurdles.



David Havercroft

The HRCC plays a pivotal role in aligning remuneration policies and practices to support business performance and the Committee works hard to acknowledge the needs of both our shareholders and people as it makes decisions and recommendations to the Board. As Chair, I am committed to ensuring that we maintain these robust practices to reward individual and collective success for all our employees.

Over the past year our transformation programme has brought significant change for our people, as we have adapted our business to changing markets. During this time, we have focused on supporting our team members who have been impacted, through the redundancy packages we provide as well as broader outplacement support. I would like to thank all our people for their continued commitment to Spark, and I look forward to FY26 as we start working towards our new five-year strategy ambitions.

Ngā mihi nui,

A handwritten signature in black ink, appearing to read 'D. Havercroft', written over a light blue diagonal line that runs across the page.

David Havercroft  
Chair of the HRCC



## Remuneration at Spark

Spark remunerates our people with salaries in line with the market, alongside consideration of performance, scope, skills, and experience, to recruit and retain the best talent.

We have an annual salary review process for all eligible permanent employees. For most employees this is based on our Contribution Model, which considers employee development in their 'craft' as well as the application of people skills, customer focus, and commercial acumen. The aim is to ensure progression is transparent, with a five-step career ladder from beginner to expert and clearly defined competencies to progress against. Salary ranges for steps are transparent for our people and benchmarked against the New Zealand market.

### Fixed remuneration

All Spark employee packages include a fixed remuneration component that is set based on contribution, experience, and market relativities. Fixed remuneration consists of base salary. KiwiSaver sits outside fixed remuneration and as such, employees with KiwiSaver receive employer contributions on top of base salary and incentives. A number of Spark-funded benefits, including medical and life insurances, are also available to eligible employees on top of fixed remuneration.

### Short-Term Incentive schemes

Spark operates a small number of Short-Term Incentive schemes, from monthly and quarterly commission and sales incentive plans to annual cash-based short-term incentives. Some employees in specific sales positions may have a component of their remuneration subject to individual or divisional sales performance targets, such that their total remuneration potential is directly linked to the acquisition and retention of profitable business for Spark.

For senior leaders, including the Leadership Squad, a component of their remuneration packages are at risk in the form of a discretionary annual cash-based Short-Term Incentive (STI). Spark's STI scheme rewards senior leaders for the achievement of annual performance objectives, with payments awarded from a fixed pool that is set based on overall Spark performance against financial and/or non-financial annual performance objectives. The actual payment to individuals is at the discretion of the Board.

Eligibility to participate in the STI scheme on an annual basis is at the discretion of the company and is targeted at individuals in senior roles who play a significant role in driving the overall performance of Spark. The STI scheme rules contain a clawback provision that allows Spark to clawback any payments made under the STI scheme. This provision can be used in the event Spark has relied on incorrect data or information in calculating the payment, for a period of 12 months following the payment.

## FY25 Short-Term Incentive scheme outcomes

For FY25, substantively all STI participants shared the same Spark Group targets comprising of EBITDAI, customer experience measures, as well as additional measures based on our SPK-26 strategy. The on-target percentages are provided in the table below. Where the result of a performance metric falls below a specified threshold, there is no payment for that proportion of the STI. Where results exceed the target, the payment can scale to up to twice the target percentage, with a maximum overall payment of 200%.

The FY25 Group performance outcome, as approved by the Board, is summarised in the table below.

Performance measure	% of STI	Target	Outcome	Result
Group EBITDAI	50%	\$1,163m	0%	Did not meet threshold
Customer experience - iNPS and digital journey completion rate (JCR)	30%	+41 (iNPS) 55% (JCR)	22.5%	Performance above threshold Performance above threshold
Digital infrastructure revenue (Data centres, converged tech, IoT)	20%	\$105m	15%	Performance above threshold
<b>Total</b>	<b>100%</b>		<b>0%</b>	No payment through STI scheme as EBITDAI threshold was not met

## FY26 Short-Term Incentive scheme target

The mechanics of the FY26 STI will be the same as those for FY25. Group results will be the main determinate of the STI pool, with substantively all participants sharing the same Group measures. The FY26 group measures will be a combination of EBITDAI, free cash flow, customer experience, network leadership and mobile growth.

Measure	Weighting
Core financial metrics (EBITDAI and Free Cash Flow)	50%
Strategy measure - Mobile growth	30%
Customer experience and network leadership	20%

## Long-Term Incentive schemes

Spark believes that some senior leaders should have part of their remuneration linked to the long-term performance of the company, so for the Leadership Squad and a select group of senior leaders, a long-term incentive forms part of their remuneration package. Spark's long-term incentive targets focus on total shareholder return, as well as environmental, social and governance targets. In FY25, Spark operated one main scheme: the Spark New Zealand Long Term Incentive Scheme (LTI).

### FY22 Long-Term Incentive outcome

The Spark Long-Term Incentive scheme is issued annually with a three-year vesting period. This means the grant scheduled to vest in FY25 was issued in FY22 (September 2021). This grant did not vest in FY25 as the Absolute Total Shareholder Return (TSR) was not achieved.

Grant year	Securities	Performance period	Performance measure	Vesting outcome
FY22	Options	September 2021 – September 2024	Absolute TSR, hurdle – Spark's annual cost of equity + 1% compounding	0%. No options were vested as 3-year TSR result was -14.94% compared with a 32.25% target

### FY25 Long-Term Incentive Scheme performance measures

For FY25, members of the Leadership Squad (including the CEO) and selected senior leaders were granted options under the Spark Long-Term Incentive Scheme (LTI). Under the scheme, participants were granted options at the start of the three-year vesting period. The number of options granted equalled the gross LTI value divided by the volume-weighted average price of Spark New Zealand shares for the 20 days prior to the grant date. Subject to satisfaction of each performance hurdle and continued employment, at vesting in three years' time the portion of options associated with each achieved performance hurdle convert to Spark shares based on a zero exercise price. Where a performance hurdle is not met the associated portion of options simply lapse.

Vesting of the FY25 LTI grant (September 2024) is contingent on participants' continued employment with Spark through to September 2027 with vesting depending on meeting or exceeding set performance measures. 75% of the allocated shares will vest based on aTSR exceeding cost of equity + 1.5% (compounding annually) over the vesting period and 25% will vest based on performance against environmental and diversity targets. aTSR is a measure of share price appreciation and dividends paid over the three-year period of the grant.

Measure	Target	Vesting outcome
Absolute TSR	Cost of equity + 1.5% compounding	75%
Scope 1 & 2 Emissions	Reduce absolute scope 1 and scope 2 GHG emissions by at least 39.2% against baseline GHG performance	12.5%
Gender pay gap (median)	Reducing gender pay gap by six percentage points to 16%	12.5%

### FY26 Long-Term Incentive scheme performance measures

For FY26, members of the Leadership Squad, including the CEO, and selected senior leaders will be granted options under a similar scheme as FY25, with performance measures relating to TSR performance hurdles.

Vesting of the FY26 LTI grant (September 2025) is contingent on participants' continued employment with Spark through to September 2028 and meeting or exceeding set performance measures. 50% of the allocated shares will vest based on a Total Shareholder Return (TSR) exceeding cost of equity + 1% (compounding annually) over the vesting period and 50% will vest based on performance relative TSR against NZX20 comparators. TSR is a measure of share price appreciation and dividends paid over the three-year period of the grant.

Measure	Target	Weighting
Absolute Total Shareholder Return (aTSR)	Cost of equity + 1% compounding	50%
Relative Total Shareholder Return (rTSR)	Upper quartile performance against the NZX20 (excluding Spark)	50%

### FY27 Transformation Delivery Incentive

A transformation delivery incentive has been established as an equity-based incentive for a select group of individuals within the business, including our Leadership Squad. This one-off medium-term incentive will vest in September 2027 subject to achieving partnering and operating model targets related to our transformation programme in FY27.

## Employee remuneration

The table below shows the number of employees and former employees, not being directors of Spark, who, in their capacity as employees, received remuneration and other benefits during FY25 totalling NZ\$100,000 or more.<sup>1</sup>

Range	Current	Former	Total	Range	Current	Former	Total
\$100,000 - \$110,000	254	65	319	\$320,001 - \$330,000	3	2	5
\$110,001 - \$120,000	189	51	240	\$330,001 - \$340,000	1	3	4
\$120,001 - \$130,000	237	54	291	\$340,001 - \$350,000	6	2	8
\$130,001 - \$140,000	233	51	284	\$350,001 - \$360,000	3	0	3
\$140,001 - \$150,000	223	42	265	\$360,001 - \$370,000	3	0	3
\$150,001 - \$160,000	188	23	211	\$370,001 - \$380,000	2	1	3
\$160,001 - \$170,000	199	28	227	\$380,001 - \$390,000	2	0	2
\$170,001 - \$180,000	129	19	148	\$390,001 - \$400,000	1	0	1
\$180,001 - \$190,000	114	14	128	\$400,001 - \$410,000	1	0	1
\$190,001 - \$200,000	80	20	100	\$420,001 - \$430,000	1	0	1
\$200,001 - \$210,000	59	9	68	\$430,001 - \$440,000	1	0	1
\$210,001 - \$220,000	35	10	45	\$440,001 - \$450,000	1	1	2
\$220,001 - \$230,000	34	7	41	\$460,001 - \$470,000	2	1	3
\$230,001 - \$240,000	27	8	35	\$470,001 - \$480,000	1	1	2
\$240,001 - \$250,000	22	4	26	\$490,001 - \$500,000	1	0	1
\$250,001 - \$260,000	22	2	24	\$520,001 - \$530,000	1	0	1
\$260,001 - \$270,000	10	0	10	\$540,001 - \$550,000	1	0	1
\$270,001 - \$280,000	12	1	13	\$570,001 - \$580,000	1	0	1
\$280,001 - \$290,000	6	2	8	\$610,001 - \$620,000	1	0	1
\$290,001 - \$300,000	11	5	16	\$650,001 - \$660,000	1	0	1
\$300,001 - \$310,000	4	1	5	\$880,001 - \$890,000	1	0	1
\$310,001 - \$320,000	12	2	14				
					2,135	429	2,564

1. Remuneration in the table includes all earnings including base salary, incentive payments, employer KiwiSaver contributions and redundancy payments. The table does not include: amounts paid after 30 June 2025 relating to FY25; long-term incentives that have been granted and have yet to vest (based on grant values, the total value of which as NZ\$14.8 million as at 30 June 2025); product and service concessions received by employees; contributions paid towards health and other insurances; and contributions paid to the Government Superannuation Fund (a legacy benefit provided to a small number of employees).



## Leadership Squad remuneration

All Leadership Squad packages include a fixed remuneration component that is set based on contribution, experience, and market relativities. Fixed remuneration supports the attraction, motivation, and retention of highly skilled executives. Fixed remuneration consists of base salary and employer KiwiSaver contributions.

A component of each Leadership Squad member's remuneration package is at risk through both the Spark LTI and the discretionary annual cash-based STI schemes. Under the LTI scheme, Leadership Squad members are granted options annually at the start of a three-year vesting period, with vesting subject to the achievement of specific performance hurdles. The STI scheme rewards Leadership Squad members for meeting annual performance objectives, which vary from year to year.

### Remuneration mix

The table below shows the standard FY26 remuneration mix for the Leadership Squad expressed as a percentage of fixed remuneration. The LTI values represent the maximum LTI value. The STI scheme is expressed at target, with payment range from no payment, where no target thresholds are met, to a maximum payment of double the target value, where all stretch targets are met. Leadership Squad members will also participate in our FY27 Transformation Delivery Incentive (see page 48) which is a non-recurring component of remuneration.

### Leadership Squad remuneration

Long-term incentive	40% of base
Short-term incentive	50% of base
Salary	Base

### Performance evaluation

The CEO annually reviews the performance of her direct reports. The evaluation is undertaken using criteria set by the CEO, including the performance of the business, the accomplishment of strategic and operational objectives, and other non-quantitative objectives agreed with the HRCC at the beginning of each financial year. Spark undertakes appropriate checks before appointing someone onto the Leadership Squad.

## CEO remuneration

### Remuneration policy, strategy, and governance

CEO Jolie Hodson's remuneration package reflects the scope, risk and complexity of her role and is set by the Board with reference to the remuneration of CEOs of similarly sized organisations. For FY26 the Board has resolved that the CEO remuneration package should remain unchanged. While there are no changes to the CEO's contractual remuneration, the Board approved the CEO's participation in the FY27 Transformation Delivery Incentive which is a one-off non-recurring equity-based scheme worth 20% of base salary. Subject to achievement of transformation-related performance targets in FY27 the options would vest in September 2027.

### CEO remuneration FY25

For FY25 the CEO's remuneration package comprised of a fixed cash component, an at-risk long-term incentive, to be awarded under the Spark Long-Term Incentive Scheme, and an at-risk short-term incentive. The targets and operation of the CEO's LTI and STI is the same as those applied to other Spark executives and more fully described under *Short-Term Incentive scheme* and *Long-Term Incentive scheme* on pages 47 - 48. The construct of the CEO's remuneration package is such that 60% of her remuneration package is at risk. The table below shows the at target remuneration mix:

Long-Term Incentive	75% of base
Short-Term Incentive	75% of base
Salary	Base

The CEO is also expected to maintain a holding of Spark shares as set out on page 52 of this report.

## Remuneration components

### Short-Term Incentive scheme

The CEO is eligible for an annual cash-based short-term incentive, subject to the achievement of specific performance objectives set by the Board based on Spark's strategy and business plan for the respective financial year. These objectives will be a combination of financial and non-financial measures. This is covered in more detail in the earlier STI scheme section. The Board assesses the CEO's performance at the end of the financial year to determine the actual payment value of her short-term incentive, which is in the range of 0% to 200% of her target value.

The FY25 Group performance outcome, as approved by the Board and applicable to the CEO, is summarised as follows:

Performance measure	% of STI	Target	Outcome	Result
Group EBITDAI	50%	\$1,163m	0%	Did not meet threshold
Customer experience - iNPS and digital journey completion rate (JCR)	30%	+41 (iNPS) 55% (JCR)	22.5%	Performance above threshold Performance above threshold
Digital infrastructure revenue (Data centres, converged tech, IoT)	20%	\$105m	15%	Performance above threshold
<b>Total</b>	<b>100%</b>		<b>0%</b>	No payment through STI scheme as EBITDAI threshold was not met

### Long-Term Incentive scheme

For FY25 the CEO's LTI was granted as share options under the Spark Long-Term Incentive Scheme described under *Long-Term Incentive scheme* on page 48.

The LTI component of the CEO's remuneration package is designed to link part of her remuneration to the long-term performance of Spark, and align her interests with those of shareholders, through the grant of options with post-allocation performance hurdles.

### Performance hurdles

Performance hurdles apply to Long-Term Incentives granted to the CEO. The hurdles are agreed by the Board and set a minimum level of performance that is required to be achieved over the period of each grant, for the LTI to be eligible to vest. For FY25, the targets were Spark's TSR over the period meeting or exceeding Spark's cost of equity, plus 1.5% compounding annually (75% of grant), and three ESG targets (25% of grant).

Spark must meet or exceed these targets over the period of the grant (from the date the options are granted to the date three years after that date) for the relevant proportion of the options to vest. If Spark does not meet the target, the associated proportion of those options will lapse. Testing to determine whether the TSR performance hurdles have been met will occur at the end of the vesting period of the grant. The Board will receive independent advice to the effect that the performance hurdle has been met, or not met, in determining whether the CEO can exercise the options or whether the options will lapse.

### CEO termination

Spark may terminate the CEO's employment with three months' notice. A payment of nine months base remuneration will be made, plus entitlements for annual performance incentives and long-term incentives subject to the rules relating to these incentives, in the case of termination by Spark, other than for termination for cause.

If there is a change of control that results in the CEO no longer being the CEO of a publicly listed company, then she will be able to terminate her employment with three months' notice and receive payment as if Spark had terminated her employment.

Spark may also terminate the CEO's employment without notice for defined causes, in which case she will receive no further entitlement to any remuneration.

## CEO remuneration

The table below outlines the total remuneration earned or paid in FY24 and FY25, by and to the CEO, Jolie Hodson. It also includes the target remuneration expected to be earned or paid in FY26.

Period		FY24 actual remuneration (\$NZD)	FY25 actual remuneration (\$NZD)	FY26 target remuneration (\$NZD)
Fixed remuneration <sup>1</sup>	Base salary	\$1,266,900	\$1,266,900	\$1,266,900
	Employer KiwiSaver contributions	\$52,152 <sup>2</sup>	\$37,042	\$44,307 <sup>3</sup>
Short-Term Incentive (STI)	Earned	\$0	\$0	\$950,175 (if targets achieved)
	Amount earned as % of maximum award	0%	0%	-
Total cash-based remuneration		\$1,319,052	\$1,303,942	\$2,261,382 (total earnings, if targets achieved)
Long-Term Incentive (LTI) <sup>4</sup>	Number of shares vested	0 (187,430) lapsed)	0 (189,846) lapsed)	178,870 <sup>5</sup> (if targets achieved)
	% of maximum awarded for the relevant performance period	0%	0%	-
	Market price at vesting date	-	-	-
<b>Total (Fixed remuneration + STI + LTI vested)</b>		<b>\$1,319,052</b>	<b>\$1,303,942</b>	<b>\$2,261,382<sup>6</sup></b> (if targets achieved)

1. Excludes value of employee benefits including Spark mobile and broadband credit, life insurance and medical insurance.

2. Includes KiwiSaver contributions paid in FY23 STI.

3. Employer KiwiSaver contributions increase to 3.5% of base salary from 1 April 2026.

4. The LTI for FY24 was issued in FY21, FY25 LTI was issued in FY22, FY26 LTI was issued in FY23.

5. Options scheduled to vest in September 2025 subject to performance hurdles.

6. Excludes LTI as these options are not vested. Based on closing market price as at 30 June 2025 these options, if vested, would be worth \$402,476.

The CEO's FY22 long-term grant, issued in 2021, did not vest in FY25 (September 2024) as the Absolute TSR hurdle was not achieved:

Grant year	Securities	Performance period	Performance measure	Vesting outcome	Options lapsed	Value transferred
FY22	Options	September 2021 – September 2024	Absolute Total Shareholder Return (TSR), hurdle – Spark's annual cost of equity + 1% compounding	0% – 3 year TSR result was -14.94% compared with a 32.25% target	189,846	NZ\$0

The CEO is expected to acquire and hold shares that are at least equivalent in value to 25% of the CEO's base salary. Ideally this shareholding would increase to 100% of base salary subject to the vesting of shares under any Long-Term Incentive schemes. To fulfil this expectation shares are to be acquired within a four-year period from 1 July 2019. As at 30 June 2025 the CEO held 311,830 ordinary shares which exceeded the expected shareholding requirement to hold shares that are at least equivalent in value to 25% of the CEO's base salary.

## Board remuneration

### Director remuneration

The remuneration of directors is reviewed annually by the Human Resources and Compensation Committee (HRCC), taking account of the company's size and complexity and the responsibilities, skills, performance, and experience of the directors, with recommendations made to the Board for approval. Specialist independent consultants may be engaged from time to time to provide advice and ensure that the remuneration of Spark's directors is appropriate and comparable to that of similar companies in New Zealand and Australia.



Apart from the CEO, no director of Spark receives compensation in the form of share options or restricted shares, nor do they participate in any bonus or profit-sharing plan. Non-executive directors are, however, expected to maintain a holding of Spark shares as set out on page 60 of this report. As is the case for employees, directors are required to comply with the Insider Trading Policy when buying or selling Spark shares and any such transactions are disclosed to the market.

### Remuneration components

No superannuation or retirement allowance was paid to any Spark director during FY25. Spark does not have service contracts with any director, apart from the CEO, that provide for any benefits or remuneration in the event that a director's service with Spark is terminated. New Zealand-based non-executive directors are eligible for Spark-funded medical insurance, and all non-executive directors are also eligible for Spark-funded life insurance.

### FY25 director remuneration

The total remuneration available to non-executive directors is fixed by shareholders. The current annual remuneration limit is \$1,630,000 approved at the annual meeting held in November 2017.

The fees payable to non-executive directors during FY25 were:

Board/Committee <sup>1</sup>	Chair <sup>2</sup>	Member <sup>3</sup>
Board of Directors	\$381,700	\$150,300
Audit and Risk Management Committee (ARMC)	\$40,500	\$19,700
Human Resources and Compensation Committee (HRCC)	\$34,700	\$17,400

1. All non-executive directors are members of the Nominations and Corporate Governance Committee (NOMs) and receive no additional fees for this role.

2. Committee Chair and member fees were not payable to the Chair of the Board. Committee member fees were not payable to committee Chairs.

3. Member fees were payable for each committee.

There is no increase to non-executive director fees for FY26. Fees will continue to be paid out of the current shareholder-approved annual remuneration limit of \$1,630,000.

The total remuneration received by non-executive directors of Spark during FY25 was as follows:<sup>1</sup>

Name of Director	Board fees <sup>2</sup>	Audit & Risk Management Committee fees	Human Resources and Compensation Committee fees	Total remuneration <sup>3</sup>
Justine Smyth	\$381,700	-	-	\$381,700
Alison Barrass <sup>4</sup>	\$50,644	-	\$11,692	\$62,336
Warwick Bray	\$150,300	\$19,700		\$170,000
Sheridan Broadbent	\$150,300	\$19,700	\$17,400	\$187,400
David Havercroft	\$150,300	-	\$26,050 <sup>5</sup>	\$176,350
Gordon MacLeod	\$150,300	\$40,500	-	\$190,800
Lisa Nelson	\$150,300	\$19,700	\$17,400	\$202,400 <sup>6</sup>
<b>Total</b>	<b>\$1,183,844</b>	<b>\$99,600</b>	<b>\$72,542</b>	<b>\$1,370,986</b>

1. The figures shown are gross amounts and exclude GST (where applicable) and are rounded to the nearest dollar.

2. All non-executive directors are members of the Nominations and Corporate Governance Committee (NOMs) and receive no additional fees for this role.

3. This table excludes contributions towards medical and life insurance of a total of \$32,512. Spark meets costs incurred by directors that are incidental to the performance of their duties. This includes providing New Zealand-based directors with mobile phones and \$120 per month which can be used towards Spark products or services and overseas-based directors with \$400 per month phone allowances. Spark also meets the costs of directors' Spark-related travel. As these costs are incurred by Spark to enable directors to perform their duties, no value is attributable to them as benefits to directors for the purposes of the above table.

4. Ms Barrass resigned as a director from 1 November 2024.

5. Mr Havercroft was appointed Chair of the HRCC from 4 December 2024.

6. This figure includes the additional \$15,000 Ms Nelson earned as a member of the MATTR Investment Committee during FY25.

### Other directors' fees

Mr Richard Quince received a director's fee of NZ\$5,000 (excluding GST) for acting as a director of Teleco Insurance (NZ) Limited. No other director of any subsidiary received any director's fees or other benefits except as an employee.

# Governance

## Corporate governance

### Stock exchange listings

Spark's ordinary shares are listed on the NZX and ASX. Spark is admitted to the Official List of ASX as a foreign exempt issuer. As a NZX listed issuer and ASX foreign exempt issuer, Spark complies with NZX Listing Rules and applicable ASX Listing Rules.

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.

Spark Finance Limited, a wholly owned subsidiary of Spark New Zealand Limited, has debt securities listed on the NZDX.



Details of debt securities issued by Spark Finance Limited can be found in Spark Finance Limited's reports at: [investors.sparknz.co.nz/Investor-Centre](https://investors.sparknz.co.nz/Investor-Centre)

## Maintaining high standards of corporate governance

The Board regularly reviews and assesses Spark's governance structures and processes to ensure they are consistent with international best practice, in both form and substance.

Spark has complied with the recommendations of the NZX Corporate Governance Code (dated 31 January 2025) and substantially complied with the principles and recommendations of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) for the FY25 reporting period.

Spark is a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013 and is accordingly required to prepare climate-related disclosures for the year ending 30 June 2025.



Details of Spark's corporate governance statement, climate-related disclosures, and governance policies and processes: [spark.co.nz/governance](https://spark.co.nz/governance)

## Ethics and legal compliance

Under our Code of Ethics all our people are responsible for ensuring we behave ethically and comply fully with all applicable laws and regulations. Spark's Legal and Compliance Policy sets out the specific accountabilities that our people have for complying with the law.

Every employee is required to complete online training modules on the Code of Ethics, and we reinforce this training through regular communication across the business.

We also engage constructively with the Commerce Commission and other regulators both proactively and reactively, to ensure we are complying with all applicable laws and regulations.

There were no significant instances of non-compliance with laws or regulations, including in respect of marketing communications, in FY25.

There is a requirement for all our employees and contractors to complete mandatory e-learning modules to ensure proficiency in core foundational areas, such as health and safety, legal, privacy, decision-making, and security.

