

# Spark New Zealand

## Group result - reported

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains	1,796	1,797	1,890	1,830	2,534	1,957	3,720	4,491	771	20.7%
Operating expenses	(1,296)	(1,178)	(1,352)	(1,218)	(1,492)	(1,277)	(2,570)	(2,769)	(199)	(7.7%)
<b>EBITDAI</b>	<b>500</b>	<b>619</b>	<b>538</b>	<b>612</b>	<b>1,042</b>	<b>680</b>	<b>1,150</b>	<b>1,722</b>	<b>572</b>	<b>49.7%</b>
Finance income	17	17	14	12	16	16	26	32	6	23.1%
Finance expense	(43)	(38)	(37)	(37)	(43)	(56)	(74)	(99)	(25)	(33.8%)
Depreciation and amortisation	(262)	(259)	(257)	(263)	(248)	(256)	(520)	(504)	16	3.1%
Net investment income	-	(1)	(1)	-	(1)	2	(1)	1	2	NM
<b>Net earnings before income tax</b>	<b>212</b>	<b>338</b>	<b>257</b>	<b>324</b>	<b>766</b>	<b>386</b>	<b>581</b>	<b>1,152</b>	<b>571</b>	<b>98.3%</b>
Tax income /(expense)	(65)	(104)	(78)	(93)	71	(88)	(171)	(17)	154	90.1%
<b>Net earnings for the period</b>	<b>147</b>	<b>234</b>	<b>179</b>	<b>231</b>	<b>837</b>	<b>298</b>	<b>410</b>	<b>1,135</b>	<b>725</b>	<b>NM</b>
Capital expenditure excluding spectrum	190	159	218	192	250	265	410	515	105	25.6%
Free cash flows excluding spectrum <sup>1</sup>	132	352	164	269	115	374	433	489	56	12.9%
Reported EBITDAI margin	27.8%	34.4%	28.5%	33.4%	41.1%	34.7%	30.9%	38.3%	7.4pp	
Reported effective tax rate	30.7%	30.8%	30.4%	28.7%	(9.3%)	22.8%	29.4%	1.5%	(27.9pp)	
Capital expenditure to operating revenues and other gains	10.6%	8.8%	11.5%	10.5%	9.9%	13.5%	11.0%	11.5%	0.5pp	
Reported basic earnings per share (cents)	8.0	12.5	9.6	12.4	44.7	16.0	21.9	60.7	38.8	NM
Reported diluted earnings per share (cents)	8.0	12.5	9.6	12.4	44.6	16.0	21.9	60.6	38.7	NM

<sup>1</sup>As reported in H2 FY22 the free cash flow has been redefined from FY23 to minimise the impact of short-term working capital volatility and to support incremental growth capital expenditure. Comparative periods have been updated to reflect the new definition.

## Group result - adjusted

Spark's policy is to present 'adjusted EBITDAI' and 'adjusted net earnings' when a financial year includes significant items (such as gains, expenses and impairments) individually greater than \$25 million. In the year ended 30 June 2023, the net gain on sale of TowerCo of \$583 million together with the subsequent \$5 million net gain arising from the dilution of the investment in the Connexa group and the one off provision of \$54 million for Spark Sport were deemed significant items to adjust. There were no significant items to adjust for the year ended 30 June 2022.

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Adjusted operating revenues and other gains	1,796	1,797	1,890	1,830	1,950	1,958	3,720	3,908	188	5.1%
Adjusted operating expenses	(1,296)	(1,178)	(1,352)	(1,218)	(1,440)	(1,275)	(2,570)	(2,715)	(145)	(5.6%)
<b>Adjusted EBITDAI</b>	<b>500</b>	<b>619</b>	<b>538</b>	<b>612</b>	<b>510</b>	<b>683</b>	<b>1,150</b>	<b>1,193</b>	<b>43</b>	<b>3.7%</b>
Finance income	17	17	14	12	16	16	26	32	6	23.1%
Finance expense	(43)	(38)	(37)	(37)	(43)	(56)	(74)	(99)	(25)	(33.8%)
Depreciation and amortisation	(262)	(259)	(257)	(263)	(248)	(256)	(520)	(504)	16	3.1%
Adjusted net investment income	-	(1)	(1)	-	(1)	(3)	(1)	(4)	(3)	NM
<b>Adjusted net earnings before income tax</b>	<b>212</b>	<b>338</b>	<b>257</b>	<b>324</b>	<b>234</b>	<b>384</b>	<b>581</b>	<b>618</b>	<b>37</b>	<b>6.4%</b>
Adjusted income tax expense	(65)	(104)	(78)	(93)	(69)	(116)	(171)	(185)	(14)	(8.2%)
<b>Adjusted net earnings for the period</b>	<b>147</b>	<b>234</b>	<b>179</b>	<b>231</b>	<b>165</b>	<b>268</b>	<b>410</b>	<b>433</b>	<b>23</b>	<b>5.6%</b>
Capital expenditure excluding spectrum	190	159	218	192	250	265	410	515	105	25.6%
Free cash flows excluding spectrum <sup>1</sup>	132	352	164	269	115	374	433	489	56	12.9%
Adjusted EBITDAI margin	27.8%	34.4%	28.5%	33.4%	26.2%	34.9%	30.9%	30.5%	(0.4pp)	
Adjusted effective tax rate	30.7%	30.8%	30.4%	28.7%	29.5%	30.2%	29.4%	29.9%	0.5pp	
Capital expenditure to adjusted operating revenues and other gains	10.6%	8.8%	11.5%	10.5%	12.8%	13.5%	11.0%	13.2%	2.2pp	
Adjusted basic earnings per share (cents)	8.0	12.5	9.6	12.4	8.8	14.4	21.9	23.2	1.3	5.9%
Adjusted diluted earnings per share (cents)	8.0	12.5	9.6	12.4	8.8	14.3	21.9	23.1	1.2	5.5%

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## Gross margin by product

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile	407	430	437	467	477	507	904	984	80	8.8%
Voice	87	93	86	79	71	62	165	133	(32)	(19.4%)
Broadband	166	173	166	152	149	149	318	298	(20)	(6.3%)
Cloud, security and service management	179	179	176	167	160	168	343	328	(15)	(4.4%)
Procurement and partners	20	23	26	27	27	40	53	67	14	26.4%
Managed data, networks and services	72	73	65	72	64	68	137	132	(5)	(3.6%)
Other products	28	42	33	47	49	82	80	131	51	63.8%
<b>Total product gross margin</b>	<b>959</b>	<b>1,013</b>	<b>989</b>	<b>1,011</b>	<b>997</b>	<b>1,076</b>	<b>2,000</b>	<b>2,073</b>	<b>73</b>	<b>3.7%</b>
Other gains	4	24	16	10	588	28	26	616	590	NM
<b>Total gross margin</b>	<b>963</b>	<b>1,037</b>	<b>1,005</b>	<b>1,021</b>	<b>1,585</b>	<b>1,104</b>	<b>2,026</b>	<b>2,689</b>	<b>663</b>	<b>32.7%</b>

## Connections

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
Mobile connections <sup>1</sup>	2,431	2,421	2,445	2,503	2,629	2,728	2,503	2,728	225	9.0%
Voice connections by type <sup>2</sup>										
POTS and ISDN <sup>3</sup>	217	190	163	136	112	91	136	91	(45)	(33.1%)
VoIP	69	69	69	66	60	59	66	59	(7)	(10.6%)
Voice over wireless <sup>4</sup>	23	24	20	17	14	8	17	8	(9)	(52.9%)
	309	283	252	219	186	158	219	158	(61)	(27.9%)
Broadband connections by technology										
Copper	157	131	113	95	79	64	95	64	(31)	(32.6%)
Fibre	381	395	402	415	423	426	415	426	11	2.7%
Wireless <sup>4</sup>	166	178	187	194	202	209	194	209	15	7.7%
	704	704	702	704	704	699	704	699	(5)	(0.7%)
IoT connections	372	476	623	832	1,160	1,461	832	1,461	629	75.6%

<sup>1</sup>Mobile connections excluding MVNO connections but including legacy machine to machine and SIM based SmartWatch connections.

<sup>2</sup>Voice connections include all voice technology types, including POTS, ISDN, VoIP and wireless voice. Voice connections exclude connections where Spark also provide a bundled broadband service, but include all wholesale voice connections (including those where the underlying customer has a bundled broadband service).

<sup>3</sup>Connection numbers have been restated to reflect updated POTS connection numbers.

<sup>4</sup>Basic wireless broadband customers reclassified from voice to broadband in H2 FY23.