As part of our ISO 27001 accreditation there are additional modules required for completion prior to gaining access to systems and sensitive information, to maintain high quality standards when dealing with information, customer data, and security. These are closely monitored and audited, and we undertake recertification every three years, with the last certification issued in July 2023.

## The Board

The Board of Spark New Zealand is responsible for overseeing the company's governance and ensuring long-term value creation for shareholders. It provides strategic guidance, monitors performance, and ensures that the business upholds high standards of governance, ethics, and compliance. While day-to-day operations are delegated to the Chief Executive, the Board maintains accountability through a formal framework that distinguishes its role from management.

### Strategic role of the Board

Spark's Board works closely with the Leadership Squad on key decisions, oversees financial performance, and sets targets for executive remuneration through its involvement in annual and long-term planning processes. In FY25, the Board navigated challenging operating conditions by taking decisive action to improve performance and deliver sustainable competitive advantage in future years. This included endorsing a significant transformation of Spark's operating model, and technology and network operations, to deliver a net labour and Operating Expenses (opex) reduction of \$80-\$100 million. At the heart of this transformation was simplifying our portfolio to focus on our telco core, which included approving the sale of Spark's remaining Connexa stake for \$309 million, and accelerating our data centre expansion through a capital partnership. Beyond financial oversight, the Board monitors critical non-financial areas, such as employee

engagement, customer experience, governance, health and safety, sustainability, cyber security, modern slavery, and risk management, including climate change risk.

### Board renewal and succession

Spark has an ongoing Board succession programme, which is focused on finding new directors with relevant skills and experience that complement the diverse perspectives already represented around the table. Succession planning is overseen primarily by the Nominations and Corporate Governance Committee (NOMs) which includes all non-executive Board members.

Three new directors, Lindsay Wright, Vince Hawksworth, and Tarek Robbiati, were appointed to the Board as independent, non-executive directors at the start of FY26. Lindsay Wright joined the Board effective 1 August 2025, while Vince Hawksworth and Tarek Robbiati will join effective 1 October 2025.

Gordon MacLeod and Sheridan Broadbent will retire from the Board in FY26.

At the start of FY26, the Board announced that it is actively assessing potential Chair succession candidates.

The Board skills matrix below outlines the qualifications, capabilities, geographic location, tenure, and gender of each member of the Board as of 30 June 2025, and the incoming directors for FY26. Ethnicity information is available on page 45 of this report.

### Board skills matrix

To emphasise skills, the Board have specifically limited each director to a maximum of six capabilities, including up to three high capabilities.

						Directors leaving the Board in FY26		Directors joining the Board in FY26		
	Justine Smyth	David Havercroft	Jolie Hodson	Lisa Nelson	Warwick Bray	Sheridan Broadbent	Gordon MacLeod	Lindsay Wright	Vince Hawksworth	Tarek Robbiati
<b>Qualifications</b>	BCOM, FCA, CFINDS	BA	BCOM, FCA	BA, CPA	BSC. (HONS), MBA	BCOM	BCOM, FCA	BCOM	HND, CEI(P3), MBA	MSC, MBA
<b>Capability</b>										
Strategic knowledge for scale telco/technology businesses	●	●	●	●	●	●				●
Financial/commercial	●	●	●	●	●		●	●		●
Risk management/regulatory and/or sustainability	●	●	●			●	●	●	●	●
Customer insight/retail/brand	●		●	●	●		●		●	●
People leadership and culture		●	●			●	●	●	●	
Listed company governance	●	●		●	●	●	●	●	●	
Capital markets/capital structure	●			●	●	●	●	●	●	●
Digital/data/new markets		●	●	●	●	●		●	●	●
<b>Geographical location</b>	NZ	NZ	NZ	USA	Australia	NZ	NZ	NZ	NZ	USA
<b>Tenure (years)</b>	13.7	3.9	5.9	1.2	5.9	3	3	0	0	0
<b>Gender</b>	F	M	F	F	M	F	M	F	M	M

KEY: ● High capability ● Medium capability



### Definitions of categories of capability:

**Strategic knowledge for scale telecommunications and technology businesses:** experience as a senior executive in, or as a strategy professional advisor to, large telecommunications and/or technology businesses

**Financial/commercial:** a strong accounting or finance background and understanding of financial statements and reporting, key drivers of financial performance, corporate finance and internal controls, most likely being a chartered accountant having held the position of Chief Financial Officer (CFO) in a publicly listed company, or senior leadership position in a professional services/advisory firm.

**Risk management/regulatory and/or sustainability:** experience in identifying and mitigating both financial and non-financial risks, influencing public and regulatory policy decisions and outcomes, or strong understanding and governance experience in the oversight and management of sustainability risks and opportunities.

**Customer insight/retail/brand:** experience as a senior executive responsible for driving customer experience within a large-scale customer or retail organisation by effectively using insights, optimising customer journeys, and building brands or demonstrated experience in governance roles within large-scale customer and retail organisations, providing strategic oversight and accountability for customer experience, brand development, and commercial outcomes.

**People leadership and culture:** experience as a senior executive responsible for building and overseeing organisational culture, people leadership and development, setting remuneration frameworks and promoting diversity and inclusion within a publicly listed or large private standalone company.

**Listed company governance:** listed company Board experience other than Spark. Experience with sophisticated governance structures.

**Capital markets/capital structure:** strong knowledge of debt and equity capital markets, and experience with mergers and acquisitions, and/or dealing with a range of funding sources and capital structuring models.

**Digital/data/new markets:** experience as a senior executive in, or as a professional advisor to, digital and/or data businesses, or businesses in emerging or new markets. Experience in the use of digital channels and the latest innovative and digital technologies.

### Director independence

Spark is committed to maintaining a Board where the majority of directors are independent, and free from any interests or relationships that could compromise (or appear to compromise) their ability to exercise objective and impartial judgement.

When assessing the independence of directors, the Board considers a number of factors including those set out in the Board Charter and in the NZX Corporate Governance Code. The Board has determined, based on information provided by directors regarding their interests, that as at 30 June 2025 Mr Bray, Ms Broadbent, Mr Havercroft, Mr MacLeod, Ms Nelson and Ms Smyth were independent. The Board determined that Ms Hodson was not independent due to her position as CEO.

The Board (other than Ms Smyth) has considered the tenure of Ms Smyth who has been a director for 13.7 years, and Chair for 6.9 years as at 30 June 2025. The Board considers Ms Smyth's understanding of Spark, and experience and skills in the industry adds ongoing value to Spark. The Board is of the view that Ms Smyth's tenure does not interfere with her capacity to bring an independent judgement to bear on issues before the Board, act in the best interests of Spark, and represent the interests of its financial product holders generally. The Board also does not consider that Ms Smyth's independence could reasonably be perceived to be materially affected by her board compensation or distributions from Spark shares.

The NZX Corporate Governance Code commentary on factors to be considered when determining director independence now includes guidance on calculating whether a director derives a substantial portion of their annual revenue from the issuer. NZX would not expect the factor to apply unless a director derives at least one-third of their annual revenue from the issuer<sup>1</sup>. Using this threshold, Ms Smyth and Mr MacLeod's Spark director fees and distributions from Spark shares held, were a substantial portion of their revenue during FY25. The Board (excluding those directors) remains of the view that Ms Smyth and Mr MacLeod are "independent", as it is satisfied that revenue derived from Spark does not materially affect Ms Smyth and Mr MacLeod's capacity to bring an independent view to decisions in relation to Spark given their broader financial position and circumstances.



The criteria for determining director independence and conflict of interest is in the Board Charter at: [spark.co.nz/governance](https://spark.co.nz/governance)

1. NZX Issuer Update – 11 March 2025.

### Board committees

The Board has three permanent committees that support the Board by working with management on relevant issues and then report back to the Board. Committee membership as at 30 June 2025 was as follows:

Human Resources and Compensation Committee	Audit and Risk Management Committee	Nominations and Corporate Governance Committee
David Havercroft (Chair)	Gordon MacLeod (Chair)	Justine Smyth (Chair)
Sheridan Broadbent	Warwick Bray	Warwick Bray
Lisa Nelson	Sheridan Broadbent	Sheridan Broadbent
	Lisa Nelson	David Havercroft
		Gordon MacLeod
		Lisa Nelson

### Board and committee meeting attendance for FY25

The Board held eight standard meetings and seven special meetings during FY25. The table below shows Director attendance at these Board meetings and committee member attendance at committee meetings. Sub-committees of the Board also met regularly throughout the year to consider matters of special importance.

	Board	ARMC	HRCC	NOMs
Total number of meetings held	15	5	7	8
Alison Barrass <sup>1</sup>	7	-	3	2
Warwick Bray	13	5	-	8
Sheridan Broadbent	15	5	7	8
David Havercroft	14	-	7	8
Jolie Hodson <sup>2</sup>	15	5	7	2
Gordon MacLeod	15	5	-	8
Lisa Nelson	13	5	7	7
Justine Smyth <sup>3</sup>	15	5	7	8

1. Ms Barrass resigned as a director from 1 November 2024.

2. Ms Hodson attended ARMC and HRCC meetings in an ex officio capacity as Executive Director. Ms Hodson resigned as a member of the NOMs from the end of the Board meeting held on 31 October 2024.

3. Ms Smyth attended ARMC meetings in an ex officio capacity.

### Company Secretary

Spark's Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that its policies and procedures are followed and for coordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is a position distinct from the Leadership Squad and is accountable to the Board, via the Chair, on all governance matters, as further described in the Board Charter.

### Director interests

In accordance with sections 140 and 211(e) of the Companies Act 1993, the table below lists the general disclosures of interests made by directors in the interests register that remain current, including changes made to those interests during FY25:

Director	Entity	Relationship
Justine Smyth	Mondiale VGL Group Limited Breast Cancer Foundation NZ MATTR Limited	Chair Chair and Trustee Director
Alison Barrass <sup>1</sup>	Rockit Global Limited (and related companies) Tom & Luke Holdings Limited Babich Wines Limited Zespri Group Limited Institute of Directors AA Insurance Limited Vero Insurance New Zealand Limited Asteron Life Limited Vero Liability Insurance Limited Precinct Properties Limited	Director and shareholder Chair** Chair Director Chair of the Nominations Committee Chair Director Director Director Director*
Warwick Bray	Woolworths Group Limited Minter Ellison	Director Director*
Sheridan Broadbent	Manawa Energy Limited Business Leaders' H&S Forum Downer EDI Limited	Director <sup>2</sup> Chair* Director
David Havercroft	W3 Capital Limited Westpac New Zealand Limited The Guitar Gallery Limited Medical Assurance Society New Zealand Limited Tait Systems NZ Limited	Director and shareholder Director Director and shareholder Technology advisor* Director*
Jolie Hodson	NZ Telecommunications Forum Inc. Climate Leaders Coalition Nominating Committee for the Climate Change Commission MATTR Limited	Chair Member of the Coalition's CEO Steering Group Member*  Director
Gordon MacLeod	Delegat Group Limited Spanbild Holdings Limited Breast Cancer Foundation NZ	Director Advisory Chair Trustee
Lisa Nelson	Astra Space Inc Destiny Tech100 Inc Seattle Bank MATTR Limited Investment Committee Banqer Limited	Chair of the Compensation Committee** Chair of Audit Committee Director** Committee Member Director

1. Ms Barrass resigned as a Director from 1 November 2024.

2. Ms Broadbent resigned as a director of Manawa Energy Limited on 11 July 2025.

\* Entries added by directors and effective during the year ended 30 June 2025.

\*\* Entries removed by directors during the year ended 30 June 2025.



Directors disclosed, pursuant to section 148 of the Companies Act 1993, the following acquisitions and disposals of relevant interests in Spark shares during FY25:

Name	Date	Nature of transaction	Consideration	Number of shares
Sheridan Broadbent	26 February 2025	Purchase of ordinary shares by FNZ Custodians Limited on behalf of Mariachi Desperados Trust (beneficial ownership Sheridan Broadbent)	\$23,669	10,000
Jolie Hodson	23 September 2024	Issue of options (vests in 2027, subject to performance hurdles)	Services to Spark	272,031
	24 September 2024	Lapse of options	Services to Spark	(189,846)
Gordon MacLeod	26 August 2024	Purchase of ordinary shares	\$50,386	12,500
	29 August 2024	Purchase of ordinary shares	\$49,990	13,700
	25 February 2025	Purchase of ordinary shares	\$34,728	14,700
	28 March 2025	Purchase of ordinary shares	\$34,988	16,785
Lisa Nelson	23 December 2024	Purchase of ordinary shares by Sharesies Nominee Limited on behalf of Lisa Nelson	\$53,000	18,661
	9 April 2025	Purchase of ordinary shares by Sharesies Nominee Limited on behalf of Lisa Nelson	\$20,218	9,982
Justine Smyth	20 December 2024	Purchase of ordinary shares by Sharesies Nominee Limited as custodian for Smylone Trust (beneficial ownership Justine Smyth)	\$180,000	63,483
	20 December 2024	Purchase of ordinary shares by Sharesies Nominee Limited as custodian for Justine Smyth	\$59,612	21,065
	23 December 2024	Purchase of ordinary shares by Sharesies Nominee Limited as custodian for Justine Smyth	\$75,000	25,853
	13 March 2025	Purchase of ordinary shares by Sharesies Nominee Limited as custodian for Smylone Trust (beneficial ownership Justine Smyth)	\$115,012	50,992
	3 April 2025	Purchase of ordinary shares by Sharesies Nominee Limited as custodian for Smylone Trust (beneficial ownership Justine Smyth)	\$410,025	200,000

As at 30 June 2025 directors, or entities related to them, held relevant interests (as defined in the Financial Markets Conduct Act 2013) in Spark shares as follows:

Name	Relevant interest in Spark shares as at 30 June 2025	
	Number	% <sup>1</sup>
Warwick Bray	31,230 <sup>2</sup>	0.002
Sheridan Broadbent	40,000 <sup>3</sup>	0.002
David Havercroft	100,086	0.005
Jolie Hodson	951,198 <sup>4</sup>	0.050
Gordon MacLeod	67,685	0.004
Lisa Nelson	28,643 <sup>5</sup>	0.002
Justine Smyth	861,594 <sup>6</sup>	0.046

1. Each percentage stated has been rounded to the nearest 1/1000th of a percent.

2. Relevant interest in beneficial ownership of 31,230 ordinary shares held by WDB Insight Pty Limited

3. Relevant interest in beneficial ownership of 40,000 ordinary shares held by FNZ Custodians Limited on behalf of Mariachi Desperados Trust.

4. Includes 311,830 ordinary shares and 639,368 options.

5. Relevant interest in beneficial ownership of 28,643 ordinary shares held by Sharesies Nominee Limited as custodian for Lisa Nelson.

6. Relevant interest in beneficial ownership of 375,201 ordinary shares held by Miksha Trust, beneficial ownership of 125,000 ordinary shares held by PJ Trust, beneficial ownership of 314,475 ordinary shares held by Sharesies Nominee Limited as custodian for Smylone Trust and 46,918 ordinary shares held by Sharesies Nominee Limited as custodian for Justine Smyth.

All non-executive directors are expected to hold Spark shares. Subject to personal circumstances (that should be discussed with the Chair or, in the case of personal circumstances of the Chair, with the Chair of the ARMC, as appropriate), there is an expectation that each non-executive director will purchase and hold an amount of shares that are at least equivalent in value to the non-executive director base member fee as at the date of their appointment or, in the case of directors appointed before 1 July 2017, this was as at 1 July 2017. Shares are to be purchased within a three-year period from the date of appointment or, in the case of directors appointed before 1 July 2017, this was within a three-year period from that date. To assess whether this expectation has been met, the aggregate purchase price for all shares acquired, less the aggregate sale price for all shares disposed (if any), is used to calculate value.

### Directors' insurance

Directors disclosed, for the purposes of section 162 of the Companies Act 1993, that insurance was renewed for Spark's directors and senior managers for the 12-month period from 1 June 2025 and deeds of indemnity provided to all directors and specified senior managers of Spark.

### Shareholdings

As at 30 June 2025 there were 1,889,322,507 Spark ordinary shares on issue, each conferring to the registered holder the right to one vote on a poll at a meeting of shareholders on any resolution, held as follows:

Size of holding	Number of holders <sup>1</sup>	%	Number of shares	%
1-1,000	12,527	28.66	6,157,102	0.33
1,001-5,000	17,295	39.56	45,838,244	2.43
5,001-10,000	6,465	14.79	48,372,691	2.56
10,001-100,000	7,055	16.14	177,008,316	9.37
100,001 and over	373	0.85	1,611,946,154	85.31
<b>Total</b>	<b>43,715</b>	<b>100.00</b>	<b>1,889,322,507</b>	<b>100.00</b>

1. Includes:

- 211,092 shares on issue held by Spark Trustee Limited on behalf of 43 holders of Spark Share (FY24: 410,834 shares on issue held by Spark Trustee Limited on behalf of 346 holders of Spark Share); and
- 1,897,654 shares on issue held by Sharesies Nominee Limited on behalf of 1,284 holders of Spark Share (FY24: 1,636,356 shares on issue held by Sharesies Nominee Limited on behalf of 1,474 holders of Spark Share).

The 20 largest registered holders of Spark shares at 30 June 2025 were:

Name <sup>1</sup>	Number of shares	%
1. HSBC Nominees (New Zealand) Limited <sup>2</sup>	218,825,554	11.58
2. HSBC Nominees (New Zealand) Limited <sup>2</sup>	144,364,622	7.64
3. BNP Paribas Nominees NZ Limited <sup>3</sup>	119,442,937	6.32
4. Accident Compensation Corporation	104,658,264	5.54
5. JP Morgan Chase Bank	86,669,605	4.59
6. Citicorp Nominees Pty Limited	82,946,609	4.39
7. HSBC Custody Nominees (Australia) Limited	76,863,879	4.07
8. Custodial Services Limited	75,770,407	4.01
9. New Zealand Superannuation Fund Nominees Limited	72,847,068	3.86
10. Citibank Nominees (NZ) Limited	68,449,009	3.62
11. New Zealand Depository Nominee	47,117,970	2.49
12. FNZ Custodians Limited	39,585,044	2.10
13. JB Were (NZ) Nominees Limited	39,404,562	2.09
14. JP Morgan Nominees Australia Pty Limited	39,169,425	2.07
15. Tea Custodians Limited	36,748,706	1.95
16. New Zealand Permanent Trustees Limited	36,658,023	1.94
17. Forsyth Barr Custodians Limited	36,223,362	1.92
18. Premier Nominees Limited	31,975,091	1.69
19. BNP Paribas Nominees NZ Limited <sup>3</sup>	24,111,994	1.28
20. Public Trust	21,434,828	1.13

1. The shareholding of New Zealand Central Securities Depository Limited (custodian for members trading through NZClear) has been reallocated to the applicable members.

2. Has a different holder identification number to the other HSBC Nominees (New Zealand) Limited entry.

3. Has a different holder identification number to the other BNP Paribas Nominees NZ Limited entry.

According to substantial holder notices as at 30 June 2025 the substantial holders in Spark were as follows:

Name	Number of ordinary shares	% of ordinary shares on issue <sup>1</sup>
Blackrock, Inc. and related bodies corporate	148,833,289	7.88
Accident Compensation Committee	96,086,003	5.09

1. Based on issued share capital of 1,889,322,507 as at 30 June 2025.

## Subsidiary company directors

The following people held office as directors of subsidiary companies at 30 June 2025. Alternate directors are indicated with an (A).

Subsidiary company	Principal activity	Current directors	Directors who retired during the year
Adroit Holdings Limited	Environmental IOT solutions	S Taylor, L Urquhart	S Knight, M Stribling
Adroit IOT Limited	Environmental IOT solutions	S Taylor, L Urquhart	S Knight, M Stribling
Adroit Research Limited	Environmental IOT solutions	S Taylor, L Urquhart	S Knight, M Stribling
Computer Concepts Limited	IT infrastructure and Cloud services	M Anastasiou, M Beder, S Taylor	S Knight

Subsidiary company	Principal activity	Current directors	Directors who retired during the year
Entelar Group Limited	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services	H Polglase, M Sheppard, R Mateparae	
Gen-i Australia Pty Limited	Provides international, wholesale and outsourced telecommunications services	F Evett, I Hopkins	
MATTR Limited	Software company focused on decentralised identity and verifiable data	C Barber, J Hodson, J Smyth, S Taylor	S Knight
MATTR Trading Australia Pty Limited	Software company focused on decentralised identity and verifiable data	M Leydin, S Le Verne, L McIntyre	F Evett
MATTR Trading US, Inc	Software company focused on decentralised identity and verifiable data	C Barber, L McIntyre	N Fitzgerald
Qrious Limited	Data analytics business	M Anastasiou, S Taylor	S Knight
Revera Limited	IT infrastructure and data centre provider	M Anastasiou, S Taylor, M Beder	S Knight
Spark Finance Limited	Group finance company	M Anastasiou, M Sheppard, S Taylor	S Knight
Spark New Zealand Cables Limited	Investment company	M Sheppard, L Urquhart	
Spark New Zealand Trading Limited	Telecommunications and digital services company	M Anastasiou, M Beder, S Taylor	S Knight
Spark Trustee Limited	Trustee company	M Anastasiou, S Taylor	S Knight
TCNZ Australia Investments Pty Limited	Australian operations	F Evett, I Hopkins	
TCNZ (Bermuda) Limited	Holding company	J Wesley-Smith, J Wong	
TCNZ Financial Services Limited	Investment company	M Anastasiou, F Evett	
TCNZ (United Kingdom) Securities Limited	Holding/investment company	F Evett, J Reader, ManCorp (UK) Limited	
Teleco Insurance Limited	Group insurance company	R Deacon, M Sheppard, N Frost, F Evett (A)	S Knight
Teleco Insurance (NZ) Limited	Former mobile phone insurance company	S Taylor	S Knight, R Quince
Telecom Capacity Limited	Holding company	J Wong, S Taylor	S Knight
Telecom Enterprises Limited	Investment company	M Anastasiou, S Taylor	S Knight
Telecom New Zealand (UK) Enterprises Limited	Holding/investment company	F Evett, M Sheppard	
Telecom New Zealand USA Limited	Provides international wholesale telecommunications services	J Wong, J Martin	
Telecom Pacific Limited	Holding company	M Anastasiou, M Sheppard	
Telecom Southern Cross Limited	Holding company	M Anastasiou, S Taylor	S Knight
Telecom Wellington Investments Limited	Investment company	M Anastasiou, F Evett	

The interest registers for the employee directors of the Spark subsidiary companies were updated for FY25 to reflect any changes noted in the table above.

In addition, Ms Anastasiou updated her interest registers for FY25 to reflect her ceasing to be a director on Connexa Limited, SamCo Holdings Limited, Frodoco Holdings Limited and Hutchison Telecommunications (Australia) Limited.



Tax governance

Spark's Tax Strategy demonstrates our commitment to the highest standards of tax governance and compliance with tax laws. As a New Zealand-based company we believe that it is important to clearly articulate our tax contribution in a transparent manner to provide certainty and confidence to our stakeholders. As a large business, we make a significant contribution to New Zealand's tax base, including contributing \$186 million of New Zealand income taxes during FY25 (before any tax credits were applied).

In FY25 Spark's effective tax rate was 27.4%, which is marginally lower than the headline corporate tax rate of 28%, mainly due to the impact of the Connexa transaction.

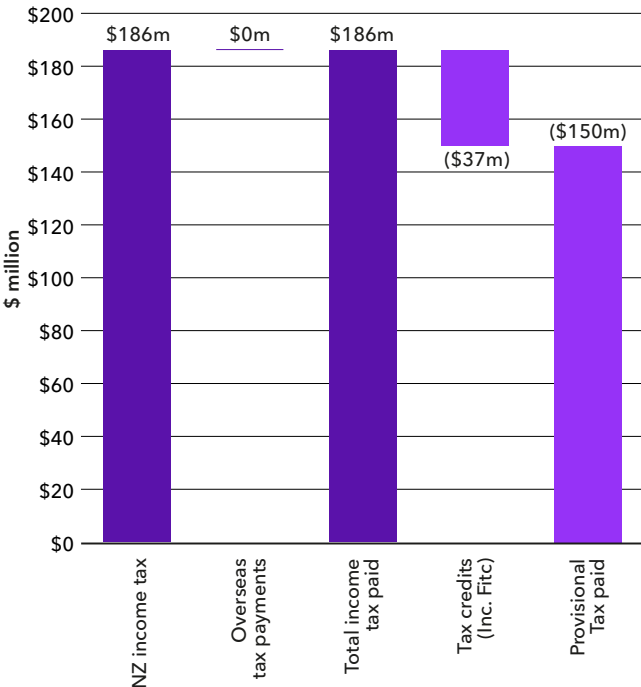
Spark's contribution extends beyond income tax and covers a broad range of tax collection and remittance obligations across various tax types. In FY25 those obligations resulted in a total of \$623 million of taxes under management (FY24: \$587m).



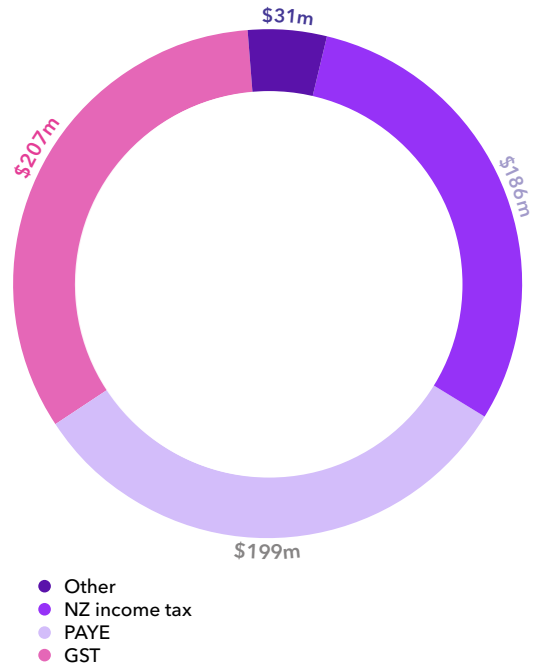
Spark's tax strategy: [spark.co.nz/governance](https://spark.co.nz/governance)



Breakdown of income tax payments FY25



Taxes under management



## ESG governance

### Our Sustainability Framework

Toitū Sustainability at Spark is integrated into our ways of operating and governance at Spark. Our Sustainability Framework focuses our ESG activities in the areas we can make the most meaningful impact and outlines our approach to ESG.

In FY25 we refreshed our Sustainability Framework as part of the launch of our new FY30 strategy.

Our sustainability commitment is 'to create a better digital world', which we define as low-impact, with high connectivity, and which is equitable and trusted.

The framework is informed by our materiality assessment (see page 126).



Toitū Sustainability Spark

# A better digital world



## Low-impact, high connectivity

We will reduce our environmental impact and enable Aotearoa to do the same through technology



## Equitable and trusted

We will champion digital equity and build trust in our digital products and services

### In our business

#### Reduce our environmental impact, with a focus on efficiency and emissions reduction

**KPI:** Reduce Scope 1 and 2 emissions 56% and achieve 100% renewable electricity by FY30

#### Deliver trusted digital products with a focus on privacy, data ethics, and responsible AI

**KPI:** Maintain top quartile performance in the WBA Digital Equity Benchmark

### Suppliers and partners

#### Engage our suppliers to address our upstream environmental impacts

**KPI:** 70% of suppliers by spend with science-based targets by 2026 (absolute scope 3 ambition to be established for FY30)

#### Engage our suppliers to identify and address social risks in their businesses

**KPI:** Five annual JAC audits driving issue identification and remediation

### Customers and communities

#### Support Aotearoa's transition to a resilient, low-emissions future

**KPI:** maintain leading performance for reliability and coverage (as measured by Opensignal annually)

#### Champion digital equity with a focus on access, skills, and wellbeing

**KPI:** Extend the reach of our not-for-profit broadband service Skinny Jump



### Integrating ESG into our governance processes

Spark is committed to the continuous improvement of our ESG performance. Our sustainability governance structure helps us ensure sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.

Our Board and Leadership Squad have oversight of our sustainability performance. Quarterly updates on our performance against our sustainability Key Performance Indicators (KPIs) are provided to the Leadership Squad, which serves as a business-wide sustainability steering committee. The Board has overall governance responsibility for sustainability and is provided with a quarterly update on sustainability performance. The Board also approves the sustainability framework and reviews and approves key policies related to ESG.

To support our ESG performance we have a number of cross-functional squads. Our Governance and Reporting squad is accountable for our performance, reporting, and risk management, and includes representatives from Spark's financial, risk, legal, investor relations, regulatory affairs, people and culture, and corporate relations functions. The Human Rights and Supply Chain squad is focused on actions to further embed these topics into Spark's day-to-day operations, and includes representatives from our value management (supply chain), legal, digital trust, and Entelar Group teams.

Our Emissions Reduction Squad is led by Spark's Environment Manager and is focused on mobile networks, data centres, and fleet, and measures and reports our energy use and emissions on a quarterly basis to the Emissions Reduction Steering Committee and Leadership Squad.

Spark's Data Ethics Committee includes representatives from the Leadership Squad and provides oversight of our AI Principles and how they are embedded into our ways of working, processes, and systems. Our Due Diligence Committee includes representatives from the Leadership Squad who review Spark's disclosures against the requirements and principles of the Climate Standards.



Spark's approach to sustainability:

[spark.co.nz/sustainability](https://spark.co.nz/sustainability)



## Sustainability governance at Spark



## Benchmarking our ESG performance

We benchmark our performance using a number of international frameworks, including the Corporate Sustainability Assessment (CSA). The CSA is a comprehensive benchmark of our ESG maturity against our peers, with good coverage against our material sustainability issues. The CSA is now part of S&P Global and is the assessment framework behind inclusion in the Dow Jones Best-in-Class World Index (previously called the Dow Jones Sustainability Index/DJSI).

Our approach to ESG management has seen our score, and relative ranking against global industry peers, increase year-on-year in the CSA benchmark into the top quartile of all global telecommunications companies. As a result, and in recognition of our progress and regional leadership, Spark is a member of the DJSI Australia Index, first joining in FY23 and maintaining our place on the index in FY25.

In December 2024 Spark was awarded the Snowflake Sustainability Leadership Award at the Deloitte Top 200 Awards. This award highlights businesses that are working towards creation of long-term environmental, social, and economic value. The judging criteria considers governance, long-term perspective, integration of ESG considerations, and projects to support sustainable development.



## ESG reporting

We seek to present a clear and transparent assessment of our ESG performance in our reporting. This report is prepared in accordance with the International <IR> Framework and with the Global Reporting Initiative (GRI).

We focus our reporting on sustainability topics that substantively influence the assessments and decisions of stakeholders or have a significant environmental, social, or economic impact. We also consider whether a matter could substantively affect our ability to create value in the short, medium, or long term.

An appendix to this report (see pages 126 - 127) includes a summary of our approach to materiality, and a summary of our most material issues.

This Annual Report is published alongside a suite of other disclosures, including the following:

- **Corporate Governance Statement**, which is a snapshot view of Spark's practices, processes and policies measured against the principles of the NZX Corporate Governance Code;
- **Climate-related Disclosures Report**, which has been prepared in compliance with the Aotearoa New Zealand Climate Standards and includes our GHG Inventory and Assurance Statement;
- **Modern Slavery and Human Rights Statement**, which provides a detailed summary of how we are identifying, mitigating, and remedying modern slavery and human rights risks in our business and our supply chains, including actions taken to audit and engage our suppliers; and
- **ESG Data Pack**, which includes our detailed GRI Index and ESG performance data.



Spark's FY25 suite of disclosures:  
[spark.co.nz/governance](https://spark.co.nz/governance)

# Risk management

Our risk policy and framework help our people to manage uncertainty and adapt to challenges as they pursue Spark's strategy. Oversight by the Audit and Risk Management Committee (ARMC) and the diligent application of the defined roles and responsibilities across the business ensures our risk management system remains effective.

The policy and framework are benchmarked to COSO ERM 2017 (COSO) a leading risk management standard. We also use other leading risk management standards like ISO31000:2018 and specific standards and guidance, where available, to benchmark and inform our risk management practices.

Spark's framework is structured into five risk management domains that all work together to enable a robust system for risk management. Below is a description of each domain and some examples of activities by domain to help understand the framework in more depth. These five domains are embedded in Spark's Managing Risk Framework and ensure the 'Three Lines of Defence' Risk Model (1. Own and manage 2. Monitor and 3. Provide independent assurance) is utilised.

## 1. Governance and culture

This domain reinforces the importance of risk management and influences how people apply the framework. Managing risk is embedded in our organisational structure, our functional activities, and is supported by specialist resources from the Risk team. Examples include the risk policy and the defined governance structure that supports its application across Spark. More information on the roles and responsibilities are included in the table on page 125.

## 2. Strategy and objective setting

This domain focuses on integrating risk management into strategy setting and business planning. Examples include the consideration of risks and opportunities to business objectives when making strategy decisions and checking in with every function using a systematic method as part of the Quarterly Business Review process. Each quarter the Leadership Squad communicates the top priorities for the business to the Portfolio Leaders, and supports execution with strategic guidance and access to extra resources as needed.

## 3. Performance

This domain involves maintaining a portfolio view of risks under active management. Examples include maintaining a principal risk profile that is used by the ARMC and Leadership Squad to understand relevant risks and how they are being managed. It also focuses on the quality of the embedded risk management practices that are used within functions across the business. These two views enable in depth analysis of relevant business risks and how they are being managed from a top-down and bottom-up perspective.

## 4. Review and revision

This domain involves identifying and implementing opportunities to continuously improve risk management practices. Examples include regular internal and external assessments of the policy and framework.

## 5. Information, reporting, and communications

This domain focuses on guiding Spark on how to use the policy and framework. Examples include information pages, access to support channels, and education sessions.

The policy and framework are assessed annually, and externally every three years to ensure they remain effective. All assessment results and agreed actions are shared with the ARMC to ensure they remain informed about the status of the policy and framework.

## Spark's principal business risks

Principal risk profiles are updated twice yearly. The last update was finalised in May 2025. The principal risk themes identified were:

- **Protecting Spark and its customers from a major cyber-attack or data breach**

Evolving external threats, legislation, and high expectations from customers and stakeholders mean robust security and privacy roadmaps and strong governance (including oversight from the ARMC and the Leadership Squad), continue to be needed to ensure that significant risks are managed. The Cyber Security Tribe is responsible for critical operational controls to ensure standards and compliance are upheld. Our Digital Trust team sets privacy frameworks and standards that Agile units need to apply to maintain appropriate operational controls for privacy. Spark also has a data retention policy, which sets out considerations and, in sensitive datasets, rules for data retention. Adherence audits for compliance with the data retention policy are performed by the Internal Audit team.

External reviews and certifications help to ensure that comprehensive security measures exist for the critical elements of our cyber security framework. These reviews include security maturity assessments and security device configuration audits to ensure our processes meet expected standards. Importantly, external security maturity assessments also help ensure that our security maturity roadmap continues to evolve in line with the changing global threat landscape, providing independent validation that our uplift initiatives remain relevant and resilient.

- **Ensuring the performance and resilience of Spark's network, infrastructure, and ICT technology**

Spark continues to invest in the resilience and adaptability of its network and technology platforms, recognising their critical role in enabling customer experience, operational efficiency, and long-term sustainability. This also includes long-term physical risk to infrastructure from climate change. The delivery of large-scale technology programmes, such as the nationwide roll out of 5G, is underpinned by proven methodologies that help manage the risks associated with introducing new technologies while ensuring continuity of existing systems.

As part of Spark's evolving technology delivery model, the transition of critical processes to global partners is enabling access to innovation, cost efficiencies, and scarce technical resources. This transition introduces new operational risks, particularly in relation to

incident response across Spark's network and IT stack. To mitigate these risks, Spark has retained key internal capabilities, network-facing tools and a portion of its Network Operations Centre (NOC) and triage team onshore. In addition, the Leadership Squad actively monitors partner performance to ensure service standards are met and outcomes are delivered, supporting accountability and service continuity.

- **Understanding market conditions and the economic environment to respond with balanced judgement**

Spark continues to operate in a subdued economic environment, with weak business investment, cautious consumer spending, and low productivity growth affecting performance across customer segments. In Enterprise and Government, reduced and deferred project work, price sensitivity, and fleet shrinkage have impacted demand. In Consumer and SME, competitive pressure and demographic shifts have contributed to increased churn and slower growth.

In response, Spark has implemented a range of strategic and operational adjustments to support resilience and performance. These include cost optimisation initiatives – such as operating model redesign, AI and automation, and digitisation of customer journeys – that strengthen Spark's ability to maintain service standards while improving efficiency. A robust governance framework and formal delivery methodology ensure initiatives are well-tested, with progress tracked to enable timely course correction.

The Leadership Squad continues to enhance its forecasting and planning processes to improve visibility of business performance and cash flow. Spark also actively monitors global developments, including geopolitical risks, and is assessing potential impacts to ensure the business remains responsive and well-positioned.

- **Delivering planned AI and business system transformation objectives**

Delivering AI and business system transformation remains a key enabler of Spark's strategic objectives. Progress continues in line with expectations, supported by skilled delivery teams and a strong pipeline of initiatives focused on enhancing operational efficiency and customer experience. Spark is maintaining momentum, while balancing speed of implementation with quality and effectiveness to ensure benefits are realised.

As AI technologies evolve rapidly, Spark has strengthened its governance approach to ensure safe, ethical, and responsible deployment. This includes updated policies, oversight mechanisms, and awareness initiatives to manage risks, such as accuracy, intellectual property, and responsible use.

A key risk in business system transformation is managing change across Spark and its customers, particularly during the migration from legacy products and technologies. This requires careful coordination to minimise disruption and maintain customer experience. Spark is actively managing these risks through close alignment between delivery teams and business leads, supported by tools and processes that guide decision-making and ensure delivery quality.

- **Achieving revenue growth**

As Spark continues to pursue revenue growth, it faces a range of challenges across both traditional and emerging revenue streams. In Mobile and Broadband services, competitive pressure and market maturity remain key considerations. Meanwhile, newer areas such as Cloud, Data Centres, and Digital Services are subject to evolving customer needs, technological change, and market dynamics.

To navigate these conditions, Spark's Board and Leadership Squad remains focused on ensuring the business has the right strategy, product set, and operating model to execute effectively across its customer segments. This includes ongoing investment in innovation and product development, as well as enhancements to platforms and systems that support competitive positioning.

Performance across Spark's Enterprise, Government, Consumer, and SME segments is closely monitored, with tailored approaches to address the unique challenges and opportunities within each. The Leadership Squad continues to track key metrics and market signals to inform decision-making and ensure Spark remains responsive to changing conditions.

Spark's approach balances risk and opportunity, aiming to deliver long-term revenue growth with a focus on core connectivity, while maintaining agility in a dynamic operating environment.

- **Ensuring the capability, skills and culture to deliver performance outcomes**

Spark has transformed its operating model to support long-term performance and strategic ambitions. This includes organisational structure changes and strategic partnerships aimed at improving efficiency and scalability, accessing innovation, and aligning capability with future needs. Management has identified the skills required to support delivery and is aligning internal and external resources accordingly.

While necessary, these changes have been reflected in a lower people engagement score in FY25. The Leadership Squad is focused on reinforcing Spark's purpose and ambition, supported by investment in people and culture to maintain engagement and retention.

The shift to a blended onshore and offshore delivery model introduces risks around service quality, continuity, and team alignment. Spark is actively managing these through governance and operational forums that support planning, transition, and delivery. Initial impacts to customer experience have improved as offshore teams gained familiarity with processes, and ongoing oversight remains important to ensure expected outcomes are achieved.

## **Business continuity and crisis management**

The Business Continuity and Crisis Management Policy protects customers from the impact of disruptive events and ensures value-generating activities are resilient and comply with relevant external standards, for example, Civil Defence and 111 obligations.

Spark's framework is benchmarked to ISO 22301 and ISO 22313, which are acknowledged as leading practice standards for business continuity. It is overseen by the ARMC in a similar way to the Managing Risk Policy and Framework. An internal governance committee consisting of Portfolio Leads from across Spark, oversees and supports the implementation and maintenance of Business Continuity programme activities across the Spark Group. Regular reviews of the framework are performed by the Service Resilience and Risk and Internal Audit teams to ensure it is effective. External reviews and testing of key elements of the framework such as the Level One Crisis Management Plan and team, are also done to validate the effectiveness of the framework. In FY25 Spark conducted an externally facilitated L1 crisis simulation for a major cyber event. Our continued investment in network resiliency, as outlined on page 30, also demonstrates application of the framework in practice.



# Financial statements



# Financial statements

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## Statement of profit or loss and other comprehensive income

YEAR ENDED 30 JUNE

	NOTES	2025 \$M	2024 <sup>2</sup> \$M
Operating revenues and other gains <sup>1</sup>	2.2	3,725	3,820
Operating expenses <sup>1</sup>	2.3	(2,672)	(2,679)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	2.5	1,053	1,141
Finance income	2.4	31	30
Finance expense	2.4	(149)	(144)
Depreciation and amortisation	2.4	(590)	(512)
Net investment income	2.4	2	(8)
Net earnings before income tax		347	507
Income tax expense <sup>1</sup>	6.1	(95)	(196)
<b>Net earnings from continuing operations</b>		<b>252</b>	<b>311</b>
Net earnings from discontinuing operation	1.5	8	5
<b>Total net earnings</b>		<b>260</b>	<b>316</b>
<b>Other comprehensive income</b>			
<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	3.3	5	(20)
<i>Items that may be reclassified to profit or loss:</i>			
Translation of foreign operations		-	(1)
Change in hedge reserves net of tax	5.1	(36)	1
Other comprehensive income		(31)	(20)
<b>Total comprehensive income</b>		<b>229</b>	<b>296</b>
<b>Earnings per share</b>			
Basic earnings per share (cents) from continuing operations <sup>1</sup>		13.6	17.0
Basic earnings per share (cents) from discontinuing operation		0.4	0.3
Basic earnings per share (cents) from continuing and discontinuing operations <sup>1</sup>		14.0	17.3
Diluted earnings per share (cents) from continuing operations <sup>1</sup>		13.6	17.0
Diluted earnings per share (cents) from discontinuing operation		0.4	0.3
Diluted earnings per share (cents) from continuing and discontinuing operations <sup>1</sup>		14.0	17.3
Weighted average ordinary shares (millions) - used for basic earnings per share		1,847	1,825
Dilutive potential ordinary share (options)		-	-
Weighted average ordinary shares (millions) - used for diluted earnings per share		1,847	1,825

See accompanying notes to the financial statements.

1. FY25 balances have been impacted by the sale of the remaining Connexa investment and the transformation costs associated with Spark's SPK-26 Operate Programme, see notes 1.4 and 2.5 for further details.
2. Certain comparative information has been re-presented due to the data centre business being classified as a discontinuing operation in FY25, see note 1.5 for further details.

## Statement of financial position

	NOTES	AS AT 30 JUNE 2025 \$M	AS AT 30 JUNE 2024 \$M
<b>Current assets</b>			
Cash		34	59
Short-term receivables and prepayments <sup>1,2</sup>	3.1	939	915
Short-term derivative assets	5.1	-	1
Inventories	3.2	83	89
Taxation recoverable	6.1	114	6
Assets classified as held for sale	1.5	268	-
<b>Total current assets</b>		<b>1,438</b>	<b>1,070</b>
<b>Non-current assets</b>			
Long-term receivables and prepayments <sup>1</sup>	3.1	387	515
Long-term derivative assets	5.1	11	25
Long-term investments <sup>1</sup>	3.3	76	206
Deferred tax assets	6.1	11	17
Right-of-use assets <sup>2</sup>	3.4	555	487
Leased customer equipment assets	3.5	59	70
Property, plant and equipment <sup>2</sup>	3.6	1,184	1,394
Intangible assets <sup>2</sup>	3.7	804	851
<b>Total non-current assets</b>		<b>3,087</b>	<b>3,565</b>
<b>Total assets</b>		<b>4,525</b>	<b>4,635</b>
<b>Current liabilities</b>			
Short-term payables, accruals and provisions	4.1	536	550
Short-term derivative liabilities	5.1	7	-
Short-term lease liabilities <sup>2</sup>	4.2	107	96
Current debt	4.3	412	414
Liabilities classified as held for sale	1.5	4	-
<b>Total current liabilities</b>		<b>1,066</b>	<b>1,060</b>
<b>Non-current liabilities</b>			
Long-term payables, accruals and provisions	4.1	49	56
Long-term derivative liabilities	5.1	60	78
Long-term lease liabilities <sup>2</sup>	4.2	760	646
Non-current debt	4.3	1,070	1,205
<b>Total non-current liabilities</b>		<b>1,939</b>	<b>1,985</b>
<b>Total liabilities</b>		<b>3,005</b>	<b>3,045</b>
<b>Equity</b>			
Share capital		994	810
Reserves		(43)	(414)
Retained earnings		569	1,194
<b>Total equity</b>		<b>1,520</b>	<b>1,590</b>
<b>Total liabilities and equity</b>		<b>4,525</b>	<b>4,635</b>

See accompanying notes to the financial statements.

1. FY25 balances have been impacted by the sale of the remaining Connexa and Hutchison investments, see notes 1.3 and 1.4 for further details.

2. FY25 balances have been impacted by the data centre business being classified as held for sale, see note 1.5 for further details.

On behalf of the Board



**Justine Smyth, CNZM**  
Chair



**Jolie Hodson, MNZM**  
Chief Executive



## Statement of changes in equity

YEAR ENDED 30 JUNE 2025	NOTES	SHARE CAPITAL \$M	RETAINED EARNINGS \$M	HEDGE RESERVES \$M	SHARE-BASED COMPEN- SATION RESERVE \$M	REVALUATION RESERVE \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	TOTAL \$M
<b>Balance at 1 July 2024</b>		<b>810</b>	<b>1,194</b>	<b>12</b>	<b>4</b>	<b>(407)</b>	<b>(23)</b>	<b>1,590</b>
Total net earnings		-	260	-	-	-	-	260
Other comprehensive income		-	-	(36)	-	5	-	(31)
<b>Total comprehensive income</b>		<b>-</b>	<b>260</b>	<b>(36)</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>229</b>
Contributions by, and distributions to, owners:								
Dividends	1.3, 4.5	-	(484)	-	-	-	-	(484)
Supplementary dividends	4.5	-	(37)	-	-	-	-	(37)
Tax credit on supplementary dividends		-	37	-	-	-	-	37
Dividend reinvestment plan	1.3	182	-	-	-	-	-	182
Issuance of shares under share schemes		3	-	-	-	-	-	3
Transfer in relation to the disposal of investment <sup>1</sup>	1.3	-	(402)	-	-	402	-	-
Other transfers		(1)	1	-	(1)	-	1	-
<b>Total transactions with owners</b>		<b>184</b>	<b>(885)</b>	<b>-</b>	<b>(1)</b>	<b>402</b>	<b>1</b>	<b>(299)</b>
<b>Balance at 30 June 2025</b>		<b>994</b>	<b>569</b>	<b>(24)</b>	<b>3</b>	<b>-</b>	<b>(22)</b>	<b>1,520</b>

1. Transfer of revaluation losses previously recognised through other comprehensive income to retained earnings following the disposal of Spark's investment in Hutchison on 25 June 2025. See note 1.3 for more details.

YEAR ENDED 30 JUNE 2024	NOTES	SHARE CAPITAL \$M	RETAINED EARNINGS \$M	HEDGE RESERVES \$M	SHARE-BASED COMPEN- SATION RESERVE \$M	REVALUATION RESERVE \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	TOTAL \$M
<b>Balance at 1 July 2023</b>		<b>965</b>	<b>1,371</b>	<b>11</b>	<b>2</b>	<b>(387)</b>	<b>(22)</b>	<b>1,940</b>
Total net earnings		-	316	-	-	-	-	316
Other comprehensive income		-	-	1	-	(20)	(1)	(20)
<b>Total comprehensive income</b>		<b>-</b>	<b>316</b>	<b>1</b>	<b>-</b>	<b>(20)</b>	<b>(1)</b>	<b>296</b>
Contributions by, and distributions to, owners:								
Dividends	4.5	-	(494)	-	-	-	-	(494)
Supplementary dividends	4.5	-	(48)	-	-	-	-	(48)
Tax credit on supplementary dividends		-	48	-	-	-	-	48
Share buy-back		(159)	-	-	-	-	-	(159)
Issuance of shares under share schemes		4	-	-	3	-	-	7
Other transfers		-	1	-	(1)	-	-	-
<b>Total transactions with owners</b>		<b>(155)</b>	<b>(493)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>(646)</b>
<b>Balance at 30 June 2024</b>		<b>810</b>	<b>1,194</b>	<b>12</b>	<b>4</b>	<b>(407)</b>	<b>(23)</b>	<b>1,590</b>

See accompanying notes to the financial statements.