## Group FTEs

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
FTE permanent	4,961	4,889	4,921	4,924	4,976	5,189	4,924	5,189	265	5.4%
FTE contractors	121	150	190	208	182	143	208	143	(65)	(31.3%)
Total FTE	5,082	5,039	5,111	5,132	5,158	5,332	5,132	5,332	200	3.9%

## Dividends

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
Ordinary dividends (cents per share)	12.50	12.50	12.50	12.50	13.50	13.50	25.00	27.00	2.00	8.0%
Special dividends (cents per share)	-	-	-	-	-	-	-	-	-	-%
	12.50	12.50	12.50	12.50	13.50	13.50	25.00	27.00	2.00	8.0%

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## Group operating revenues and other gains

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Operating revenues</b>										
Mobile										
Service revenue	420	432	441	458	480	500	899	980	81	9.0%
Non-service revenue	231	228	237	215	252	238	452	490	38	8.4%
	651	660	678	673	732	738	1,351	1,470	119	8.8%
Voice										
Access	62	67	57	52	45	37	109	82	(27)	(24.8%)
Calling	71	67	70	68	59	54	138	113	(25)	(18.1%)
Other voice revenue	21	20	19	19	18	18	38	36	(2)	(5.3%)
	154	154	146	139	122	109	285	231	(54)	(18.9%)
Broadband <sup>1</sup>	337	333	324	315	313	313	639	626	(13)	(2.0%)
Cloud, security and service management	217	226	224	222	214	222	446	436	(10)	(2.2%)
Procurement and partners	236	178	301	237	319	265	538	584	46	8.6%
Managed data, networks and services	140	142	140	143	142	145	283	287	4	1.4%
Other products <sup>2</sup>	57	80	61	91	104	137	152	241	89	58.6%
<b>Total operating revenues</b>	<b>1,792</b>	<b>1,773</b>	<b>1,874</b>	<b>1,820</b>	<b>1,946</b>	<b>1,929</b>	<b>3,694</b>	<b>3,875</b>	<b>181</b>	<b>4.9%</b>
Other gains	4	24	16	10	4	29	26	33	7	26.9%
<b>Adjusted operating revenues and other gains</b>	<b>1,796</b>	<b>1,797</b>	<b>1,890</b>	<b>1,830</b>	<b>1,950</b>	<b>1,958</b>	<b>3,720</b>	<b>3,908</b>	<b>188</b>	<b>5.1%</b>
Net gain on sale of Connexa	-	-	-	-	584	(1)	-	583	583	100.0%
<b>Total operating revenues and other gains</b>	<b>1,796</b>	<b>1,797</b>	<b>1,890</b>	<b>1,830</b>	<b>2,534</b>	<b>1,957</b>	<b>3,720</b>	<b>4,491</b>	<b>771</b>	<b>20.7%</b>

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

<sup>2</sup>Included in other products is revenue from mobile infrastructure, Qrious, Internet of Things, Spark Sport and exchange building sharing arrangements.

## Operating revenues and other gains by customer segment

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Operating revenues and other gains</b>										
Consumer	769	779	777	757	797	782	1,534	1,579	45	2.9%
Business	935	897	1,018	952	1,019	976	1,970	1,995	25	1.3%
Wholesale and other	92	121	95	121	718	199	216	917	701	NM
	1,796	1,797	1,890	1,830	2,534	1,957	3,720	4,491	771	20.7%

## Finance income

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Finance income</b>										
Finance lease interest income	6	7	6	3	4	4	9	8	(1)	(11.1%)
Other interest income	11	10	8	9	12	12	17	24	7	41.2%
	17	17	14	12	16	16	26	32	6	23.1%

## Net investment income

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Net investment income</b>										
Share of associates' and joint ventures' net losses	-	(1)	(1)	-	(3)	(9)	(1)	(12)	(11)	NM
Interest income on loans receivable from associates and joint ventures	-	-	-	-	2	6	-	8	8	100.0%
<b>Adjusted net investment income</b>	-	(1)	(1)	-	(1)	(3)	(1)	(4)	(3)	NM
Net gain on dilution of the investment in the Connexa group	-	-	-	-	-	5	-	5	5	100.0%
<b>Reported net investment income</b>	-	(1)	(1)	-	(1)	2	(1)	1	2	NM