## Statement of cash flows

YEAR ENDED 30 JUNE

	NOTES	2025 \$M	2024 \$M
<b>Cash flows from operating activities</b>			
Receipts from customers		3,694	3,711
Receipts from interest		29	28
Payments to suppliers and employees		(2,711)	(2,653)
Payments for income tax		(186)	(189)
Payments for interest on debt		(90)	(80)
Payments for interest on leases		(50)	(46)
Payments for interest on leased customer equipment assets		(6)	(7)
<b>Net cash flows from operating activities</b>	6.5	<b>680</b>	<b>764</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		2	34
Proceeds from sale of businesses		8	4
Proceeds from sale of long-term investment	1.3, 1.4	309	-
Proceeds from long-term investment	1.3	17	7
Receipts from finance leases		-	1
Receipts from loans receivable		3	10
Payments for purchase of business, net of cash acquired		(2)	(5)
Payments for, and advances to, long-term investment		-	(1)
Payments for purchase of property, plant and equipment, intangible assets (excluding spectrum) and capacity		(430)	(582)
Payments for assets classified as held for sale		(2)	-
Payments for purchase of spectrum intangible assets		(10)	(8)
Payments for capitalised interest		(7)	(10)
<b>Net cash flows from investing activities</b>		<b>(112)</b>	<b>(550)</b>
<b>Cash flows from financing activities</b>			
Net (repayments of)/proceeds from debt	4.4	(197)	510
Payments for dividends	1.3	(302)	(494)
Payments for share buy-back		-	(159)
Receipts from lease incentive		22	-
Payments for leases		(92)	(78)
Payments for leased customer equipment assets		(24)	(34)
<b>Net cash flows from financing activities</b>		<b>(593)</b>	<b>(255)</b>
<b>Net cash flows</b>		<b>(25)</b>	<b>(41)</b>
Opening cash position		59	100
<b>Closing cash position</b>		<b>34</b>	<b>59</b>

See accompanying notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

# Section 1

## General information

### 1.1 About this report

#### Reporting entity

These financial statements are for Spark New Zealand Limited (the Company) and its subsidiaries (together Spark or the Group).

Spark is a major supplier of telecommunications and digital services in New Zealand. Spark provides a full range of telecommunications, information technology, media and other digital products and services, including: mobile services; broadband services; IT products; IT services; voice services; procurement and partner services; high-tech and data centres.

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) and the address of its registered office is at 50 Albert Street, Auckland 1010, New Zealand.

#### Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with IFRS Accounting Standards (IFRS).

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of certain investments and financial instruments, as identified in the accompanying notes. These financial statements are expressed in New Zealand dollars, which is Spark's functional and presentation currency. All financial information has been rounded to the nearest million, unless otherwise stated. The accompanying notes include results from the continuing operations only, unless otherwise stated. Certain comparative information has been updated to conform with the current year's presentation.

The material accounting policies applied in the preparation of these financial statements are set out in the accompanying notes where an accounting policy choice is provided by NZ IFRS. A policy is also included when it is new, has changed, is specific to Spark's operations or is material. Where NZ IFRS does not provide an accounting policy choice, Spark has applied the requirements of NZ IFRS but a detailed accounting policy is not included.

#### New and amended standards

In FY25, Spark has adopted amendments issued for NZ IAS 1 *Presentation of Financial Statements: Disclosures for Current and Non-current Liabilities, and Non-current Liabilities with Covenants*

which clarify the criteria for classifying liabilities and liabilities with covenants as current or non-current. Spark's classification of liabilities did not change as a result of these amendments.

Spark has also adopted the amendments to FRS 44 *New Zealand Additional Disclosures: Disclosure of Fees for Audit Firms' Services* which require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services using prescribed categories. These disclosures are included in note 2.3.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (NZ IFRS 18) will replace NZ IAS 1 *Presentation of Financial Statements* and may have a material impact on Spark's disclosures. NZ IFRS 18 has been issued but is not yet effective until periods commencing on or after 1 January 2027.

NZ IFRS 18 sets out the requirements for the presentation and disclosure of information in financial statements, and will not change net profit reported, but how results are presented on the statement of profit or loss and other comprehensive income and what information is disclosed in the notes. Spark is yet to determine the disclosure impacts of this standard and whether it will adopt it prior to the year ending 30 June 2028. The key changes of NZ IFRS 18 are expected to be:

- A more structured statement of profit or loss and other comprehensive income, including new subtotals, and income and expenses classified into five categories (operating, investing, financing, discontinued operations and income tax).
- Non-GAAP management performance measures are required to be disclosed in the financial statements and subject to audit.
- New disclosures are required for items currently labelled as 'other', with enhanced guidance on how to group information within the financial statements.

There are no other new standards, amendments or interpretations that have been issued and are not yet effective, that are expected to have a significant impact on the financial statements of Spark.

### 1.2 Key estimates and assumptions

The preparation of these financial statements requires Management to make estimates and assumptions. These affect the amounts of reported revenues and expenses and the measurement of assets and liabilities as at 30 June. Actual results could differ from these estimates.

The principal areas of judgement and estimation for Spark in preparing these financial statements are found in the following notes:

- Note 2.2 Operating revenues and other gains
- Note 3.1 Receivables and prepayments
- Note 3.4 Right-of-use assets
- Note 3.6 Property, plant and equipment
- Note 3.7 Intangible assets
- Note 4.2 Lease liabilities

## NOTES TO THE FINANCIAL STATEMENTS: GENERAL INFORMATION

**1.3 Significant transactions and events**

The following significant transactions and events affected the financial performance and financial position of Spark for the year ended 30 June 2025 or subsequent to balance date:

**Dividends (see note 4.5)**

- Dividends paid during the year ended 30 June 2025 in relation to the H2 FY24 second-half dividend (ordinary dividend of 14 cents per share) and H1 FY25 first-half dividend (ordinary dividend of 12.5 cents per share) totalled \$484 million or 26.5 cents per share. Of this, \$182 million was reinvested through the dividend reinvestment plan with the shares issued at a 3% discount for H2 FY24 and at a 2% discount for H1 FY25, to the prevailing market price around the time of issue.

**Debt programme (see notes 4.3 and 5.2)**

- On 28 November 2024, Spark extended the term of its \$100 million committed revolving sustainability linked loan (SLL) facility with Commonwealth Bank of Australia by three years, to mature on 30 November 2027. Spark's SLL has a dual focus on the Group's environmental and gender diversity performance. For the SLL extension, the gender representation target has been replaced with a median gender pay gap target. The environmental targets remain unchanged.
- On 28 November 2024, Spark established a \$100 million committed revolving facility with Commonwealth Bank of Australia, which matured on 28 May 2025 and was not renewed.
- On 24 April 2025, Spark extended the term of its \$200 million committed standby revolving credit facility by one year, to mature on 30 April 2028.

**Long-term investments (see notes 1.4, 2.5, 3.1 and 3.3)**

- On 28 February 2025, Spark completed the sale of its remaining stake (~17%) in the mobile towers business, Connexa, and the associated shareholder loans to global investment group CDPQ, for net proceeds of \$309 million, being \$313 million cash inflow less \$4 million transaction costs. See notes 1.4 and 2.5 for further details.
- On 23 June 2025, Spark announced that it had accepted an offer from Hutchison Telecommunications (Amsterdam) BV, an indirect wholly owned subsidiary of CK Hutchison Holdings Limited, to sell its 10% shareholding in Hutchison Telecommunications (Australia) Limited (Hutchison) at AU\$0.032 per share. The transfer of shares completed on 25 June 2025, with NZ\$48 million cash

proceeds received on 17 July 2025. As at 30 June 2025, Spark recognised a receivable of \$47 million for the payment due (see note 3.1) and transferred the cumulative revaluation losses previously recognised through other comprehensive income to retained earnings in the statement of changes in equity.

- Spark received \$17 million in FY25 from Southern Cross Cables Holdings Limited investment in the form of a capital reduction.

**Capital expenditure (see notes 2.5, 3.4, 3.6 and 3.7)**

- Spark's additions to property, plant and equipment, intangible assets, assets classified as held for sale and capacity right-of-use assets (excluding spectrum, goodwill, assets fully funded by customers or vendors and other non-cash additions that may be required by NZ IFRS) were \$429 million, details of which are provided in notes 2.5, 3.4, 3.6 and 3.7 and on page 19 of this Annual Report.

**Transformation costs (see note 2.3, 2.5)**

- Transformation costs of \$53 million were incurred in the implementation of Spark's SPK-26 Operate Programme. The objectives of this programme are to enter into new technology delivery partnerships, redesign the organisational operating model and deliver labour and operating cost reductions. The costs incurred largely related to labour, severances, and advisory costs.

**Data centre business sale (see note 1.5)**

- On 12 August 2025 Spark announced it entered into an agreement to sell a 75% interest in its data centre business to Pacific Equity Partners.
- The transaction values the business at up to \$705 million (comprising a base enterprise value of \$575 million and up to a further \$130 million of earn-out enterprise value). Spark expects to receive cash proceeds of approximately \$486 million at completion (with final net proceeds subject to completion adjustments) and additional deferred cash proceeds of up to approximately \$98 million contingent on the achievement of certain performance-based objectives by 31 December 2027.
- The transaction is subject to regulatory and customary consents including Overseas Investment Office approval, with a targeted completion date of 31 December 2025.
- As at 30 June 2025 the data centre business has been classified as a discontinuing operation held for sale (see note 1.5).

**1.4 Sale of Connexa investment**

The sale of the remaining Connexa investment on 28 February 2025 resulted in a net gain of \$71 million as set out below:

YEAR ENDED 30 JUNE	NOTES	2025 \$M
Cash inflow arising from sale of investment		313
Less: incremental transaction costs		(4)
<b>Net cash flow on sale of investment</b>		<b>309</b>
Less: disposal of investment	3.3	(65)
Less: disposal of shareholder loans	3.1	(173)
<b>Net gain on sale of investment</b>		<b>71</b>



## 1.5 Discontinuing operation held for sale

### Data centre business

As disclosed in note 1.3, following the announcement on 12 August 2025 to sell a 75% interest in the data centre business to Pacific Equity Partners, the business has been classified as a discontinuing operation held for sale.

This discontinuing operation was previously part of the data centres segment which has been reclassified to the other products segment. The discontinuing operation's net earnings are as follows:

	2025 \$M	2024 \$M
Operating revenues and other gains	46	41
Product costs	(1)	(1)
Labour	(7)	(5)
Other operating expenses		
Network support costs	(1)	-
Accommodation costs	(12)	(13)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) from discontinuing operation	25	22
Depreciation and amortisation expense		
Depreciation and amortisation - property, plant and equipment and intangible assets	(13)	(14)
Depreciation - right-of-use assets	(1)	(1)
Net earnings before income tax from discontinuing operation	11	7
Income tax expense	(3)	(2)
<b>Net earnings from discontinuing operation</b>	<b>8</b>	<b>5</b>

The major classes of assets and liabilities comprising the discontinuing operation classified as held for sale are as follows:

YEAR ENDED 30 JUNE	NOTES	2025 \$M
Short-term receivables and prepayments		18
Right-of-use assets	3.4	3
Property, plant and equipment	3.6	236
Intangible assets	3.7	11
<b>Total assets classified as held for sale</b>		<b>268</b>
Lease liabilities	4.2	4
<b>Total liabilities classified as held for sale</b>		<b>4</b>

No write-down was recognised in the statement of profit or loss on classification of the above assets and liabilities to held for sale as the estimated selling price is expected to exceed the carrying value. At the time these financial statements were authorised for issue, the transaction had not yet completed and as such a final estimate of the gain or loss on sale has not yet been made.

The net cash flows generated/(incurred) by the discontinuing operation are as follows:

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Net cash flows from operating activities	22	20
Net cash flows from investing activities	(50)	(43)
Net cash flows from financing activities	(1)	(1)
<b>Net cash flows from discontinuing operation</b>	<b>(29)</b>	<b>(24)</b>

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

## Section 2 Financial performance information

### 2.1 Segment information

The segment results disclosed are based on those reported to the Chief Executive and are how Spark reviews its performance. Spark's material assets and operations are in New Zealand, therefore no separate geographical information is provided.

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 made minor reclassifications of segment revenues and costs between IT products, IT services, and other products to more accurately reflect how these products are viewed. In addition, a major part of the data centre business included within other products segment has been classified as a discontinuing operation in FY25 and the comparative information has been re-presented to reflect this. See note 1.5 for more details. The remaining part of the data centres segment has been classified within the other products segment. There is no change to the overall Spark reported result because of these reclassifications.

YEAR ENDED 30 JUNE	2025			2024		
	OPERATING REVENUES \$M	PRODUCT COSTS \$M	PRODUCT MARGIN \$M	OPERATING REVENUES \$M	PRODUCT COSTS \$M	PRODUCT MARGIN \$M
Mobile	1,453	(457)	996	1,474	(484)	990
Broadband	608	(331)	277	613	(325)	288
IT products	522	(265)	257	528	(253)	275
Voice	150	(68)	82	180	(81)	99
IT services	144	(49)	95	156	(42)	114
Procurement and partners	538	(473)	65	548	(483)	65
High-tech	84	(39)	45	79	(34)	45
Other products <sup>1</sup>	124	(49)	75	140	(46)	94
<b>Segment results from continuing operations</b>	<b>3,623</b>	<b>(1,731)</b>	<b>1,892</b>	<b>3,718</b>	<b>(1,748)</b>	<b>1,970</b>

1. See note 2.2 for a description of other products.

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

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Segment results	1,892	1,970
Other gains <sup>2</sup>	102	102
Labour	(439)	(507)
Other operating expenses <sup>3</sup>	(502)	(424)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	1,053	1,141
Finance income	31	30
Finance expense	(149)	(144)
Depreciation and amortisation	(590)	(512)
Net investment income	2	(8)
<b>Net earnings before income tax from continuing operations</b>	<b>347</b>	<b>507</b>

2. See note 2.2 for a description of other gains.

3. See note 2.3 for a break down of other operating expenses.

## 2.2 Operating revenues and other gains

The accounting policies specific to Spark's operating revenues are outlined below:

### Contracts with customers

Spark records revenue from contracts with customers in accordance with the five steps in NZ IFRS 15:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price, which is the total consideration provided by the customer
4. Allocate the transaction price amount to the performance obligations in the contract based on their relative stand-alone selling prices
5. Recognise revenue when or as the performance obligation is satisfied.

Spark often provides products and services in bundled arrangements (for example, a broadband modem together with a broadband service). Where multiple products or services are sold in a single arrangement, revenue is recognised in relation to each distinct good or service. A product or service is distinct where, amongst other criteria, a customer can benefit from it on its own or together with other resources that are readily available. Revenue is allocated to each distinct product or service in proportion to its stand-alone selling price and recognised when, or as, control is transferred to the customer.

Generally, control for products is transferred and revenue recognised at the point in time it is delivered to the customer and for services, control is transferred, and revenue recognised, over time as the service is provided. Revenue for performance obligations satisfied over time is recognised using the 'resources consumed by customers' method or the 'time-elapsed' method, as these best depict the transfer of goods or services to customers.

Performance obligations, where Spark acts as an agent, includes some third-party media services and certain cloud, security and service management contracts. Contracts with a significant financing component include those that have goods that were purchased on interest-free payment terms of greater than 12 months.

The nature of the various performance obligations in our contracts with customers and when revenue is recognised is outlined below:

PERFORMANCE OBLIGATIONS FROM CONTRACTS WITH CUSTOMERS	TIMING OF SATISFACTION OF THE PERFORMANCE OBLIGATION AND PAYMENT
Mobile services, broadband services, media services, cloud, security and service management services, managed data services and rental of equipment	As the service is provided (usually monthly). Generally billed and paid on a monthly basis.
Usage, other optional or non-subscription services, and pay-per-use services	As the service is provided. Generally billed and paid on a monthly basis
Fixed modems, mobile handsets and other distinct goods	When control is passed to the customer, generally when the customer takes possession of the goods. For goods sold in packages or on interest-free terms, customers usually pay in equal instalments over 6 to 36 months.
Installation or set-up services (where distinct)	As the service is provided. Generally billed and paid following the provision of the service.
Network infrastructure	As the goods or services are provided. Generally billed when milestones are completed and revenue recognised when the milestones are completed or once control of goods passes to the customer.

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

## 2.2 Operating revenues and other gains (continued)

YEAR ENDED 30 JUNE	NOTE	2025 \$M	2024 \$M
<b>Operating revenues</b>			
Mobile		1,453	1,474
Broadband		608	613
IT products		522	528
Voice		150	180
IT services		144	156
Procurement and partners		538	548
High-tech		84	79
Other products		124	140
		<b>3,623</b>	<b>3,718</b>
<b>Other gains</b>			
Net gain on sale of Connexa investment	1.4	71	-
Net gain on sale and acquisition of property, plant and equipment and intangible assets		8	62
Net gain on lease modifications and terminations		24	36
Net (loss)/gain on sale of long-term businesses		(1)	4
		<b>102</b>	<b>102</b>
<b>Total operating revenues and other gains from continuing operations</b>		<b>3,725</b>	<b>3,820</b>

**Other products**

Included in other products is revenue from mobile infrastructure, exchange building sharing arrangements and data centres.

**Other gains**

For the year ended 30 June 2025, other gains included net gain on the sale of Connexa investment of \$71 million, the sale of property, plant and equipment, together with the fair value of vendor funded equipment and software to support revenue growth opportunities of \$8 million, net gain from lease modifications and terminations of \$24 million (primarily relates to property and exchange sites) and a \$1 million net loss on disposal of Digital Island Limited.

For the year ended 30 June 2024, other gains included the net gain on the sale of property, plant and equipment, together with the fair value of vendor funded equipment to support revenue growth opportunities (primarily in relation to mobile and data centre network equipment and other assets) of \$62 million, net gains from lease modifications and terminations of \$36 million (primarily relates to mobile sites), and a net gain on sale of business hubs of \$4 million.



## 2.2 Operating revenues and other gains (continued)

### Key estimates and assumptions

#### Determining the transaction price

Determining the transaction price of Spark's contracts requires judgement in estimating the amount of revenue we expect to be entitled to for delivering the performance obligations within a contract. The transaction price is the amount of consideration that is enforceable and to which we expect to be entitled in exchange for the goods and services we have promised to our customer. We determine the transaction price by considering the terms of the contract and business practices that are customary within that product, as well as adjusting the transaction price for estimated variable consideration and for any effects of the time value of money. The 'expected value' or 'most likely' amount methods are used to determine variable consideration and any amount where it is determined that it is highly probable a revenue reversal will not subsequently occur is included in the transaction price. In making this determination consideration is given to the likelihood and potential magnitude of the revenue reversal, as well as factors outside of Spark's influence, the time when the uncertainty is expected to be resolved and Spark's experience with similar types of contracts. Judgement is required to determine the discount rate underlying any time value of money calculations, as well as whether the financing component in a contract is significant. Discounts, rebates, refunds, credits, price concessions, incentives, penalties and other similar items are reflected in the transaction price at contract inception.

#### Determining the stand-alone selling price and the allocation of the transaction price

Determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations involves judgement. The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account reasonably available information relating to the market conditions, entity-specific factors and the class of customer. In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which Spark is entitled. Any amounts above the minimum enforceable amounts are recognised as revenue as they are earned.

#### Distinct goods and services

We make judgements in determining whether a promise to deliver goods or services is considered distinct. We account for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

#### Timing of satisfaction of performance obligations

We make judgements in determining whether performance obligations are satisfied over time or at a point in time, as well as the methods used for measuring progress towards completed satisfaction of performance obligations. Refer to page 81 for Spark's accounting policy on timing of satisfaction of performance obligations.

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

## 2.3 Operating expenses

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Product costs	1,731	1,748
Labour <sup>1</sup>	439	507
Other operating expenses		
Network support costs	78	73
Computer costs	132	115
Accommodation costs	84	83
Advertising, promotions and communication	58	54
Bad debts	19	15
Other <sup>1</sup>	131	84
Total other operating expenses	502	424
<b>Total operating expenses from continuing operations</b>	<b>2,672</b>	<b>2,679</b>

1. These FY25 balances include transformation costs of \$53 million (\$3 million in labour and \$50 million in other operating costs which were mostly severances) incurred in the implementation of Spark's SPK-26 Operate Programme, see note 1.3 for more details.

## Pension contributions

Labour costs include post-employment benefits (KiwiSaver and Superannuation) of \$15 million (30 June 2024: \$16 million).

## Cost of inventories recognised as an expense

The cost of inventories recognised as an expense in relation to broadband modems, mobile devices and other accessories was \$330 million (30 June 2024: \$354 million).

## Lease expenses

Expenses relating to short-term leases and leases of low-value assets were \$8 million (30 June 2024: \$7 million).

## Donations

Donations for the year ended 30 June 2025 were \$1,931,000 and comprised Spark's donation to Spark Foundation of \$1,894,000 and payroll giving and other donations of \$37,000 (30 June 2024: \$2,181,000, comprised Spark's donation to the Spark Foundation of \$2,099,000 and other donations of \$82,000). Spark made no donations to political parties in the years ended 30 June 2025 and 30 June 2024.

## Auditor's remuneration

YEAR ENDED 30 JUNE	2025 \$'000	2024 \$'000
<b>Audit of financial statements</b>		
Audit and review of financial statements <sup>1</sup>	1,361	1,283
<b>Other non-audit and non-review services</b>		
Audit or review related services <sup>2</sup>	57	62
Other assurance services and other agreed upon procedures engagements <sup>3</sup>	87	44
Other services <sup>4</sup>	72	17
<b>Total fees paid to auditor</b>	<b>1,577</b>	<b>1,406</b>

1. The audit fee includes fees for both the annual audit of the financial statements and the review of the interim financial statements.

2. Audit or review related services consist of the audit of telecommunications-related regulatory disclosures of \$57k.

3. Other assurance services relate to assurance over the Group's greenhouse gas emissions of \$67k and sustainability linked loan of \$20k.

4. Other services relate to HR Business Partner training programme of \$45k, CPO Vantage Programme of \$5k and CFO Vantage Programme of \$5k as well as administrative and other advisory services of \$17k for the Corporate Taxpayer Group of which Spark, alongside a number of organisations, is a member.

## 2.4 Finance income, finance expense, depreciation, amortisation and net investment income

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
<b>Finance income</b>			
Finance lease interest income		8	8
Other interest income		23	22
		<b>31</b>	<b>30</b>
<b>Finance expense</b>			
Finance expense on debt		(79)	(75)
Lease interest expense	4.2	(51)	(48)
Leased customer equipment interest expense		(6)	(8)
Other interest and finance expenses		(20)	(23)
		<b>(156)</b>	<b>(154)</b>
Plus: interest capitalised <sup>1</sup>		7	10
		<b>(149)</b>	<b>(144)</b>
<b>Depreciation and amortisation expense</b>			
Depreciation - property, plant and equipment	3.6	(274)	(221)
Depreciation - right-of-use assets	3.4	(103)	(88)
Depreciation - leased customer equipment assets	3.5	(27)	(33)
Amortisation - intangible assets	3.7	(186)	(170)
		<b>(590)</b>	<b>(512)</b>
<b>Net investment income</b>			
Share of associates' and joint ventures' net losses	3.3	(6)	(17)
Interest income on loans receivable from associates and joint ventures		8	12
Impairment of investments		-	(2)
Net disposal and remeasurement of equity-accounted investments		-	(1)
		<b>2</b>	<b>(8)</b>

1. Interest was capitalised on property, plant and equipment and intangible assets under development for the year ended 30 June 2025 at an annualised rate of 5.7% (30 June 2024: 5.7%).

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

**2.5 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 from continuing operations by taking net earnings from continuing operations, adding back finance expense, depreciation and amortisation and income tax expense, subtracting finance income and adjusting for 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 impact on remeasurement of equity-accounted investments and dividend income). A reconciliation of Spark's EBITDAI from continuing operations is provided below and based on amounts taken from, and consistent with, those presented in these financial statements.

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
Net earnings from continuing operations reported under NZ IFRS		252	311
Less: finance income	2.4	(31)	(30)
Add back: finance expense	2.4	149	144
Add back: depreciation and amortisation	2.4	590	512
Add/(Less): net investment income	2.4	(2)	8
Add back: income tax expense	6.1	95	196
<b>EBITDAI from continuing operations</b>		<b>1,053</b>	<b>1,141</b>



## 2.5 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 one-off significant items (such as gains, expenses and impairments) individually greater than \$25 million. In the year ended 30 June 2025, the net gain on sale of the remaining Connexa investment of \$71 million, the transformation costs associated with Spark's SPK-26 Operate Programme amounted to \$53 million and any associated tax impacts were deemed significant to adjust. In the year ended 30 June 2024, the tax effects resulting from the government change to tax depreciation rules for buildings effective for Spark from 1 July 2024 of \$26 million was deemed a significant item to adjust.

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
EBITDAI from continuing operations		1,053	1,141
EBITDAI from discontinuing operation	1.5	25	22
Less: net gain on sale of Connexa investment	1.4	(71)	-
Add: transformation costs	1.3	53	-
<b>Adjusted total EBITDAI</b>		<b>1,060</b>	<b>1,163</b>
Net earnings from continuing operations reported under NZ IFRS		252	311
Net earnings from discontinuing operation reported under NZ IFRS	1.5	8	5
Less: net gain on sale of Connexa investment	1.4	(71)	-
Add: transformation costs	1.3, 2.3	53	-
Add: tax effect of transformation costs	6.1	(15)	-
Add: tax effects resulting from the zero-rating of tax depreciation on buildings effective for Spark from 1 July 2024	6.1	-	26
<b>Adjusted total net earnings</b>		<b>227</b>	<b>342</b>

### Capital expenditure

Capital expenditure is the additions to property, plant and equipment and intangible assets (excluding spectrum, goodwill, acquisitions, assets fully funded by customers or vendors 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 up front.

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
Additions to property, plant and equipment	3.6	311	387
Additions to intangible assets	3.7	157	213
Additions to assets classified as held for sale	3.6	5	-
Additions to capacity right-of-use assets	3.4	3	10
<b>Total additions</b>		<b>476</b>	<b>610</b>
Less: assets fully funded by customers or vendors	3.6, 3.7	(47)	(50)
Less: spectrum additions	3.7	-	(23)
Less: addition to intangible assets on acquisition <sup>1</sup>		-	(11)
Less: other		-	(8)
<b>Capital expenditure</b>		<b>429</b>	<b>518</b>

1. Acquisition of Adroit Holdings Limited and Circle Investments Limited in FY24.

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

## 2.5 Non-GAAP measures (continued)

**Net debt**

Net debt at hedged rates, the primary net debt measure Spark monitors, includes non-current debt at the value of hedged cash flows due to arise on maturity, plus current 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 in note 4.4.

**Net tangible assets**

Net tangible assets per share is a non-GAAP financial measure that is not defined in NZ IFRS. Total assets include assets held for sale and right-of-use assets. Total liabilities include liabilities classified as held for sale and lease liabilities.

The calculation of Spark's net tangible assets per share and its reconciliation to the statement of financial position is presented below:

YEAR ENDED 30 JUNE	NOTE	2025 \$M	2024 \$M
Total assets		4,525	4,635
Less: intangible assets		(804)	(851)
Less: total liabilities		(3,005)	(3,045)
<b>Net tangible assets</b>		<b>716</b>	<b>739</b>
Number of shares outstanding (in millions)	4.5	1,889	1,814
<b>Net tangible assets per share</b>		<b>\$0.38</b>	<b>\$0.41</b>

## Section 3 Assets

### 3.1 Receivables and prepayments

AS AT 30 JUNE	2025 \$M	2024 \$M
<b>Short-term receivables and prepayments</b>		
Trade receivables	422	431
Short-term prepayments	108	135
Short-term unbilled revenue	294	278
Short-term contract costs	52	47
Short-term finance lease receivables	13	6
Other short-term receivables <sup>1,2</sup>	50	18
	<b>939</b>	<b>915</b>
<b>Long-term receivables and prepayments</b>		
Long-term unbilled revenue	99	111
Long-term prepayments	105	66
Long-term contract costs	84	91
Long-term finance lease receivables	96	75
Long-term loans receivable <sup>2</sup>	3	166
Other long-term receivables	-	6
	<b>387</b>	<b>515</b>

1. Other short-term receivables include \$47 million for the sale of shares in Hutchison, received on 17 July 2025, see note 1.3 for further details.

2. FY25 balances have been impacted by the sale of the remaining Connexa investment, see note 1.4 for further details.

Amounts are stated at their net carrying value, including expected credit loss allowance provisions. The fair value of finance lease receivables is estimated to be \$116 million (30 June 2024: \$72 million) and the carrying amount of all other receivables, measured at amortised cost, are approximately equivalent to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS: ASSETS

## 3.1 Receivables and prepayments (continued)

## Contract costs

Contract costs include costs to obtain a contract and costs to fulfil a contract. These costs are expected to be recovered and are therefore initially deferred to the statement of financial position and then recognised within operating expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The following summarises changes in those balances:

YEAR ENDED 30 JUNE	NOTES	2025			2024		
		COSTS TO OBTAIN A CONTRACT \$M	COSTS TO FULFIL A CONTRACT \$M	TOTAL \$M	COSTS TO OBTAIN A CONTRACT \$M	COSTS TO FULFIL A CONTRACT \$M	TOTAL \$M
Opening balance as at 1 July		26	112	138	21	119	140
Additions		9	51	60	13	52	65
Transferred to leased customer equipment assets	3.5	-	-	-	-	(4)	(4)
Transferred to intangible assets	3.7	-	-	-	-	(4)	(4)
Transferred to property, plant and equipment	3.6	-	-	-	-	(1)	(1)
Amortisation recognised in operating expenses		(6)	(56)	(62)	(8)	(50)	(58)
<b>Closing balance as at 30 June</b>		<b>29</b>	<b>107</b>	<b>136</b>	<b>26</b>	<b>112</b>	<b>138</b>
Short-term contract costs		6	46	52	6	41	47
Long-term contract costs		23	61	84	20	71	91

## Key estimates and assumptions

Determining the costs incurred to obtain or fulfil a contract that meet the deferral criteria within NZ IFRS 15 requires significant judgement. Further, where such costs can be deferred, determining the appropriate amortisation period to recognise the costs within operating expenses requires management judgement, including assessing the expected average customer tenure for consumer customers and the expected contract term for enterprise customers. The amortisation period of the contract costs ranges from 2 years to 11 years.

## Expected credit loss allowance provision

Movements in the loss allowance provision are as follows:

YEAR ENDED 30 JUNE	2025	2024
	\$M	\$M
Opening balance as at 1 July	20	17
Charged to expenses	22	17
Bad debts recovered	(3)	(2)
Utilised	(17)	(12)
<b>Closing balance as at 30 June</b>	<b>22</b>	<b>20</b>



### 3.1 Receivables and prepayments (continued)

Spark has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade receivables, unbilled revenue, contract costs, and finance lease receivables. The calculation of the allowance provision incorporates Spark's previous collection history and forward-looking information, such as forecasted economic conditions.

The expected credit loss allowance provision has been determined as follows:

AS AT 30 JUNE 2025	CURRENT \$M	≤ 1 MONTH \$M	> 1 MONTH \$M	TOTAL \$M
Expected loss rate	1.6%	0.5%	15.6%	1.9%
Gross carrying amount	892	198	45	1,135
<b>Expected credit loss allowance provision</b>	<b>14</b>	<b>1</b>	<b>7</b>	<b>22</b>
Short-term loss allowance provision	10	1	7	18
Long-term loss allowance provision	4	-	-	4

AS AT 30 JUNE 2024	\$M	\$M	\$M	\$M
Expected loss rate	1.2%	1.4%	8.8%	1.6%
Gross carrying amount	1,107	74	68	1,249
<b>Expected credit loss allowance provision</b>	<b>13</b>	<b>1</b>	<b>6</b>	<b>20</b>
Short-term loss allowance provision	8	1	6	15
Long-term loss allowance provision	5	-	-	5

The composition of the credit loss allowance provision between receivable types is as follows:

AS AT 30 JUNE	2025 \$M	2024 \$M
Trade receivables	10	8
Unbilled revenue	9	7
Contract costs	2	3
Finance lease receivables	1	1
Loans receivable	-	1
<b>Expected credit loss allowance provision</b>	<b>22</b>	<b>20</b>

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

#### Key estimates and assumptions

The expected credit loss allowance provision is determined based on assumptions about the risk of default and expected loss rates of customers and other counterparties. Spark uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on Spark's past collection history, existing market conditions, as well as forward-looking estimates at the end of the reporting period. Forward-looking estimates include assessment of forecasted changes to interest rates, unemployment rates and Gross Domestic Product in New Zealand.

## NOTES TO THE FINANCIAL STATEMENTS: ASSETS

## 3.1 Receivables and prepayments (continued)

## Finance lease receivables

Spark has a number of leases for space in exchange buildings, including as a lessor for space in Spark exchanges and a lessee for space in Chorus exchanges. These leases include a legal right of offset, as Spark and Chorus settle the payments on a net basis and are therefore shown as a net finance lease receivable or net lease liability on the statement of financial position.

In FY25, Spark assigned its leases for the Victoria Street Auckland office building to a third party. In FY23, Spark assigned its ground leases for the mobile site assets sold to Connexa. This resulted in Spark recording finance lease receivables equal to the lease liabilities for these leases. Spark is unwinding these balances over the remaining term to the next right of renewal, at which point these will be novated.

In addition, Spark subleases a number of office building floors. Where subleases are for the whole of the remaining non-cancellable term of the head lease, these are classified as a finance lease.

The profile of lease net receipts is set out below:

AS AT 30 JUNE	2025		2024	
	UNDISCOUNTED	DISCOUNTED	UNDISCOUNTED	DISCOUNTED
	\$M	\$M	\$M	\$M
Less than one year <sup>1</sup>	20	13	11	4
Between one and five years	51	26	30	5
More than five years	129	70	135	71
<b>Net finance lease receivables</b>	<b>200</b>	<b>109</b>	<b>176</b>	<b>80</b>
Plus short-term portion of finance lease receivables in liability position	-	-	-	1
<b>Total finance lease receivables</b>	<b>200</b>	<b>109</b>	<b>176</b>	<b>81</b>
Less unearned finance income	(91)	-	(95)	-
<b>Present value of finance lease receivables</b>	<b>109</b>	<b>109</b>	<b>81</b>	<b>81</b>
Short-term finance lease receivables		13		6
Long-term finance lease receivables		96		75

1. The discounted balance as at 30 June 2025 has less than \$1 million of sublease receivable assets, offset by less than \$1 million liability relating to the Chorus finance lease receivable (30 June 2024: \$5 million sublease receivable asset, offset by a \$1 million liability relating to the Chorus finance lease receivable).

The lease with Chorus, where Spark is the lessor, has multiple rights of renewals and the full lease term has been used in the majority of the calculation of the financial lease receivable at lease inception, as it was likely that because of the specialised nature of the buildings, the lease would be renewed to the maximum term.

## 3.2 Inventories

AS AT 30 JUNE	2025	2024
	\$M	\$M
Goods held for resale	83	89
<b>Total inventories</b>	<b>83</b>	<b>89</b>

### 3.3 Long-term investments

AS AT 30 JUNE	MEASUREMENT BASIS	2025 \$M	2024 \$M
Shares in Hutchison	Fair value through other comprehensive income	-	41
Investment in associates and joint ventures	Equity method	73	161
Other long-term investments	Cost	3	4
		<b>76</b>	<b>206</b>

Spark held a 10% interest in Hutchison, which was quoted on the Australian Securities Exchange (ASX) and its fair value was measured using the observable bid share price as quoted on the ASX, classified as being within Level 1 of the fair value hierarchy. On 25 June 2025, Spark sold its 10% shareholding in Hutchison for AU\$0.032 per share, with \$48 million cash proceeds received on 17 July 2025. As at 30 June 2025, the investment was remeasured to \$47 million using this share price (30 June 2024: AU\$0.028) and recognised as a receivable, see note 1.3 for further details. The increase in fair value of \$5 million was recognised in other comprehensive income (30 June 2024: \$20 million decrease).

#### Investment in associates and joint ventures

Spark's investment in associates and joint ventures at 30 June 2025 consists of the following:

NAME	TYPE	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Flok Limited	Associate	New Zealand	38%	Hardware and software development
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 28 February 2025, Spark sold its remaining ~17% interest in FrodoCo Holdings Limited, the holding company for Connexa, to global investment group CDPQ. See note 1.4 for further details on the sale of this investment in associate.

All investments in associates and joint ventures are measured using the equity method. Changes in the aggregate carrying amount of Spark's investment in associates and joint ventures were as follows:

YEAR ENDED 30 JUNE	2025			2024		
	ASSOCIATES \$M	JOINT VENTURES \$M	TOTAL \$M	ASSOCIATES \$M	JOINT VENTURES \$M	TOTAL \$M
Opening balance as at 1 July	143	18	161	168	19	187
Additional investments during the year	-	-	-	-	1	1
Disposals	(65)	-	(65)	(3)	-	(3)
Return of capital	(17)	-	(17)	(7)	-	(7)
Share of net losses	(5)	(1)	(6)	(15)	(2)	(17)
<b>Closing balance as at 30 June</b>	<b>56</b>	<b>17</b>	<b>73</b>	<b>143</b>	<b>18</b>	<b>161</b>

Spark has suspended equity accounting for Pacific Carriage Holdings Limited Inc and Southern Cross Cables Holdings Limited (together 'Southern Cross') as their carrying values were reduced to nil. Spark has no obligation to fund Southern Cross deficits or repay dividends. For the year ended 30 June 2025, Spark's share of Southern Cross profits was not recognised because of the existence of historic cumulative Southern Cross deficits. In the current year Southern Cross profit was \$53 million (30 June 2024: \$46 million).

## NOTES TO THE FINANCIAL STATEMENTS: ASSETS

## 3.4 Right-of-use assets

Spark is a lessee for a large number of leases, including:

- Property – Spark leases a number of office buildings and retail stores. Some of these leases have rights of renewal that are reasonably certain to be exercised and therefore may have long expected lease terms
- Capacity arrangements – Spark enters into a number of indefeasible right-of-use capacity arrangements for cable capacity
- Mobile sites – Spark has entered into a number of agreements to allow the operation of mobile network infrastructure throughout New Zealand
- Motor vehicles – Spark leases motor vehicles for use in sales, field operations and maintenance of infrastructure equipment
- IT storage and compute – Spark leases IT capacity infrastructure to process, store, and manage data for use in providing services to customers
- Other – Spark leases equipment that is held at Spark premises and used to provide services to customers.

Movements in right-of-use assets are summarised below:

YEAR ENDED 30 JUNE 2025	NOTES	PROPERTY \$M	CAPACITY \$M	MOBILE SITES \$M	MOTOR VEHICLES \$M	IT STORAGE AND COMPUTE \$M	OTHER \$M	TOTAL \$M
Opening net book value		132	197	78	5	72	3	487
Additions and acquisitions		105	3	38	–	36	3	185
Disposals		(22)	–	(1)	(1)	–	–	(24)
Assets classified as held for sale	1.5	(3)	–	–	–	–	–	(3)
Remeasurements <sup>1</sup>	4.2	6	1	5	–	1	1	14
Depreciation charge <sup>2</sup>	1.5, 2.4	(36)	(25)	(10)	(2)	(29)	(2)	(104)
<b>Closing net book value</b>		<b>182</b>	<b>176</b>	<b>110</b>	<b>2</b>	<b>80</b>	<b>5</b>	<b>555</b>

YEAR ENDED 30 JUNE 2024	NOTES	PROPERTY \$M	CAPACITY \$M	MOBILE SITES \$M	MOTOR VEHICLES \$M	IT STORAGE AND COMPUTE \$M	OTHER \$M	TOTAL \$M
Opening net book value		186	212	65	3	21	1	488
Additions and acquisitions		10	10	13	4	60	–	97
Transferred from leased customer equipment assets	3.5	–	–	–	–	4	4	8
Disposals		(3)	–	–	–	–	–	(3)
Remeasurements <sup>1</sup>	4.2	(29)	–	7	1	7	–	(14)
Depreciation charge <sup>2</sup>	1.5, 2.4	(32)	(25)	(7)	(3)	(20)	(2)	(89)
<b>Closing net book value</b>		<b>132</b>	<b>197</b>	<b>78</b>	<b>5</b>	<b>72</b>	<b>3</b>	<b>487</b>

1. Remeasurements to property in FY25 and FY24 primarily relate to modifications for corporate property and mobile site leases. The increase/(decrease) in the right-of-use assets for corporate property leases is substantially offset by an increase/(decrease) in property lease liabilities (see note 4.2).

2. Depreciation includes charges for continuing and discontinuing operations.

All capacity additions for the years ended 30 June 2025 and 30 June 2024 were fully paid on control being obtained and therefore deemed capital expenditure, which is a non-GAAP measure, as defined and reconciled in note 2.5.

Income from subleasing right-of-use assets for the year ended 30 June 2025 was \$1 million (30 June 2024: \$2 million).



### 3.4 Right-of-use assets (continued)

#### Key estimates and assumptions

At inception of a contract Spark assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Spark assesses whether:

- The contract involves the use of an identified asset
- Spark has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- Spark has the right to direct the use of the asset

At inception or on reassessment of a contract that contains a lease component, Spark allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Spark recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically assessed for impairment losses and adjusted for certain remeasurements of the lease liability.

### 3.5 Leased customer equipment assets

Spark acts as the intermediate party (as a lessee and a lessor) in a number of lease arrangements for customer premises equipment. Such arrangements may also include an initial sale and leaseback transaction. A sale and leaseback transaction contains a genuine sale if control of an asset is transferred under NZ IFRS 15. For Spark's back-to-back lease arrangements we have assessed that a sale does not occur, as control over the equipment remains with Spark instead of passing to the buyer-lessor. Spark also acts as a lessor, where there is no intermediate party, for customer premises equipment.

Spark as the seller-lessee or lessor (when the lease is an operating lease) continues to recognise the leased customer equipment asset, which is initially measured at cost. The assets are subsequently depreciated using the straight-line method based on their estimated useful lives. Movements in leased customer equipment assets are summarised below:

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
Opening net book value		70	77
Additions		17	32
Transferred to right-of-use assets	3.4	-	(8)
Transferred from contract costs	3.1	-	4
Disposals		(1)	(2)
Depreciation charge		(27)	(33)
<b>Closing net book value</b>		<b>59</b>	<b>70</b>
AS AT 30 JUNE			
Cost		210	205
Accumulated depreciation and impairment losses		(151)	(135)
<b>Closing net book value</b>		<b>59</b>	<b>70</b>

Leased customer equipment assets are leased to customers under operating leases. Revenue received from these arrangements and other operating leases for the year ended 30 June 2025, including from discontinuing operation, were \$62 million (30 June 2024: \$62 million).

## NOTES TO THE FINANCIAL STATEMENTS: ASSETS

## 3.6 Property, plant and equipment

YEAR ENDED 30 JUNE 2025	NOTES	TELECOMMUNICATIONS EQUIPMENT AND PLANT \$M	FREEHOLD LAND \$M	BUILDINGS \$M	OTHER ASSETS \$M	WORK IN PROGRESS \$M	TOTAL \$M
Opening net book value		792	59	260	85	198	1,394
Additions and acquisitions <sup>1</sup>		-	-	-	-	316	316
Assets classified as held for sale	1.5	(98)	(9)	(88)	(1)	(40)	(236)
Transfers		238	-	30	95	(363)	-
Disposals		-	-	-	(1)	(2)	(3)
Depreciation charge <sup>2</sup>	1.5, 2.4	(222)	-	(26)	(39)	-	(287)
<b>Closing net book value</b>		<b>710</b>	<b>50</b>	<b>176</b>	<b>139</b>	<b>109</b>	<b>1,184</b>
AS AT 30 JUNE 2025							
Cost		3,581	50	508	572	109	4,820
Accumulated depreciation and impairment losses		(2,871)	-	(332)	(433)	-	(3,636)
<b>Closing net book value</b>		<b>710</b>	<b>50</b>	<b>176</b>	<b>139</b>	<b>109</b>	<b>1,184</b>

YEAR ENDED 30 JUNE 2024	NOTES	TELECOMMUNICATIONS EQUIPMENT AND PLANT \$M	FREEHOLD LAND \$M	BUILDINGS \$M	OTHER ASSETS \$M	WORK IN PROGRESS \$M	TOTAL \$M
Opening net book value		732	61	256	61	154	1,264
Additions and acquisitions <sup>1</sup>		-	-	-	-	387	387
Transfers		244	(2)	29	73	(344)	-
Disposals		(5)	-	-	(18)	-	(23)
Transfer from contract costs	3.1	-	-	-	-	1	1
Depreciation charge <sup>2</sup>	1.5, 2.4	(179)	-	(25)	(31)	-	(235)
<b>Closing net book value</b>		<b>792</b>	<b>59</b>	<b>260</b>	<b>85</b>	<b>198</b>	<b>1,394</b>

AS AT 30 JUNE 2024							
Cost		3,479	59	622	504	198	4,862
Accumulated depreciation and impairment losses		(2,687)	-	(362)	(419)	-	(3,468)
<b>Closing net book value</b>		<b>792</b>	<b>59</b>	<b>260</b>	<b>85</b>	<b>198</b>	<b>1,394</b>

1. Included in additions is \$44 million (30 June 2024: \$42 million) of assets fully funded by customers or vendors.

2. Depreciation includes charges for continuing and discontinuing operations.

### 3.6 Property, plant and equipment (continued)

#### Joint arrangement

Spark has a joint arrangement relating to the construction and operation of the Tasman Global Access fibre-optic submarine cable between Australia and New Zealand. As at 30 June 2025, the carrying values of Spark's share of property, plant and equipment and capacity right-of-use assets in the joint operation were \$10 million and \$19 million, respectively (30 June 2024: \$11 million and \$20 million, respectively).

#### Key estimates and assumptions

Spark's property, plant and equipment is measured at cost and depreciation is charged on a straight-line basis over the assets' estimated useful lives. Determining the appropriate useful life of property, plant and equipment requires management judgement, including the expected period of service potential, the likelihood technological advances will make the asset obsolete, the likelihood of Spark ceasing to use it and the effect of government regulation.

The estimated useful lives of Spark's property, plant and equipment are as follows:

##### Telecommunications equipment

Links and cables	9 – 50 years
Network transport	2 – 15 years
Mobile radio access network	5 – 25 years
Customer premises equipment	3 – 5 years
International cable and satellite	10 – 15 years

##### Buildings

Buildings	15 – 53 years
Furniture and fittings	3 – 20 years
Air conditioning	5 – 20 years
Power systems	3 – 25 years
Batteries	5 – 15 years

##### Other

Motor vehicles	6 years
Computer equipment	2 – 8 years
Internal IT system assets	3 – 15 years

The assessment of assets for impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the telecommunications industry, the discontinuance of services, the expected future cash flows an asset is expected to generate and other changes in circumstances that indicate an impairment exists. Key judgements include rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for valuing future cash flows.

## NOTES TO THE FINANCIAL STATEMENTS: ASSETS

## 3.7 Intangible assets

YEAR ENDED 30 JUNE 2025	NOTE	SOFTWARE \$M	SPECTRUM LICENCES \$M	OTHER INTANGIBLES \$M	GOODWILL \$M	WORK IN PROGRESS \$M	TOTAL \$M
Opening net book value		352	163	15	244	77	851
Additions and acquisitions <sup>1</sup>		-	-	-	-	157	157
Assets classified as held for sale	1.5	-	-	-	(10)	(1)	(11)
Transfers		192	-	1	-	(193)	-
Disposals		-	-	(3)	(4)	-	(7)
Amortisation charge		(163)	(18)	(5)	-	-	(186)
<b>Closing net book value</b>		<b>381</b>	<b>145</b>	<b>8</b>	<b>230</b>	<b>40</b>	<b>804</b>

## AS AT 30 JUNE 2025

Cost		1,957	355	73	278	40	2,703
Accumulated amortisation and impairment losses		(1,576)	(210)	(65)	(48)	-	(1,899)
<b>Closing net book value</b>		<b>381</b>	<b>145</b>	<b>8</b>	<b>230</b>	<b>40</b>	<b>804</b>

YEAR ENDED 30 JUNE 2024	NOTE	SOFTWARE \$M	SPECTRUM LICENCES \$M	OTHER INTANGIBLES \$M	GOODWILL \$M	WORK IN PROGRESS \$M	TOTAL \$M
Opening net book value		314	158	10	234	90	806
Additions and acquisitions <sup>1</sup>		-	-	-	10	203	213
Transfers		184	23	13	-	(220)	-
Transfer from contract costs	3.1	-	-	-	-	4	4
Disposals		(2)	-	-	-	-	(2)
Amortisation charge		(144)	(18)	(8)	-	-	(170)
<b>Closing net book value</b>		<b>352</b>	<b>163</b>	<b>15</b>	<b>244</b>	<b>77</b>	<b>851</b>

## AS AT 30 JUNE 2024

Cost		1,766	355	79	292	77	2,569
Accumulated amortisation and impairment losses		(1,414)	(192)	(64)	(48)	-	(1,718)
<b>Closing net book value</b>		<b>352</b>	<b>163</b>	<b>15</b>	<b>244</b>	<b>77</b>	<b>851</b>

1. Included in additions is \$3 million (30 June 2024: \$8 million) of assets fully funded by customers or vendors. Total software capitalised in the year ended 30 June 2025 includes \$97 million (30 June 2024: \$84 million) of internally generated assets. Other software capitalised in the year includes software licences and externally supplied labour.

## Key estimates and assumptions

Intangible assets are amortised over their useful lives on a straight-line basis, except goodwill, which is tested for impairment annually. Determining the appropriate useful life of an intangible asset requires management judgement, including assessing the expected period of service potential, the likelihood technological advances will make it obsolete and the likelihood of Spark ceasing to use it.