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## Group operating expenses

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Product costs</b>										
Mobile	244	230	241	206	255	231	447	486	39	8.7%
Voice	67	61	60	60	51	47	120	98	(22)	(18.3%)
Broadband	171	160	158	163	164	164	321	328	7	2.2%
Cloud, security and service management	38	47	48	55	54	54	103	108	5	4.9%
Procurement and partners	216	155	275	210	292	225	485	517	32	6.6%
Managed data, networks and services	68	69	75	71	78	77	146	155	9	6.2%
Other product costs	29	38	28	44	55	55	72	110	38	52.8%
	833	760	885	809	949	853	1,694	1,802	108	6.4%
<b>Labour</b>	256	237	263	232	269	242	495	511	16	3.2%
<b>Other operating expenses</b>										
Network support costs	44	42	44	21	45	20	65	65	-	-%
Computer costs	51	50	55	56	57	52	111	109	(2)	(1.8%)
Accommodation costs	32	35	30	35	40	43	65	83	18	27.7%
Advertising, promotions and communication	44	28	34	26	33	23	60	56	(4)	(6.7%)
Bad debts	(1)	(6)	3	1	4	5	4	9	5	NM
Impairment expense	-	2	2	-	-	-	2	-	(2)	(100.0%)
Other	37	30	36	38	43	37	74	80	6	8.1%
	207	181	204	177	222	180	381	402	21	5.5%
<b>Adjusted operating expenses</b>	<b>1,296</b>	<b>1,178</b>	<b>1,352</b>	<b>1,218</b>	<b>1,440</b>	<b>1,275</b>	<b>2,570</b>	<b>2,715</b>	<b>145</b>	<b>5.6%</b>
Spark Sport provision	-	-	-	-	52	2	-	54	54	100.0%
<b>Total operating expenses</b>	<b>1,296</b>	<b>1,178</b>	<b>1,352</b>	<b>1,218</b>	<b>1,492</b>	<b>1,277</b>	<b>2,570</b>	<b>2,769</b>	<b>199</b>	<b>7.7%</b>

## Finance expense

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Finance expense</b>										
Finance expense on long-term debt	21	22	23	22	22	28	45	50	5	11.1%
Other interest and finance expense	6	4	4	7	7	5	11	12	1	9.1%
Lease interest expense	15	11	10	9	15	24	19	39	20	NM
Leased customer equipment interest expense	4	4	3	4	4	3	7	7	-	-%
	46	41	40	42	48	60	82	108	26	31.7%
Capitalised interest	(3)	(3)	(3)	(5)	(5)	(4)	(8)	(9)	(1)	(12.5%)
	43	38	37	37	43	56	74	99	25	33.8%

## Depreciation and amortisation expense

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Depreciation and amortisation expense</b>										
Depreciation - property, plant and equipment	124	118	116	118	114	113	234	227	(7)	(3.0%)
Depreciation - right-of-use assets	35	42	40	40	36	39	80	75	(5)	(6.3%)
Depreciation - leased customer equipment assets	19	17	18	19	19	17	37	36	(1)	(2.7%)
Amortisation - intangible assets	84	82	83	86	79	87	169	166	(3)	(1.8%)
	262	259	257	263	248	256	520	504	(16)	(3.1%)

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## Analysis & KPIs - Mobile

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Mobile revenue by type (Consumer and Business)</b>										
Mobile service revenue	415	427	435	451	472	489	886	961	75	8.5%
Mobile non-service revenue <sup>1</sup>	223	221	229	205	231	218	434	449	15	3.5%
	638	648	664	656	703	707	1,320	1,410	90	6.8%
Wholesale and other customer segment mobile revenue <sup>2</sup>	13	12	14	17	29	31	31	60	29	93.5%
<b>Total mobile revenue</b>	<b>651</b>	<b>660</b>	<b>678</b>	<b>673</b>	<b>732</b>	<b>738</b>	<b>1,351</b>	<b>1,470</b>	<b>119</b>	<b>8.8%</b>
Mobile product costs <sup>3</sup>	(244)	(230)	(241)	(206)	(255)	(231)	(447)	(486)	(39)	(8.7%)
<b>Mobile gross margin</b>	<b>407</b>	<b>430</b>	<b>437</b>	<b>467</b>	<b>477</b>	<b>507</b>	<b>904</b>	<b>984</b>	<b>80</b>	<b>8.8%</b>
Mobile gross margin %	62.5%	65.2%	64.5%	69.4%	65.2%	68.7%	66.9%	66.9%	-pp	
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Total mobile revenue by customer segment</b>										
Consumer	438	441	454	444	486	486	898	972	74	8.2%
Business	200	207	210	212	217	221	422	438	16	3.8%
Wholesale and other	13	12	14	17	29	31	31	60	29	93.5%
	651	660	678	673	732	738	1,351	1,470	119	8.8%
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	%
<b>Average revenue per user (ARPU) - 6 month active</b>										
Total ARPU	28.51	29.66	30.19	30.84	31.19	30.59	30.52	30.89	0.37	1.2%
Pay-monthly ARPU	39.97	40.31	40.17	41.01	41.59	41.48	40.60	41.54	0.94	2.3%
Prepaid ARPU	14.36	15.42	16.26	16.47	17.11	16.66	16.37	16.89	0.52	3.2%
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Number of mobile connections at period end - 6 month active (Consumer and Business)<sup>4</sup></b>										
Pay-monthly connections	1,355	1,386	1,416	1,437	1,471	1,509	1,437	1,509	72	5.0%
Prepaid connections	1,047	1,008	1,001	1,038	1,131	1,194	1,038	1,194	156	15.0%
Internal connections	4	4	4	4	4	4	4	4	-	-%
<b>Total mobile connections</b>	<b>2,406</b>	<b>2,398</b>	<b>2,421</b>	<b>2,479</b>	<b>2,606</b>	<b>2,707</b>	<b>2,479</b>	<b>2,707</b>	<b>228</b>	<b>9.2%</b>