The estimated useful lives of Spark's intangible assets are as follows:

Spectrum licences	2 - 21 years
Software	2 - 16 years
Customer contracts and brands	5 - 10 years
Other intangible assets	2 - 100 years



### 3.7 Intangible assets (continued)

#### Goodwill

Goodwill by cash-generating unit (CGU) is presented below:

AS AT 30 JUNE	2025 \$M	2024 \$M
Mobile	47	34
Broadband	3	3
IT Products	110	117
IT Services	50	53
High-tech	20	20
Digital Island	-	17
	<b>230</b>	<b>244</b>

On 28 February 2025, Spark sold its subsidiary Digital Island Limited, excluding Digital Island's mobile services business which has been transferred to Spark. \$4 million of goodwill was disposed as part of the sale and the remaining \$13 million relating to the retained mobile business was transferred to the mobile CGU in Spark.

Goodwill from IT products and IT services of \$10 million relating to the data centre business has been classified as assets held for sale during FY25, see note 1.5 for further details.

During the years ended 30 June 2025 and 30 June 2024, no impairment arose as a result of the assessment of the carrying value of goodwill. Headroom currently exists in each CGU and, based on the sensitivity analysis performed, no reasonably possible changes in the assumptions would cause the carrying amount of the CGUs to exceed their recoverable amounts.

#### Key estimates and assumptions

Goodwill is assessed annually for impairment using a value-in-use model, which estimates the future cash flows, based on the FY25 Board-approved business plan, applied to the next three years, with key assumptions being forecast earnings and capital expenditure for each CGU. The forecast financial information is based on both past experience and future expectations of CGU performance. The key inputs and assumptions used in performing an impairment assessment that require judgement include revenue forecasts, operating cost projections, customer numbers and customer churn, discount rates, growth rates and future technology paths.

Nil terminal growth was applied to all CGUs and a pre-tax discount rate of 11.0% was utilised for the year ended 30 June 2025 (30 June 2024: 11.3%). Management considers that the risk aspects, prospects and exposure are sufficiently similar to apply these rates across all CGU's.

## NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

## Section 4 Liabilities and equity

### 4.1 Payables, accruals and provisions

AS AT 30 JUNE	2025 \$M	2024 \$M
<b>Short-term payables, accruals and provisions</b>		
Trade accounts payable and accruals	321	299
Revenue billed in advance	111	112
Accrued personnel costs	29	36
Accrued interest	4	6
GST payable	36	51
Short-term sale and leaseback liabilities	18	26
Short-term provisions	8	12
Other short-term payables and accruals	9	8
	<b>536</b>	<b>550</b>
<b>Long-term payables, accruals and provisions</b>		
Long-term sale and leaseback liabilities	31	34
Long-term provisions	3	15
Other long-term payables and accruals	15	7
	<b>49</b>	<b>56</b>

Trade accounts payable and sale and leaseback liabilities are financial instruments held at amortised cost.

### Provisions

The following table summarises movements in provisions in the year:

YEAR ENDED 30 JUNE 2025	SPARK SPORT PROVISION \$M	MAKE-GOOD PROVISIONS \$M	TOTAL \$M
Opening balance as at 1 July	23	4	27
Additional provisions made in the year	1	1	2
Amounts utilised during the year	(18)	(1)	(19)
Unwinding of discount	1	-	1
<b>Closing balance at 30 June</b>	<b>7</b>	<b>4</b>	<b>11</b>
Short-term provisions	7	1	8
Long-term provisions	-	3	3

## 4.2 Lease liabilities

YEAR ENDED 30 JUNE 2025	PROPERTY \$M	CAPACITY \$M	MOBILE SITES \$M	MOTOR VEHICLES \$M	IT STORAGE AND COMPUTE \$M	OTHER \$M	TOTAL \$M
Opening lease liability balance	162	2	488	5	79	5	741
Leases entered into during the year	148	-	38	-	37	3	226
Disposals	(4)	-	(8)	-	-	-	(12)
Liabilities classified as held for sale	(4)	-	-	-	-	-	(4)
Interest expense	12	-	33	-	6	-	51
Principal repayments	(53)	(1)	(60)	(3)	(32)	(2)	(151)
Remeasurements <sup>1</sup>	6	1	8	-	1	-	16
<b>Balance at the end of the year</b>	<b>267</b>	<b>2</b>	<b>499</b>	<b>2</b>	<b>91</b>	<b>6</b>	<b>867</b>
Short-term lease liabilities	40	-	34	1	30	2	107
Long-term lease liabilities	227	2	465	1	61	4	760
<b>Lease liabilities - non-cancellable commitments<sup>2</sup></b>	<b>251</b>	<b>2</b>	<b>499</b>	<b>2</b>	<b>91</b>	<b>6</b>	<b>851</b>

YEAR ENDED 30 JUNE 2024	PROPERTY \$M	CAPACITY \$M	MOBILE SITES \$M	MOTOR VEHICLES \$M	IT STORAGE AND COMPUTE \$M	OTHER \$M	TOTAL \$M
Opening lease liability balance	220	2	529	3	20	2	776
Leases entered into during the year	10	-	13	4	61	-	88
Transferred from sale and leaseback liabilities	-	-	-	-	4	4	8
Disposals	(3)	-	(1)	-	-	-	(4)
Interest expense	8	-	36	-	3	1	48
Principal repayments	(45)	(1)	(60)	(3)	(17)	(2)	(128)
Remeasurements <sup>1</sup>	(28)	1	(29)	1	8	-	(47)
<b>Balance at the end of the year</b>	<b>162</b>	<b>2</b>	<b>488</b>	<b>5</b>	<b>79</b>	<b>5</b>	<b>741</b>
Short-term portion of finance lease receivable	1	-	-	-	-	-	1
<b>Total lease liability balance</b>	<b>163</b>	<b>2</b>	<b>488</b>	<b>5</b>	<b>79</b>	<b>5</b>	<b>742</b>
Short-term lease liabilities	37	-	30	2	25	2	96
Long-term lease liabilities	126	2	458	3	54	3	646
<b>Lease liabilities - non-cancellable commitments<sup>2</sup></b>	<b>277</b>	<b>2</b>	<b>496</b>	<b>5</b>	<b>85</b>	<b>5</b>	<b>870</b>

1. Remeasurements in FY25 and FY24 primarily relate to modifications for corporate property and mobile site leases. For corporate properties, the increase/(decrease) in lease liabilities is substantially offset by an increase/(decrease) in property right-of-use assets (see note 3.4). For mobile site remeasurements, there is not an equal adjustment to right-of-use assets as the majority of these adjustments relate to Connexa leases which have a smaller right-of-use asset due to the sale and leaseback transaction.

2. Relates to the discounted lease liability for future minimum rental commitments for non-cancellable periods of leases, excluding rights of renewal, which are at Spark's option, including leases committed to that have not yet commenced.

## NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

## 4.2 Lease liabilities (continued)

**Key estimates and assumptions**

Spark recognises a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Spark's incremental borrowing rate. Generally Spark uses its incremental borrowing rate as the discount rate, with adjustments for the type and term of the lease.

Lease payments included in the measurement of the lease liability which comprise:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that Spark is reasonably certain to exercise
- Lease payments in an optional renewal period if Spark is reasonably certain to exercise an extension option

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Spark's estimate of the amount expected to be payable under a residual value guarantee or if Spark changes its assessment of whether it will exercise a purchase or extension option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Spark has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. Spark recognises the lease payments associated with these leases within operating expenses on a straight-line basis over their lease terms.

### 4.3 Debt

Debt is recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, debt is classified and measured at amortised cost plus, for hedged liabilities that are in a fair value hedging relationship, adjustments for fair value changes attributable to the risk being hedged. Any difference between cost and redemption value (including fair value changes) is recognised in the statement of profit or loss over the period of the borrowings, using the effective interest rate method.

AS AT 30 JUNE	NOTE	FACILITY	COUPON RATE	MATURITY	2025 \$M	2024 \$M
<b>Current debt</b>						
Commercial paper			Variable	< 3 months	150	208
					<b>150</b>	<b>208</b>
Supplier financing arrangements <sup>1</sup>			Variable	< 30/06/2029	32	21
					<b>32</b>	<b>21</b>
Bank funding						
Commonwealth Bank of Australia <sup>2</sup>		100 million NZD	Variable	30/11/2024	-	100
Bank of New Zealand		100 million NZD	Variable	30/05/2025	-	85
MUFG Bank Ltd. <sup>2</sup>		125 million NZD	Variable	30/11/2025	125	-
					<b>125</b>	<b>185</b>
Foreign currency Medium Term Notes						
Australian Medium Term Notes - 100 million AUD			1.90%	05/06/2026	105	-
					<b>105</b>	<b>-</b>
<b>Total current debt</b>	<b>4.4</b>				<b>412</b>	<b>414</b>
<b>Non-current debt</b>						
Supplier financing arrangements <sup>1</sup>			Variable	< 30/06/2029	28	49
					<b>28</b>	<b>49</b>
Bank funding						
MUFG Bank Ltd. <sup>2</sup>		125 million NZD	Variable	30/11/2025	-	125
Commonwealth Bank of Australia <sup>2</sup>		100 million NZD	Variable	30/11/2027	70	-
					<b>70</b>	<b>125</b>
Domestic notes						
125 million NZD			3.94%	07/09/2026	124	117
100 million NZD <sup>3</sup>			4.37%	29/09/2028	100	100
125 million NZD			5.21%	18/09/2029	129	124
175 million NZD			5.45%	18/09/2031	182	174
					<b>535</b>	<b>515</b>
Foreign currency Medium Term Notes						
Australian Medium Term Notes - 100 million AUD			1.90%	05/06/2026	-	102
Australian Medium Term Notes - 150 million AUD			4.00%	20/10/2027	160	156
Australian Medium Term Notes - 125 million AUD			2.60%	18/03/2030	123	116
Norwegian Medium Term Notes - 1 billion NOK <sup>4</sup>			3.07%	19/03/2029	154	142
					<b>437</b>	<b>516</b>
<b>Total non-current debt</b>	<b>4.4</b>				<b>1,070</b>	<b>1,205</b>
<b>Total debt</b>					<b>1,482</b>	<b>1,619</b>

1. With respect to arrangements with outstanding liabilities during the year, including those entered into in prior years, financing providers have paid suppliers a total of \$109 million, Spark has accrued interest of \$5 million and made payments against these arrangements of \$54 million, resulting in a closing liability of \$60 million as at 30 June 2025 (30 June 2024: financiers have paid suppliers \$120 million, Spark has accrued interest of \$4 million and made payments against these arrangements of \$54 million, resulting in a closing liability of \$70 million). Amounts paid under these arrangements are presented in the statement of cash flows within financing activities. These supplier financing arrangements have extended payment terms ranging from two to six years from initial supplier financing arrangement commencement dates, generally with monthly repayments. There are no security nor guarantees provided relating to these arrangements.
2. These facilities are sustainability linked loans. Spark will receive lower interest rates for the next annual period if it achieves annual sustainability targets or pay higher rates on the loans for the next annual period if it falls short of these annual targets.
3. This bond is a sustainability linked bond. The bond includes an increase to interest rate if the sustainability target is not achieved at 30 June 2026.
4. Norwegian krone.



## NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

### 4.3 Debt (continued)

Changes in Spark's short-term and long-term financing are disclosed in note 1.3 of these financial statements.

None of Spark's debt is secured and all debt ranks equally with other liabilities. There are no financial covenants over Spark's debt, however, there are certain triggers in the event of default, as defined in the various debt agreements. There have been no events of default over Spark's debt in the years ended 30 June 2025 and 30 June 2024.

The fair value of total debt based on market observable prices was \$1,489 million compared to a carrying value of \$1,482 million as at 30 June 2025 (30 June 2024: fair value of \$1,635 million compared to a carrying value of \$1,619 million).

### 4.4 Capital risk management

Spark manages its capital considering shareholders' interests, the value of Spark's assets and the Company's credit rating. The Board is focused on the Company retaining a strong balance sheet, targeting metrics consistent with its current S&P Global credit ratings. At 30 June 2025, Spark's net debt to EBITDAI (including lease liabilities) ratio was 2.2x. As a result of the Hutchison investment sale proceeds received in July 2025 and the expected sale of the data centre business, which was announced in August 2025, Spark expects that its net debt to EBITDAI ratio will reduce by 0.5x by the end of H1 FY26.

As at 30 June 2025, the Company's S&P Global credit ratings for long-term and short-term debt was, respectively, A- and A-2 with outlook negative (30 June 2024: A- and A-2 with outlook stable).

#### Net debt

A reconciliation of net debt at hedged rates (a non-GAAP measure) and net debt at carrying value is provided below:

AS AT 30 JUNE	2025 \$M	2024 \$M
Cash	(34)	(59)
Current debt at face value	417	418
Non-current debt at face value	1,085	1,267
<b>Net debt at face value</b>	<b>1,468</b>	<b>1,626</b>
To retranslate debt balances at swap rates where hedged by currency swaps	7	10
<b>Net debt at hedged rates<sup>1</sup></b>	<b>1,475</b>	<b>1,636</b>
<i>Non-cash adjustments</i>		
Impact of fair value hedge adjustments <sup>2</sup>	7	9
Unamortised discount	(4)	(7)
<b>Net debt at carrying value</b>	<b>1,478</b>	<b>1,638</b>

1. Net debt at hedged rates is the value of hedged cash flows due to arise on maturity.

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.

## 4.4 Capital risk management (continued)

A reconciliation of movements in net debt is provided below:

YEAR ENDED 30 JUNE 2025	CASH FLOWS				NON-CASH MOVEMENTS			AS AT 30 JUNE 2025 \$M
	AS AT 1 JULY 2024 \$M	PROCEEDS \$M	PAYMENTS \$M	INTEREST AMORTISATION \$M	FAIR VALUE CHANGES \$M	FOREIGN EXCHANGE MOVEMENT \$M	OTHER \$M	
Cash	(59)	(16,466)	16,491	-	-	-	-	(34)
Current debt	414	2,219	(2,358)	(1)	-	-	138	412
Non-current debt	1,205	10,163	(10,221)	-	43	3	(123)	1,070
Derivatives	78	-	-	-	(45)	(3)	-	30
<b>Net debt at carrying value</b>	<b>1,638</b>	<b>(4,084)</b>	<b>3,912</b>	<b>(1)</b>	<b>(2)</b>	<b>-</b>	<b>15</b>	<b>1,478</b>

YEAR ENDED 30 JUNE 2024	CASH FLOWS				NON-CASH MOVEMENTS			AS AT 30 JUNE 2024 \$M
	AS AT 1 JULY 2023 \$M	PROCEEDS \$M	PAYMENTS \$M	INTEREST AMORTISATION \$M	FAIR VALUE CHANGES \$M	FOREIGN EXCHANGE MOVEMENT \$M	OTHER \$M	
Cash	(100)	(19,625)	19,666	-	-	-	-	(59)
Current debt	236	2,101	(1,947)	1	3	-	20	414
Non-current debt	816	13,729	(13,373)	-	10	4	19	1,205
Derivatives	97	-	-	-	(14)	(4)	(1)	78
<b>Net debt at carrying value</b>	<b>1,049</b>	<b>(3,795)</b>	<b>4,346</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>38</b>	<b>1,638</b>

## 4.5 Equity and dividends

### Share capital

Movements in the Company's issued ordinary shares were as follows:

YEAR ENDED 30 JUNE	2025 NUMBER	2024 NUMBER
Shares at the beginning of the year	1,814,155,480	1,845,000,906
Cancelled shares acquired under the on-market share buy-back programme	-	(31,803,206)
Dividend reinvestment plan	74,185,274	-
Issuance of shares under share schemes and other transfers	981,753	957,780
<b>Shares at the end of the year</b>	<b>1,889,322,507</b>	<b>1,814,155,480</b>

All issued shares are fully paid and have no par value. Shareholders of ordinary shares have the right to vote at any general meeting of the Company.

### Dividends<sup>1</sup>

YEAR ENDED 30 JUNE	2025		2024	
	CENTS PER SHARE	\$M	CENTS PER SHARE	\$M
Previous year second half-year dividend	14.0	254	13.5	249
First half-year dividend	12.5	230	13.5	245
<b>Total dividends in the year</b>	<b>26.5</b>	<b>484</b>	<b>27.0</b>	<b>494</b>
Second half-year dividend declared subsequent to balance date not provided for	12.5	236	14.0	254

1. Dividends paid disclosed above exclude supplementary dividends. For the year ended 30 June 2025, supplementary dividends paid were \$37 million (30 June 2024: \$48 million).

## NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

### 4.5 Equity and dividends (continued)

#### Events after balance date

On 19 August 2025 the Board approved the payment of a second-half ordinary dividend of 12.5 cents per share or approximately \$236 million. This ordinary dividend will be 75% imputed. In addition, supplementary dividends totalling approximately \$14 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 FY25 ORDINARY DIVIDENDS	H2 FY25 ORDINARY DIVIDENDS
<b>Dividends declared</b>		
Ordinary shares	12.5 cents	12.5 cents
American Depositary Shares <sup>1</sup>	35.64 US cents	37.35 US cents
<b>Imputation</b>		
Percentage imputed	75%	75%
Imputation credits per share	3.6458 cents	3.6458 cents
Supplementary dividend per share <sup>2</sup>	1.6544 cents	1.6544 cents
<b>'Ex' dividend dates</b>		
New Zealand Stock Exchange	20/03/2025	09/09/2025
Australian Securities Exchange	20/03/2025	09/09/2025
American Depositary Shares	21/03/2025	09/09/2025
<b>Record dates</b>		
New Zealand Stock Exchange	21/03/2025	10/09/2025
Australian Securities Exchange	21/03/2025	10/09/2025
American Depositary Shares	21/03/2025	10/09/2025
<b>Payment dates</b>		
New Zealand and Australia	04/04/2025	03/10/2025
American Depositary Shares	14/04/2025	13/10/2025

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 H2 FY25 these are based on the exchange rate at 13 August 2025 of NZ\$1 to US\$0.5976 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 Mellon performs the physical currency conversion.
2. Supplementary dividends are paid to non-resident shareholders.

#### Dividend reinvestment plan

The company has a dividend reinvestment plan under which shareholders can elect to receive dividends in additional shares. The dividend reinvestment plan has been suspended.

## Section 5 Financial instruments

### 5.1 Derivatives and hedge accounting

AS AT 30 JUNE	2025		2024	
	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES
	\$M	\$M	\$M	\$M
Designated in a cash flow hedge	-	(26)	26	-
Designated in a fair value hedge	11	(1)	-	(10)
Designated in a dual fair value and cash flow hedge	-	(40)	-	(68)
	<b>11</b>	<b>(67)</b>	<b>26</b>	<b>(78)</b>
Short-term derivatives	-	(7)	1	-
Long-term derivatives	11	(60)	25	(78)

Spark's derivatives are held at fair value, calculated using discounted cash flow models and observable market rates of interest and foreign exchange prices. This represents a level two measurement under the fair value measurement hierarchy, being inputs other than quoted prices included within level one that are observable for the asset or liability. As at 30 June 2025 and 30 June 2024, no derivative financial assets or derivative financial liabilities have been offset in the statement of financial position. The potential for offsetting of any derivative financial instruments is \$10 million (30 June 2024: \$11 million), which if applied would result in a reduction of derivative assets and derivative liabilities.

#### Hedge accounting

Derivatives are hedge accounted when they are designated into an effective hedge relationship as a hedging instrument. The nature and the effectiveness of the hedge accounting relationship will determine where the gains and losses on remeasurement are recognised. Derivatives are designated as:

- Fair value hedges, where the derivative is used to manage interest rate risk in relation to debt.
- Cash flow hedges, where the derivative is used to manage the variability in cash flows of highly probable forecast transactions.
- Dual fair value and cash flow hedges, where the derivative is used to hedge the interest rate risk on foreign debt and the variability in cash flows due to movements in foreign exchange rates.

At inception, each hedge relationship is formalised in hedge documentation. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Spark determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of respective cash flows, reference interest rates, tenors (time to maturity), repricing dates, maturities and notional amounts. Spark assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

Derivatives in hedge relationships are designated based on a hedge ratio of 1:1. In these hedge relationships the main source of ineffectiveness is the effect of the counterparty and Spark's own credit risk on the fair value of the derivatives, which is not reflected in the change in the fair value of the hedged item attributable to changes in foreign exchange and interest rates.

#### Cash flow hedges

Cross-currency interest rate swaps and interest rate swaps are jointly designated in cash flow hedges to manage interest and foreign exchange rate risk on debt. The hedged cash flows will affect Spark's statement of profit or loss and other comprehensive income as interest and principal amounts are repaid over the remaining term of the debt.

Interest rate swaps are designated in cash flow hedges to manage the interest rate exposure of highly probable forecast variable rate debt and aggregate variable interest rate exposures created by swapping local or foreign currency floating-rate (variable) debt into fixed-rate debt.

Spark also enters into forward exchange contracts to hedge forecast foreign currency purchases, the majority expected to be made within 12 months. The related cash flows are recognised in the statement of profit or loss and other comprehensive income over this period.

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

## 5.1 Derivatives and hedge accounting (continued)

A reconciliation of movements in the hedge reserves, net of tax, is outlined below:

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Opening balance as at 1 July	12	11
Loss recognised in other comprehensive income	(48)	(9)
Amount reclassified to finance expense	9	9
Amount reclassified to property, plant and equipment, intangible assets and inventory	3	1
<b>Total movements to other comprehensive income</b>	<b>(36)</b>	<b>1</b>
<b>Closing balance as at 30 June</b>	<b>(24)</b>	<b>12</b>

Included within the closing balance at 30 June 2025 is \$3 million relating to the cost of hedging reserve (30 June 2024: \$4 million). The movement in the hedge reserves includes \$45 million in the change in fair value of cross-currency and domestic interest rate swaps less \$13 million associated deferred tax and \$4 million for forward foreign exchange contracts (30 June 2024: \$1 million for forward foreign exchange contracts).

## Fair value hedges

Interest rate swaps are designated in a fair value hedge to manage interest rate risk in relation to debt. The gain or loss from remeasuring the interest rate swaps and debt at fair value is recognised in the statement of profit or loss and other comprehensive income. During the year ended 30 June 2025, there has been no material ineffectiveness on fair value hedging relationships (30 June 2024: no material ineffectiveness) and as a result, no material changes have been recognised in profit and loss.

## Dual fair value and cash flow hedges

Spark has Australian dollar (AUD) and Norwegian krone (NOK) denominated debt. As part of Spark's risk management policy, cross-currency interest rate swaps (CCIRSs) are entered into to convert all of the proceeds of the debt issuances to New Zealand dollars and convert the foreign currency fixed rate of the debt issuance to a New Zealand dollar floating rate. To mitigate profit or loss volatility, the CCIRSs were designated into a dual fair value and cash flow hedge relationship. The foreign currency basis element of the CCIRSs are excluded from the designation and are separately recognised in other comprehensive income in a cost of hedging reserve.

For fair value hedges, the gain or loss from remeasuring the CCIRSs and debt at fair value is recognised in the statement of profit or loss and other comprehensive income. For cash flow hedges, gains or losses deferred in the cash flow hedge reserve will be reclassified to Spark's statement of profit or loss and other comprehensive income as interest and principal amounts are repaid over the remaining term of the debt.

The change in fair value of the hedging instruments relating to the foreign currency basis component of the CCIRSs are recognised in other comprehensive income and accumulated in a cost of hedging equity reserve. Subsequently, the cumulative amount is transferred to profit or loss at the same time as the hedged item impacts profit or loss.



## 5.1 Derivatives and hedge accounting (continued)

The details of the hedging instruments are as follows:

	NOTIONAL AMOUNT OF HEDGING INSTRUMENT	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGING INSTRUMENT		LIFE-TO-DATE CHANGE-IN- VALUE USED FOR CALCULATING HEDGE INEFFECTIVE- NESS
AS AT 30 JUNE 2025			ASSETS \$M	LIABILITIES \$M	\$M
Cash flow hedges					
Interest rate swaps	NZD 1b	Derivatives	-	(22)	(22)
Forward foreign exchange contracts	NZD 110m	Derivatives	-	(4)	(4)
Fair value hedges					
Interest rate swaps	NZD 425m	Derivatives	11	(1)	10
Fair value and cash flow hedges					
Cross-currency swaps	AUD 100m	Derivatives	-	(2)	(2)
Cross-currency swaps	AUD 150m	Derivatives	-	(6)	(6)
Cross-currency swaps	AUD 125m	Derivatives	-	(13)	(13)
Cross-currency swaps	NOK 1b	Derivatives	-	(19)	(19)
			11	(67)	(56)

	NOTIONAL AMOUNT OF HEDGING INSTRUMENT	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGING INSTRUMENT		LIFE-TO-DATE CHANGE-IN- VALUE USED FOR CALCULATING HEDGE INEFFECTIVE- NESS
			ASSETS	LIABILITIES	
			\$M	\$M	\$M
AS AT 30 JUNE 2024					
Cash flow hedges					
Interest rate swaps	NZD 1b	Derivatives	25	-	25
Forward foreign exchange contracts	NZD 96m	Derivatives	1	-	1
Fair value hedges					
Interest rate swaps	NZD 425m	Derivatives	-	(10)	(10)
Fair value and cash flow hedges					
Cross-currency swaps	AUD 100m	Derivatives	-	(6)	(6)
Cross-currency swaps	AUD 150m	Derivatives	-	(11)	(11)
Cross-currency swaps	AUD 125m	Derivatives	-	(19)	(19)
Cross-currency swaps	NOK 1b	Derivatives	-	(32)	(32)
			26	(78)	(52)

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

## 5.1 Derivatives and hedge accounting (continued)

The details of hedged items are as follows:

AS AT 30 JUNE 2025	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGED ITEM		ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM		LIFE-TO-DATE CHANGE-IN- VALUE USED FOR CALCULATING HEDGE INEFFECTIVE- NESS
		ASSETS	LIABILITIES	ASSETS	LIABILITIES	
		\$M	\$M	\$M	\$M	
Cash flow hedges						
Aggregated variable interest rate exposure	-	-	-	-	-	22
Committed foreign exchange transactions	-	-	-	-	-	4
Fair value hedges						
Domestic Notes	Non-current debt	-	(435)	1	(11)	(10)
Fair value and cash flow hedges						
Australian Medium Term Notes (AUD 100m)	Current debt	-	(105)	3	-	2
Australian Medium Term Notes (AUD 150m)	Non-current debt	-	(160)	1	-	6
Australian Medium Term Notes (AUD 125m)	Non-current debt	-	(123)	12	-	13
Norwegian Medium Term Notes (NOK 1b)	Non-current debt	-	(154)	9	-	19
		-	(977)	26	(11)	56

AS AT 30 JUNE 2024	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGED ITEM		ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM		LIFE-TO-DATE CHANGE-IN- VALUE USED FOR CALCULATING HEDGE INEFFECTIVE- NESS
		ASSETS	LIABILITIES	ASSETS	LIABILITIES	
		\$M	\$M	\$M	\$M	\$M
Cash flow hedges						
Aggregated variable interest rate exposure	-	-	-	-	-	(25)
Committed foreign exchange transactions	-	-	-	-	-	(1)
Fair value hedges						
Domestic Notes	Non-current debt	-	(415)	10	-	10
Fair value and cash flow hedges						
Australian Medium Term Notes (AUD 100m)	Non-current debt	-	(102)	8	-	6
Australian Medium Term Notes (AUD 150m)	Non-current debt	-	(156)	7	-	11
Australian Medium Term Notes (AUD 125m)	Non-current debt	-	(116)	21	-	19
Norwegian Medium Term Notes (NOK 1b)	Non-current debt	-	(142)	12	-	32
		-	(931)	58	-	52

## 5.2 Financial risk management

### a) Market risk

Spark is exposed to market risk primarily from changes in foreign currency exchange rates and interest rates. Spark employs risk management strategies, including the use of derivative financial instruments, to manage these exposures through a Board-approved treasury policy, which provides the framework within which treasury-related activities are conducted.

Spark manages the concentration of exposures using well-defined market and credit risk limits and through timely reporting to senior management. All contracts have been entered into with high-credit quality financial institutions. The risk associated with these transactions is that the fair value or cash flows of financial instruments will change due to movements in market rates or, in the case of default by a counterparty, through the cost of replacement at the current market rates.

### Currency risk

#### Nature of the risk

Currency risk is the risk that eventual New Zealand dollar net cash flows from transactions undertaken by Spark will be adversely affected by changes in foreign currency exchange rates.

#### Exposure and risk management

Spark's total net exposure (from non-derivative financial instruments) to foreign currency as at 30 June 2025 is \$578 million (30 June 2024: \$565 million). This includes \$163 million long-term debt principal denominated in NOK (30 June 2024: \$154 million) and \$405 million long-term debt principal denominated in AUD (30 June 2024: \$411 million). The remaining exposure is primarily trade payables and other receivables denominated in United States dollars (USD).

Spark manages currency risk arising from foreign currency debt through hedging. Spark's long-term debt issued in NOK and AUD is fully hedged using cross-currency interest rate swaps to convert foreign currency cashflows into floating-rate New Zealand dollar exposures.

Currency risk from capital and operational expenditure in foreign currencies (and related trade payables) has been substantially hedged by entering into forward exchange contracts.

#### Sensitivity to foreign currency movements

As at 30 June 2025, a movement of 10% in the New Zealand dollar would (after hedging) impact the statement of profit or loss by less than \$2 million (30 June 2024: less than \$1 million) and the statement of changes in equity by \$9 million to \$15 million (30 June 2024: \$8 million to \$13 million). This analysis assumes a movement in the New Zealand dollar across all currencies and only includes the effect of foreign exchange movements on monetary financial instruments.

### Interest rate risk

#### Nature of the risk

Interest rate risk is the risk that fluctuations in interest rates impact Spark's cash flows, financial performance or the fair value of its holdings of financial instruments.

#### Exposure and risk management

Spark is exposed to interest rate risk from its financing activities, which primarily include loans and debt issuance either at fixed or floating rates. For floating-rate exposures Spark employs the use of derivative financial instruments to reduce its exposure to fluctuations in interest rates, with the objective to minimise the cost of net borrowings and to minimise the impact of interest rate movements on interest expense and net earnings.

Cross-currency interest rate swaps are used to convert foreign currency debt into floating-rate New Zealand dollar exposures. Interest rate swaps are used to convert floating-rate exposures into fixed-rate exposures and vice versa. As a result, Spark's interest rate exposure is limited to New Zealand only.

#### Sensitivity to interest rate movements

As at 30 June 2025, a movement in interest rates of 25 basis points would (after hedging) impact the statement of profit or loss by less than \$1 million (30 June 2024: less than \$1 million) and the statement of changes in equity by \$4 million to \$5 million (30 June 2024: \$4 million to \$5 million).

## NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

**5.2 Financial risk management (continued)****b) Credit risk****Nature of the risk**

Credit risk arises in the normal course of Spark's business on cash, receivables and derivative financial instruments if a counterparty fails to meet its contractual obligations.

**Exposure and risk management**

Spark is exposed to credit risk if customers and counterparties fail to make payments in respect of:

- Payment of trade and other receivables as they fall due; and
- Contractual cash flows of derivative assets held at fair value.

Spark's assets subject to credit risk as at 30 June 2025 were \$1,158 million (30 June 2024: \$1,314 million).

Spark considers the probability of default upon initial recognition of cash, receivables and derivative assets and whether there has been a significant and ongoing increase in credit risk at the end of each reporting period. To assess this, Spark compares the risk of default occurring on these assets at the reporting date, with the risk of default at the date of initial recognition. Available, reasonable and supportive forward-looking information is considered, especially the following indicators:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer or counterparty's ability to meet their obligations; and
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Spark considers a financial asset to have low credit risk when the asset is held with a high-credit quality financial institution or with a party that has a strong financial position with no past due amounts.

Spark manages its exposure using a credit policy that includes limits on exposures with significant counterparties that have been set and approved by the Board and are monitored on a regular basis. Spark places its cash and derivative financial instruments with high-credit quality financial institutions and does not have significant concentration of risk with any single financial institution. Spark has finance lease receivables which are deemed low credit risk. Concentration of credit risk for trade and other receivables is limited because of Spark's large customer base.

Spark has certain derivatives and debt arrangements that are subject to bilateral credit support agreements that require Spark or its counterparties to post collateral funds to support the value of certain derivatives subject to certain agreed threshold amounts. As at 30 June 2025, no collateral was posted (30 June 2024: nil). Letters of credit and guarantees may be held over some receivable amounts. The carrying amounts of financial assets represent the maximum credit exposure.

**c) Liquidity risk****Nature of the risk**

Liquidity risk represents Spark's ability to meet its contractual obligations as they fall due.

**Exposure and risk management**

Spark uses cash, debt and derivative financial instruments to manage liquidity and evaluates its liquidity requirements on an ongoing basis. In general, Spark generates sufficient cash flows from its operating activities to meet its financial liabilities. As at 30 June 2025, Spark had current assets of \$1,438 million and current liabilities of \$1,066 million (30 June 2024: current assets of \$1,070 million and current liabilities of \$1,060 million). Positive operating cash flows enable working capital to be managed to meet short-term liabilities as they fall due.

In the event of any shortfalls Spark has the following financing programmes:

- An undrawn committed standby facility of \$200 million with a number of creditworthy banks (30 June 2024: \$200 million).
- Committed bank facilities of \$425 million with \$195 million drawn as at 30 June 2025 (30 June 2024: \$525 million facilities with \$310 million drawn).
- Undrawn committed bank overdraft facilities of \$15 million with New Zealand banks (30 June 2024: \$15 million).

There are no compensating balance requirements associated with these facilities.

Spark's liquidity policy is to maintain unutilised committed facilities of at least 110% of the next 12 months' forecast peak net funding requirements, including coverage for short-term capital market issues and uncommitted facilities. Spark's funding policy requires that no more than 30% of long-term debt (including undrawn and standby facilities) can mature within the next 12 months, which has been met.

## 5.2 Financial risk management (continued)

### c) Liquidity risk (continued)

#### Maturity analysis

The following table provides an analysis of Spark's remaining contractual cash flows relating to financial liabilities. Contractual cash flows include contractual undiscounted principal and interest payments.

AS AT 30 JUNE 2025	CARRYING AMOUNT \$M	CONTRACTUAL CASH FLOWS \$M	0-6 MONTHS \$M	6-12 MONTHS \$M	1-2 YEARS \$M	2-5 YEARS \$M	5+ YEARS \$M
<b>Non-derivative financial liabilities</b>							
Trade accounts payable and accruals	321	321	321	-	-	-	-
Sale and leaseback liabilities	49	53	17	14	12	10	-
Lease liabilities	867	1,170	77	72	134	319	568
Debt	1,482	1,667	382	148	182	768	187
<b>Derivative financial liabilities</b>							
Interest rate swaps (net settled)	23	13	3	3	4	3	-
Cross-currency interest rate swaps (gross settled)							
Inflows	-	(623)	(6)	(119)	(15)	(483)	-
Outflows	40	663	14	120	23	506	-
Forward exchange contracts (gross settled)							
Inflows	-	(97)	(74)	(13)	(10)	-	-
Outflows	4	101	76	13	12	-	-
	<b>2,786</b>	<b>3,268</b>	<b>810</b>	<b>238</b>	<b>342</b>	<b>1,123</b>	<b>755</b>

AS AT 30 JUNE 2024	CARRYING AMOUNT \$M	CONTRACTUAL CASH FLOWS \$M	0-6 MONTHS \$M	6-12 MONTHS \$M	1-2 YEARS \$M	2-5 YEARS \$M	5+ YEARS \$M
<b>Non-derivative financial liabilities</b>							
Trade accounts payable and accruals	299	299	299	-	-	-	-
Sale and leaseback liabilities	60	66	19	15	23	9	-
Lease liabilities	742	1,025	65	63	118	283	496
Debt	1,619	1,911	554	42	185	666	464
<b>Derivative financial liabilities</b>							
Interest rate swaps (net settled)	10	(10)	(5)	(3)	(1)	(1)	-
Cross-currency interest rate swaps (gross settled)							
Inflows	-	(636)	(6)	(11)	(126)	(353)	(140)
Outflows	68	717	21	19	142	395	140
Forward exchange contracts (gross settled)							
Inflows	-	(11)	(11)	-	-	-	-
Outflows	-	11	11	-	-	-	-
	<b>2,798</b>	<b>3,372</b>	<b>947</b>	<b>125</b>	<b>341</b>	<b>999</b>	<b>960</b>



## NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

## Section 6 Other information

### 6.1 Income tax

#### Income tax expense

The income tax expense is determined as follows:

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
<b>Statement of profit or loss and other comprehensive income</b>		
Current income tax		
Current year income tax expense (excluding adjusting items)	(90)	(146)
Current year income tax expense on adjusting items <sup>1</sup>	15	-
Adjustments in respect of prior periods	(2)	(10)
Deferred income tax		
Depreciation, provisions, accruals, tax losses and other adjustments (excluding adjusting items)	(15)	(42)
Adjustments in respect of prior periods	(3)	2
<b>Income tax expense from continuing operations recognised in the statement of profit or loss and other comprehensive income</b>	<b>(95)</b>	<b>(196)</b>

1. This is the tax effect of the \$53 million of transformation costs associated with Spark's SPK-26 Operate Programme.

#### Reconciliation of income tax expense

YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
<b>Net earnings before income tax from continuing operations</b>	<b>347</b>	<b>507</b>
Tax at current rate of 28%	(97)	(142)
Adjustments to taxation		
Non-assessable gains on sale <sup>1</sup>	20	-
Other non-assessable items	(4)	(11)
Tax effects of non-New Zealand profits	(9)	(9)
Tax effects of tax depreciation on buildings	-	(26)
Adjustments in respect of prior periods	(5)	(8)
<b>Total income tax expense from continuing operations<sup>2</sup></b>	<b>(95)</b>	<b>(196)</b>

1. FY25 includes the tax effect of the \$71 million net gain on sale of investment in Connexa.

2. Includes the tax effect of the net gain on sale of Connexa and transformation costs included in net earnings before tax from continuing operations. The total tax expense on an adjusted (non-GAAP) basis for FY25 was \$113 million (FY24: nil).

## 6.1 Income tax (continued)

### Investment Boost

As part of its 2025 Budget, the New Zealand Government announced the Investment Boost incentive, designed to encourage investment in new business assets by providing an immediate 20% deduction of the cost of new depreciable assets, including commercial buildings that are acquired or that become available for use (for the first time) in New Zealand from 22 May 2025. It is an optional incentive with limited exclusions that applies alongside the existing tax depreciation regime. The incentive is expected to accelerate Spark's tax deductions on eligible expenditure from FY26.

### Pillar Two legislation

As a large multinational enterprise (MNE) with annual revenue in excess of €750 million, Spark is within the scope of the OECD Pillar Two initiative (Pillar Two) and the associated Global Anti-Base Erosion (GloBE) rules that enforce Pillar Two. Spark has performed an assessment of its potential exposure to GloBE top-up taxes utilising the GloBE temporary safe harbour thresholds (Safe Harbour) and has concluded there is no material impact on its consolidated financial position as at 30 June 2025 (FY25). This position is expected to remain through to FY28, being the current duration of the Safe Harbour period. Spark's related FY25 GloBE reporting obligations (related to Australia and the United Kingdom) are not due until 31 December 2026.

### Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset in the statement of financial position and presented as a net deferred tax asset. The movements in the deferred tax assets and liabilities are provided below:

ASSETS/(LIABILITIES)	FIXED ASSETS \$M	LEASES \$M	PROVISIONS & ACCRUALS \$M	OTHER \$M	TOTAL \$M
Opening balance as at 1 July 2024	(88)	106	11	(12)	17
Amounts recognised in the statement of profit or loss and other comprehensive income					
Relating to the current period	-	2	(3)	(14)	(15)
Adjustments in respect of prior periods	(2)	(6)	2	3	(3)
Amounts recognised in equity relating to the current year	-	-	-	12	12
<b>Closing balance as at 30 June 2025</b>	<b>(90)</b>	<b>102</b>	<b>10</b>	<b>(11)</b>	<b>11</b>

ASSETS/(LIABILITIES)	FIXED ASSETS \$M	LEASES \$M	PROVISIONS & ACCRUALS \$M	OTHER \$M	TOTAL \$M
Opening balance as at 1 July 2023	(62)	123	21	(27)	55
Amounts recognised in statement of profit or loss and other comprehensive income					
Relating to the current period	(26)	(16)	(16)	16	(42)
Adjustments in respect of prior periods	-	(1)	6	(3)	2
Amounts recognised in equity relating to the current year	-	-	-	2	2
<b>Closing balance as at 30 June 2024</b>	<b>(88)</b>	<b>106</b>	<b>11</b>	<b>(12)</b>	<b>17</b>

Spark has not recognised the tax effect of accumulated unrestricted losses and temporary differences amounting to AU\$461 million at 30 June 2025 based on the relevant corporation tax rate of Australia (30 June 2024: AU\$461 million). These losses and temporary differences may be available to be carried forward to offset against future taxable income. However, utilisation is contingent on the production of taxable profits over a significant period of time and is subject to compliance with the relevant taxation authority requirements.

Spark has a negative 53 million imputation credit account balance as at 30 June 2025 due to the timing of dividend and tax payments (30 June 2024: negative 67 million). The imputation credit account had a positive balance as at 31 March 2025.

Spark has a \$114 million taxation recoverable at 30 June 2025 (30 June 2024: \$6 million). This reflects higher provisional tax payments (including for imputation credit account purposes) and lower than expected taxable earnings in the period to offset those payments.

## NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

## 6.2 Employee share schemes

Spark operates a share-based compensation plan that is equity settled as outlined below.

## Share option scheme

From September 2019, members of the Leadership Squad (including the CEO) and selected senior leaders have been granted options under the Spark Long-Term Incentive (LTI) scheme. Under the scheme participants are granted options at the start of the three-year vesting period. The number of options granted equals the gross LTI value divided by the volume weighted average price of Spark New Zealand shares for the 20 days prior to the grant date. Subject to satisfaction of the performance hurdle and continued employment, at vesting each option converts to a Spark share based on a zero exercise price. If the target is not met (or the participant leaves Spark employment) then the options simply lapse, with exceptions for redundancy, death and disablement. Spark enables participants to meet tax obligations through PAYE by authorising the sale of a sufficient number of shares on their behalf.

Vesting of the LTI grants are contingent on participants' continued employment with Spark for three years from grant date (subject to exceptions) and the Company achieving the specified performance hurdles. The performance hurdle targets are set annually and for grant issued in 2021 this was the Company's cost of equity plus 1% compounding annually. For grants issued in 2022, 2023, and 2024, 75% of the allocated shares will vest based on the performance hurdle target of the Company's cost of equity plus 1.5% compounding annually and 25% will vest based on performance against environmental and diversity targets. Options with an intrinsic value of \$8 million (30 June 2024: \$13 million) remain outstanding at 30 June 2025 and have a weighted average remaining life of 1.4 years (30 June 2024: 1.3 years).

Information regarding options awarded under this scheme is as follows:

	2025 OPTIONS NUMBER OF OPTIONS	2024 OPTIONS NUMBER OF OPTIONS
Opening balance as at 1 July	3,220,983	2,926,064
Granted	1,738,184	1,313,428
Vested	(14,119)	-
Lapsed	(1,596,720)	(1,018,509)
<b>Closing balance as at 30 June</b>	<b>3,348,328</b>	<b>3,220,983</b>
Percentage of total ordinary shares	0.18%	0.18%

The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense, with a corresponding entry in equity. The total charge recognised for this scheme for the year ended 30 June 2025 was \$1.5 million (30 June 2024: \$1.6 million). As at 30 June 2025, \$2.1 million of share scheme awards remain unvested and not expensed (30 June 2024: \$2.5 million). This expense, measured at its fair value based on a valuation model, will be recognised over the remaining vesting period of the awards. On 21 September 2024, the options granted in September 2021 lapsed.

The grants issued in 2022 were not exercised and lapsed in FY25 with the exception of 14,119 options which vested in accordance with the scheme rules following the disposal of a subsidiary company. The weighted average share price at the date of exercise for share options during the period was \$2.81. The aggregate of the estimated fair values of the options granted in September 2024 is \$2 million (options granted in September 2023: \$2 million).

## 6.3 Related party transactions

Related parties of Spark include the associate and joint venture companies listed in note 3.3 and key management personnel detailed below.

### Interest of directors in certain transactions

A number of the Company's directors are also directors of other companies and any transactions undertaken with these entities have been entered into on a commercial basis.

### Transactions with associate and joint venture companies

Spark's FY25 and FY24 transactions with associates and joint ventures are on normal commercial terms and include the following:

- Spark provided network operations and management services to Southern Cross in respect of its operations in New Zealand
- Spark made payments to Southern Cross in connection with capacity it has purchased on Southern Cross' network
- Spark made payments to Southern Cross for operational expenditure relating to cable maintenance
- Southern Cross returned capital to Spark through a capital reduction and in FY24 fully repaid the shareholder loan
- During FY24, Spark made payments to Adroit Holdings Limited for operational expenditure relating to environmental IoT services and hardware and received payments for IoT warehousing until the full acquisition of the entity on 19 October 2023
- Spark received revenue from Rural Connectivity Group for the sale of mobile backhaul equipment
- Spark made payments to Rural Connectivity Group for its share of the joint venture's operating costs
- Spark received payments from Hourua Limited for milestones delivered for the Public Safety Network and for use of Spark's corporate office space
- Spark made payments to Connexa for access to mobile towers, this includes lease and operating charges. Spark also received payments from Connexa for transition services, rental recovery, maintenance, site build and interest on shareholder loans until the sale of investment on 28 February 2025.

The outstanding balances are unsecured and there have been no guarantees provided or received.

Balances and amounts in respect of these transactions with associate and joint venture companies excluding Connexa are set out in the table below:

AS AT AND FOR THE YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Revenues	11	18
Expenses	(7)	(11)
Capacity acquired and other capital expenditure <sup>1</sup>	(9)	(10)
Receivables	1	3
Payables	(5)	-

1. As at 30 June 2025, Spark has committed to purchases of \$19 million for cable capacity from Southern Cross (30 June 2024: \$22 million).

Given the significant nature of the balances and transactions with Connexa until 28 February 2025, these are separately disclosed below:

AS AT AND FOR THE YEAR ENDED 30 JUNE	2025 \$M	2024 \$M
Revenues <sup>1</sup>	21	28
Expenses	(11)	(15)
Receivables <sup>2</sup>	-	172
Lease liabilities <sup>3</sup>	-	(447)
Revenue billed in advance	-	(4)

1. Including interest income on shareholder loans.

2. In the comparatives, receivables include shareholder loans to Connexa, including one non-interest bearing loan, and one interest bearing loan set at a market rate at the time of drawdown.

3. Related party lease liabilities have an initial term of 15 years with options for right of renewal which have not been included in the measurement of the lease liability. Payments made for related party lease liabilities in the year until the sale date were \$33 million (30 June 2024: \$47 million).

## NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

## 6.3 Related party transactions (continued)

## Key management personnel compensation

YEAR ENDED 30 JUNE	2025 \$'000	2024 \$'000
Directors' remuneration <sup>1</sup>	1,371	1,371
Salary and other short-term benefits	5,911	6,363
KiwiSaver	157	212
Share-based compensation	814	784
	<b>8,253</b>	<b>8,730</b>

1. Excludes Chief Executive remuneration.

The table above includes remuneration of the Chief Executive and the other members of the Leadership Squad, including amounts paid to members of the Leadership Squad who left during the year ended 30 June or were in acting Leadership Squad positions. Like other Spark employees, members of the Leadership Squad also receive product and service concessions. In addition, where members of the Leadership Squad are KiwiSaver members, they receive contributions towards their KiwiSaver schemes.

## 6.4 Subsidiaries

Subsidiaries are all entities over which Spark has control. The significant subsidiary companies of Spark and their activities are as follows:

NAME	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Computer Concepts Limited	New Zealand	100%	IT infrastructure and cloud services
Entelar Group Limited	New Zealand	100%	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services
Gen-i Australia Pty Limited	Australia <sup>1</sup>	100%	Provides international wholesale and outsourced telecommunications services
MATTR Limited	New Zealand	98%	Software company focused on decentralised identity and verifiable data
Qrious Limited	New Zealand	100%	Data analytics business
Revera Limited	New Zealand	100%	IT infrastructure and data centre provider
Spark Finance Limited	New Zealand	100%	A Group finance company
Spark New Zealand Trading Limited	New Zealand	100%	Telecommunications and digital services company
TCNZ (Bermuda) Limited	New Zealand	100%	A holding company
Teleco Insurance Limited	Bermuda <sup>1</sup>	100%	A Group insurance company
Telecom New Zealand USA Limited	United States <sup>1</sup>	100%	Provides international wholesale telecommunications services
Telecom Southern Cross Limited	New Zealand	100%	A holding company

1. These foreign incorporated entities are tax resident in New Zealand.

Digital Island Limited was sold on 28 February 2025, excluding its mobile services business which was transferred to Spark.

The financial year end of all significant subsidiaries is 30 June.



## 6.5 Reconciliation of net earnings to net cash flows from operating activities

YEAR ENDED 30 JUNE	NOTES	2025 \$M	2024 \$M
Net earnings for the year		260	316
Adjustments to reconcile net earnings to net cash flows from operating activities			
Depreciation and amortisation	1.5, 2.4	604	527
Bad and doubtful accounts	3.1	22	17
Deferred income tax		18	38
Share of associates' and joint ventures' net losses	2.4, 3.3	6	17
Interest income on loans receivable from associates and joint ventures	2.4	(8)	(12)
Impairment of investments	2.4	-	2
Net disposal and remeasurement of equity-accounted investments	2.4	-	1
Net gain on sale and acquisition of property, plant and equipment and intangible assets	2.2	(8)	(62)
Net gain on lease modifications and terminations	2.2	(24)	(36)
Net gain on sale of Connexa investment	1.4, 2.2	(71)	-
Net loss/(gain) on sale of long-term businesses	2.2	1	(4)
Other		5	13
Changes in assets and liabilities net of effects of non-cash and investing and financing activities			
Movement in receivables and related items		13	(84)
Movement in inventories		6	(8)
Movement in current taxation		(108)	(31)
Movement in payables and related items		(36)	70
<b>Net cash flows from operating activities</b>		<b>680</b>	<b>764</b>

## 6.6 Commitments and contingencies

### Capital and other commitments

As at 30 June 2025, capital expenditure contracted for, but not yet incurred, was \$821 million (30 June 2024: \$684 million) with \$323 million due in the year ending 30 June 2026. Commitments principally relate to telecommunications network equipment, data centre infrastructure and cable capacity.

As at 30 June 2025, Spark had other supplier commitments of \$1,361 million (30 June 2024: \$879 million), with \$569 million due in the year ending 30 June 2026. Commitments include mobile handsets, subscription services, modems, licences, service and maintenance renewals, technology delivery partnerships, and power purchase agreements.

### Contingencies

No ongoing claims, investigations or inquiries are expected to have a significant effect on Spark's financial position or profitability.



## Independent auditor's report

### To the Shareholders of Spark New Zealand Limited

#### Opinion

We have audited the consolidated financial statements of Spark New Zealand Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 73 to 119, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

#### Basis for opinion

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

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, 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 regulatory audit requirements, other assurance related services (such as trustee reporting, Greenhouse Gas Emissions limited assurance and agreed upon procedures in relation to the sustainability linked loans) and non-assurance services (such as HR Business Partner training programme, CPO Vantage Programme, CFO Vantage Programme as well as administrative and other advisory services provided to the Corporate Taxpayers Group, of which the Group is a member). These services have not impaired our independence as auditor of the Company and 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 Group and its subsidiaries, and this matter has not impacted our independence. Also, the firm, its partners and employees deal with the Group on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Group.

#### Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

#### Key audit matters

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

## Key audit matter

**Revenue recognition**

The Group recognised total revenues excluding other gains of \$3,623m (2024: \$3,718m) including:

- Mobile \$1,453m (2024: \$1,474m)
- Broadband \$608m (2024: \$613m)
- Procurement and partners \$538m (2024: \$548m)
- Voice \$150m (2024: \$180m)
- IT products \$522m (2024: \$528m)
- IT services \$144m (2024: \$156m)
- High-tech \$84m (2024: \$79m)
- Other products \$124m (2024: \$140m)

Revenue recognition is considered to be a key audit matter.

For Mobile and Broadband revenue, and to a lesser extent other revenue streams, there is an inherent risk around the accuracy and occurrence of revenue recognition given the complexity of systems and the large volume of data processed; moreover, judgement is required for multiple element arrangements. This risk is most pronounced for new or changing product plans and prices.

IT products and IT services require significant management judgements and estimates, particularly for larger contracts, which are bespoke and cover several accounting periods.

The judgements and estimates that significantly impact the accuracy of revenue recognition for these contracts include:

- identifying the separate performance obligations;
- assessing whether the performance obligations are satisfied at a point in time or over time; and
- determining the amount and appropriate method of measuring the costs of fulfilling the performance obligations or, where appropriate, the completeness and valuation of provisions against contracts that are expected to be loss-making.

Disclosures relating to revenue recognition and the revenue stream breakdown can be found in Note 2.2. Operating revenues and other gains.

## How our audit addressed the key audit matter

Our audit approach included both controls testing and substantive procedures. For our procedures on the design and operating effectiveness of controls over significant IT systems, we involved our IT specialists.

Our audit procedures included:

Across **Mobile, Voice and Broadband**, and **IT products and IT services** revenue streams:

- Assessing the appropriateness of the revenue recognition policies for the products and services offered by the Group, which included but were not limited to:
  - challenging the Group's assessment for each performance obligation about whether the customer can benefit from the product or service on its own or together with readily available resources;
  - assessing the allocation of the transaction price to the performance obligations by comparing the stand-alone selling price assigned to observed market prices or estimated prices; and
  - examining the stages at which revenue for each performance obligation is recognised.

**Mobile, Voice and Broadband:**

- testing the design and implementation, and the operating effectiveness of automated controls and interfaces between relevant IT applications, measurement and billing of revenue, and the recording of entries in the general ledger. We also tested the access controls and change management controls over the relevant billing systems;
- testing the design and implementation, and the operating effectiveness of manual controls over the initiation, authorisation, recording and processing of revenue transactions. This included evaluating process controls over authorising new price plans and rate changes and the adjustments to the relevant billing systems;
- testing the design and implementation of revenue recognition controls, including rating and billing during the year as it relates to new or changing product plans;
- recalculating revenue recognised to evaluate that the processing by the relevant telecommunication system is materially correct;
- reviewing new product plans in the current year to understand each of the performance obligations in the bundled offering;
- for new product plans that provide a bundle of services, assessing whether the customer can benefit from the product or service on its own or together with readily available resources; and
- assessing the recognition and timing of costs to acquire and costs to fulfil customer contracts.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of property, plant &amp; equipment and intangible assets excluding goodwill</b></p> <p>The Group has property, plant &amp; equipment of \$1,184m (2024: \$1,394m) and intangible assets excluding goodwill of \$574m (2024: \$607m).</p> <p>There are a number of areas where judgements significantly impact the carrying value of property, plant &amp; equipment and intangible assets excluding goodwill, and their respective depreciation and amortisation profiles. These areas are as follows:</p> <ul style="list-style-type: none"> <li>• the impact of planned or unexpected replacement technology which will impact the way in which an asset is used or is expected to be used;</li> <li>• the determination whether to capitalise or expense costs, particularly for capitalised labour;</li> <li>• the useful economic life of the asset; and</li> <li>• the timely transfer and commencement of depreciation of assets transferred from work in progress.</li> </ul> <p>Changes in these judgements may have a significant impact on the results of the Group. Due to the significance of these judgements and the materiality of these assets to the Group's Statement of Financial Position, this is considered a key audit matter.</p> <p>Refer to Notes 3.6 Property, plant and equipment and 3.7 Intangible assets.</p>	<p><b>IT products and IT services:</b></p> <ul style="list-style-type: none"> <li>• testing IT products and IT services contracts for appropriate revenue recognition and provisioning for contracts that were expected to be loss-making. We considered the future forecast profitability and the contractual terms to assess the recoverability of the contract-specific assets and to determine whether any contracts required loss provisions; and</li> <li>• testing a sample of revenue transactions recorded during the year by agreeing to supporting evidence, which included cash receipts, customer contracts, and invoices. We focussed our work on contracts which we regarded as higher risk because of the nature of the contract and the stage of delivery.</li> </ul> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• testing of the design and implementation of controls over the acquisition and disposal of assets;</li> <li>• assessing the appropriateness of capitalisation of costs incurred on capital projects, by examining a sample of additions to identify whether the expenditure meets the definition of an asset in accordance with the applicable accounting standards;</li> <li>• assessing the reasonableness of the internal labour rates used to capitalise internal labour;</li> <li>• assessing the appropriateness of the date from which assets commenced being depreciated;</li> <li>• assessing the application of the Group's annual asset life review. This included assessing judgements made by the Group on: <ul style="list-style-type: none"> <li>• the appropriateness of asset lives applied in the calculation of depreciation and amortisation;</li> <li>• the nature and impact of changes on the business from Spark's strategy, including which specific assets are impacted; and</li> <li>• the extent of the impact of these changes on the carrying value of identified property, plant and equipment and software intangible assets.</li> </ul> </li> <li>• assessing the allocated useful economic lives, by comparing to industry benchmarks and our knowledge of the business and its operations; and</li> <li>• reviewing Board minutes and performing enquiries with various management personnel around the prevailing risks of technological obsolescence and assessing their impact on the useful lives/impairment risk of existing assets.</li> </ul>

**Other information**

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report as well as the Climate-related Disclosures Report FY25.

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

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

**Directors' responsibilities for the consolidated financial statements**

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our auditor's report.

**Restriction on use**

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



Jason Stachurski, Partner for Deloitte Limited

Auckland, New Zealand

20 August 2025

This audit report relates to the consolidated financial statements of Spark New Zealand Limited (the 'Company') for the year ended 30 June 2025 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 30 June 2025 to confirm the information included in the audited consolidated financial statements presented on this website.



# Appendix

# Spark's managing risk framework roles and responsibilities

Activity performed	Board & ARMC	Leadership Squad	Risk	Legal (Digital Trust)	Org Unit Leads	Centre of Excellence leads	Policy owners	All Spark people
Approves Spark's strategy	✓							
Approves the Managing Risk Policy	✓							
Monitors the managing risk framework	✓							
Reviews principal risk dashboard (quarterly)	✓							
Performs other items from its charter	✓							
Prepares strategy and annual plan		✓						
QBR process and next 90-day priorities		✓						
Coaches and guides Leads		✓						
Owner for principal risks		✓						
Designs and continuously improves the managing risk framework			✓					
Helps the business apply the framework			✓					
Profiles the principal and next 90-day risks for LS and ARMC			✓					
Helps Leads to capture their risks for the QBR Memo			✓					
Executes Internal Audit plan (objective assurance)			✓					
Designs and continuously improves the empowerment framework				✓				
Creates empowerment & functional guidance kits				✓				
Oversees essential policies and webpage				✓				
Creates and delivers training modules				✓				
Use the Empowerment and Managing Risk Frameworks					✓			
Understand and adhere with the essential policies					✓			
Maintain view of risks for OKRs and fill in QBR Memo					✓			
Provide input into principal risk process					✓			
Escalate risks to LS or Risk Team (if required)					✓			
Review risk sections in QBR packs across Spark						✓		
Maintain view of risks for their OKRs and fill in QBR						✓		
Support Leads to manage identified risks						✓		
Provide input into principal risks						✓		
Maintain policy and guidance material							✓	
Complete assessments of effectiveness							✓	
Participate in policy owner working groups							✓	
Follow this framework and the essential policies								✓
Make informed decisions after assessing the benefits and risks								✓

# Sustainability appendix

As an integrated report we have included disclosure on our ESG performance throughout this report. Pages 10 and 11 detail our integrated reporting value creation model, aligned to the 'capitals' which each align to individual sections in the report.

This report is prepared in accordance with the International <IR> Framework and with the Global Reporting Initiative (GRI) Core Option.

We publish a summary of our approach to sustainability at Spark on our website. <https://www.spark.co.nz/sustainability/>

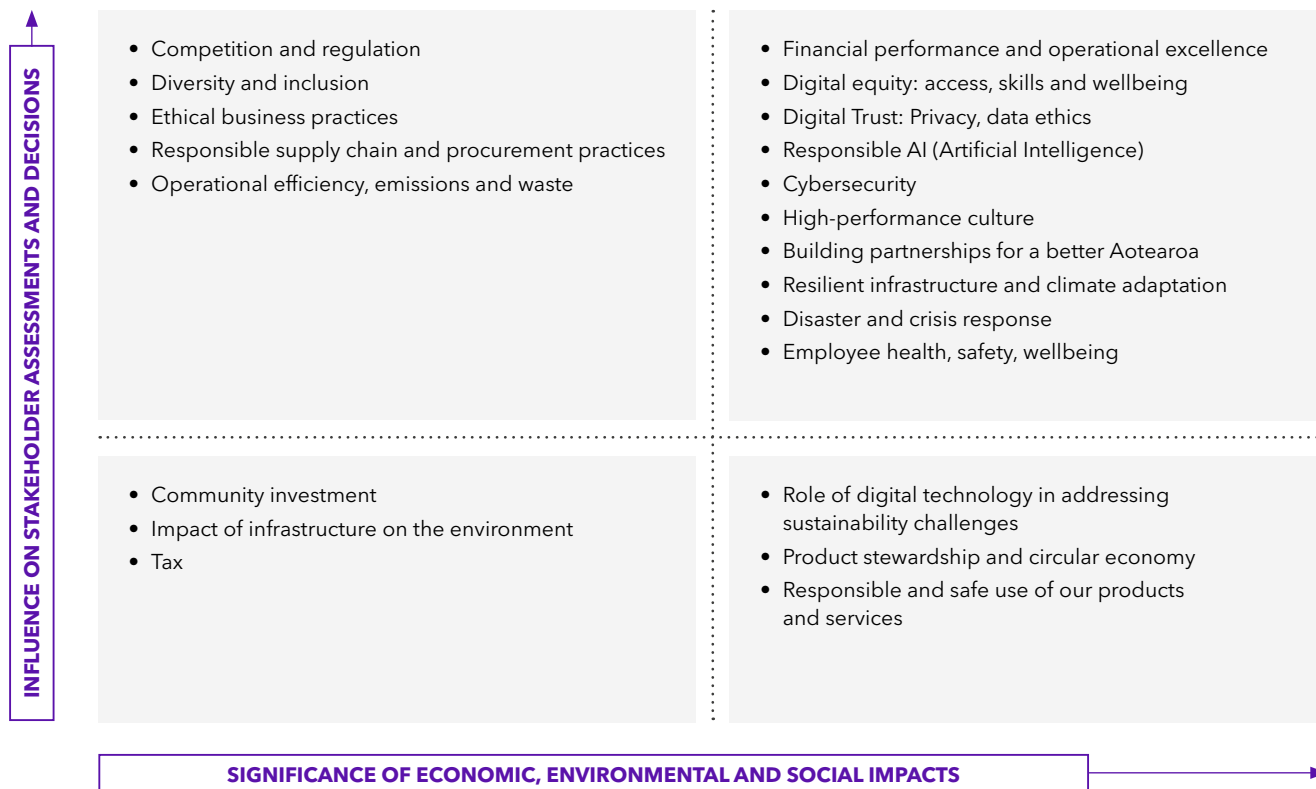
## Materiality

At Spark we follow the GRI materiality principle and processes (set out in *GRI 3: Material Topics 2021*) to identify and prioritise topics that substantively influence the assessments and decisions of stakeholders or have a significant environmental, social, or economic impact. We also consider the materiality principles of the Integrated Reporting International <IR> Framework, considering whether a matter could substantively affect Spark's ability to create value in the short, medium, or long term.

We refresh our materiality analysis annually, as part of our integrated reporting process. Our assessment of material topics includes analysis of stakeholder feedback, review of international industry peers and sector research, and engagement with external stakeholders. In previous years we have also engaged an external sustainability consultancy to independently review our materiality prioritisation. Internally, we consult with a range of employees, including members of our strategy, finance, community, corporate relations, risk, legal, and HR teams, to determine Spark's view of topics meeting the GRI materiality principle criteria.

The purpose of our annual materiality review is to ensure we are capturing all topics that are material to our stakeholders, with a particular focus on identifying emerging topics. We have updated our materiality matrix for FY25. This reflects feedback from various stakeholders, which has highlighted the increasing importance of data ethics, including data governance and sovereignty, with the increased profile and application of AI technologies. In the previous year, changes included increasing the importance of disaster crisis response and the role of digital technology in addressing sustainability challenges.

Our materiality matrix maps our material topics, with our assessment of the significance of economic, environmental and social impacts mapped on the horizontal 'x' axis, and the scale of influence on stakeholder assessments and decisions mapped on the 'y' vertical axis, reflecting feedback and questions received from stakeholders related to our ESG reporting.



## Our most material sustainability issues

Topic	Topic description and scope	Reference
Resilient infrastructure and climate adaptation	The resilience of our infrastructure. Our long-term adaptation to climate change.	Our network and technology Pages 28 – 31 -Refer to Climate-related Disclosures Report
Employee health, safety, wellbeing	Providing a safe and healthy working environment, including physical and mental wellbeing, and supporting people and teams impacted by organisational change.	Our people Pages 40 – 45
Cyber security	The security of our networks and products and the security support we provide to our business customers.	Our customers Pages 24 – 27
Digital trust: privacy, data ethics	How we collect, use, store, and share personal information and how we keep it safe. Building trust in our products and services.	Our customers Pages 24 – 27
Responsible AI	Ethical and responsible use of AI, including AI governance.	Our customers Pages 24 – 27
Digital equity: access, skills, wellbeing	This includes digital access and removing barriers to people getting connected; digital skills and career pathways into the technology sector; and digital safety and wellbeing – a broad focus area that ranges from the impacts of social media all the way through to protecting our customers from objectionable content and scams.	Our communities Pages 36 – 39
Disaster and crisis response	The role of telecommunications in responding to natural disasters and crisis events.	Our network and technology Pages 28 – 31
High performance culture	Creating a high-performance culture that offers our people the opportunity to develop and grow in an inclusive, agile environment.	Our people Pages 40 – 45
Financial performance and operational excellence	Executing our business strategy to build financial capital.	Our performance Pages 16 – 19 Financial statements Pages 71 – 123
Building partnerships for a better Aotearoa	How we partner and collaborate with our communities, guided by the principles of Te Tiriti.	Our communities Pages 36 – 39 Our people Pages 40 – 45

## Stakeholder engagement

Spark engages with a broad range of stakeholders as detailed in the table below. We have also engaged a small number of stakeholders specifically for developing and improving our non-financial reporting and as part of our reporting materiality process. In selecting the stakeholders we engage with, we are guided by the definition set out in GRI 101: “entities or individuals that can reasonably be expected to be significantly affected by the organisation’s activities, products or services; or whose actions can reasonably be expected to affect the ability of the organisation to implement its strategies or achieve its objectives.”

Stakeholder group	How we engage
Spark employees	<ul style="list-style-type: none"> <li>• Regular engagement surveys and use of ‘sounding boards’ on large programmes of work</li> <li>• Comprehensive programme of internal communications and engagement from Leadership Squad (through roadshows and online channels)</li> <li>• Engagement with cross-section of employees in the preparation of this report</li> </ul>
Shareholders	Regular engagement with investors including: <ul style="list-style-type: none"> <li>• Semi-annual earnings announcements, together with semi-annual post result investor briefings</li> <li>• Annual meeting that allows shareholders a chance to meet and ask questions directly of the Spark Board and Leadership Squad</li> <li>• Regular investor roadshows</li> <li>• Periodic investor strategy briefings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Ongoing conversations with our suppliers – both informal and formal</li> <li>• Annual supplier ESG survey of high risk / priority suppliers</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Regular feedback from customers on their experiences with us and their views of Spark as a business through our Net Promoter Score methodology and through our Voice of the Customer programme</li> <li>• Meetings with customers on sustainability topics, sharing sustainability focus areas and exploring opportunities to work together</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Engagement with central Government on issues related to the telecommunications industry, infrastructure investment, environmental sustainability, and digital equity</li> <li>• Engagement with local government to manage the process and impacts of infrastructure investment</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Responding to media enquiries and through a proactive programme of engagement with key members of New Zealand’s media</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• We engage with local communities, iwi, and hapū affected by our activities, in particular where we are building new network infrastructure</li> <li>• Through our Marae Digital Connectivity programme we have deployed hardware and connectivity to over 650 marae, and established relationships with hapū across the country</li> <li>• Through Te Korowai Tupu we have a range of partners that help us support impactful initiatives that uplift Hapori Māori</li> </ul>
Community partners	<ul style="list-style-type: none"> <li>• Spark Foundation works in partnership with community partners on an ongoing basis</li> </ul>
Industry organisations	<ul style="list-style-type: none"> <li>• Engagement with a number of industry organisations, representing the telecommunications and technology sector, community groups, and the New Zealand business community</li> </ul>



### External initiatives Spark subscribes to or endorses

- Spark is a founding member of the Climate Leaders Coalition (CLC). The CLC is a group of CEOs who have collectively committed to voluntary action on climate change, measuring and publicly reporting on their emissions, and setting an absolute target for reducing emissions in line with the Paris Agreement.
- Spark has committed to a voluntary Product Stewardship scheme for mobile phones, which is actioned by the Re:Mobile initiative. See page 35.
- Spark's Corporate Relations and Sustainability Director Leela Ashford is part of the Ministry for the Environment's Climate Business Advisory Group, and the Department of Internal Affairs' Independent Reference Group, which maintains oversight of the operation of the Digital Child Exploitation Filtering System (DCEFS).

### Spark was an active member of the following associations in FY25:

- International Telecommunication Union (Radiocommunication Sector membership)
- 3rd Generation Partnership Project (3GPP)
- Infrastructure New Zealand
- Global System for Mobile Communication Association (GSMA)
- New Zealand Internet Task Force
- Telecommunications Forum (TCF)
- NZTech (including Internet of Things Alliance and AI Industry Forum)
- Tech Users Association New Zealand (TUANZ)
- Business NZ
- Sustainable Business Council (SBC)
- Global Women (including Champions for Change)
- Joint Audit Cooperation (JAC) initiative
- Digital Equity Coalition Aotearoa (DECA) (membership through Spark Foundation)

# Glossary

3G	third-generation mobile network as defined by the International Telecommunications Union.
4G	fourth-generation mobile network as defined by the International Telecommunications Union.
5G	fifth-generation mobile network as defined by the International Telecommunications Union.
5G standalone	a network that has a 5G core as well as 5G on mobile towers rather than non-standalone 5G which uses a combination of existing 4G LTE architecture with a 5G radio access network (RAN).
ADR	an American Depositary Receipt.
ARMC	the Audit and Risk Management Committee.
ARPU	average revenue per user.
ASX	the Australian Securities Exchange.
CCL	Computer Concepts Limited.
Company	Spark New Zealand Limited.
EBITDAI	earnings before finance income and expense, income tax, depreciation, amortisation, and net investment income.
GRI	the Global Reporting Initiative.
Group	the Group in relation to these financial statements, which are prepared for Spark New Zealand Limited (the Company) and its subsidiaries (together the Group).
HRCC	the Human Resources and Compensation Committee.
iNPS	interaction net promoter score, a measure of customer satisfaction.
IoT	the internet of things.
IFRS	International Financial Reporting Standards.
LTE	long-term evolution, as known as 4G.
LTI	long-term incentive, which is part of the Spark Leadership Squad and CEO's remuneration.
Millimeter waves	millimeter waves, also known as extremely high frequency (EHF), is a band of radio frequencies that has wavelengths between 1 mm and 10 mm. These frequencies can carry massive amounts of data at very high speeds. That makes them ideal for accommodating the massive increase in data demanded from new 5G use cases such as augmented/virtual reality, cloud gaming, video analytics and other cloud-compute capabilities.
Network slicing	allows the operator to 'slice' its network to support different types of services through each 'slice'. Multiple slices can be tuned independently to meet different quality of service parameters. For example, one slice may simply need a standard speed connection to enable office email, another might be tuned to support very low data Internet of Things devices, while another slice may need high reliability and ultra-low latency to support robotics.
NOMs	the Nominations and Corporate Governance Committee.
NPS	Net Promoter Score.
NZ GAAP	Generally Accepted Accounting Practice in New Zealand.

NZ IAS	New Zealand International Accounting Standard.
NZ IFRS	New Zealand Equivalent to International Financial Reporting Standards.
NZX	NZX Limited.
OTN	Optical Transport Network (OTN) - the high speed backbone of Spark's network, stretching from the Far North to the bottom of the South Island. The OTN uses light signals through optical fibre cables to carry all of Spark's data traffic up and down the country through diverse paths, ensuring resilient, fast connectivity for all users.
PSTN	Public Switched Telephone Network.
QBR	Quarterly Business Review
SME	Small and Medium Enterprise
Southern Cross	Southern Cross Cables group of companies, which consists of two sister companies, Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited and their subsidiaries.
STI	Short-Term Incentive, which is part of Spark Leadership Team and CEO remuneration.
TRIFR	Total Recordable Incident Frequency Rate per million Spark employee hours worked
TSR	Total Shareholder Return and is a measure of share price appreciation and dividends paid over a given period.

# Contact details

## Registered office

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Auckland 1010  
New Zealand  
Ph +64 4 471 1638 or 0800 108 010

## Company secretary

Paige Howard-Smith

## For more information

For enquiries about transactions, changes of address or dividend payments contact the share registries below.

### New Zealand registry

MUFG Corporate Markets  
A division of MUFG Pension & Market  
Services  
Level 30, PwC Tower  
15 Customs Street West  
Auckland 1142

PO Box 91976  
Auckland 1142

Ph +64 9 375 5998 (investor enquiries)

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[nz.investorcentre.mpms.mufig.com](http://nz.investorcentre.mpms.mufig.com)

### Australian registry

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A division of MUFG Pension & Market  
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Sydney South NSW 1235  
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### United States registry

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[www.computershare.com/investor](http://www.computershare.com/investor)

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