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

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

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

<sup>4</sup>Excludes MVNO connections but includes SIM based SmartWatch connections.

# Spark New Zealand

## Analysis & KPIs - Voice

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Revenue by type</b>										
Access	62	67	57	52	45	37	109	82	(27)	(24.8%)
Calling	71	67	70	68	59	54	138	113	(25)	(18.1%)
Other voice revenue	21	20	19	19	18	18	38	36	(2)	(5.3%)
<b>Total voice revenue</b>	<b>154</b>	<b>154</b>	<b>146</b>	<b>139</b>	<b>122</b>	<b>109</b>	<b>285</b>	<b>231</b>	<b>(54)</b>	<b>(18.9%)</b>
Voice product costs <sup>1</sup>	(67)	(61)	(60)	(60)	(51)	(47)	(120)	(98)	22	18.3%
<b>Voice gross margin</b>	<b>87</b>	<b>93</b>	<b>86</b>	<b>79</b>	<b>71</b>	<b>62</b>	<b>165</b>	<b>133</b>	<b>(32)</b>	<b>(19.4%)</b>
Voice gross margin %	56.5%	60.4%	58.9%	56.8%	58.2%	56.9%	57.9%	57.6%	(0.3pp)	

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Voice connections by type<sup>2</sup></b>										
POTS and ISDN	217	190	163	136	112	91	136	91	(45)	(33.1%)
VoIP	69	69	69	66	60	59	66	59	(7)	(10.6%)
Voice over wireless	23	24	20	17	14	8	17	8	(9)	(52.9%)
<b>Total voice connections<sup>3</sup></b>	<b>309</b>	<b>283</b>	<b>252</b>	<b>219</b>	<b>186</b>	<b>158</b>	<b>219</b>	<b>158</b>	<b>(61)</b>	<b>(27.9%)</b>

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Voice connections by customer segment<sup>2</sup></b>										
Consumer	74	77	64	54	46	32	54	32	(22)	(40.7%)
Business	154	144	139	126	111	104	126	104	(22)	(17.5%)
Wholesale and other	81	62	49	39	29	22	39	22	(17)	(43.6%)
<b>Total voice connections<sup>3</sup></b>	<b>309</b>	<b>283</b>	<b>252</b>	<b>219</b>	<b>186</b>	<b>158</b>	<b>219</b>	<b>158</b>	<b>(61)</b>	<b>(27.9%)</b>

<sup>1</sup>Includes voice access (baseband), interconnect, and international calling costs.

<sup>2</sup>Connection numbers have been restated to reflect updated POTS connection numbers and basic wireless broadband customers reclassified from voice to broadband in H2 FY23.

<sup>3</sup>Excludes Cloud Telephony which has been moved to managed networks.

## Analysis & KPIs - Broadband

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total broadband revenue	337	333	324	315	313	313	639	626	(13)	(2.0%)
Broadband product costs <sup>4</sup>	(171)	(160)	(158)	(163)	(164)	(164)	(321)	(328)	(7)	(2.2%)
<b>Broadband gross margin</b>	<b>166</b>	<b>173</b>	<b>166</b>	<b>152</b>	<b>149</b>	<b>149</b>	<b>318</b>	<b>298</b>	<b>(20)</b>	<b>(6.3%)</b>
Broadband gross margin %	49.3%	52.0%	51.2%	48.3%	47.6%	47.6%	49.8%	47.6%	(2.2pp)	

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Broadband connections by technology</b>										
Copper	157	131	113	95	79	64	95	64	(31)	(32.6%)
Fibre	381	395	402	415	423	426	415	426	11	2.7%
Wireless	166	178	187	194	202	209	194	209	15	7.7%
<b>Total broadband connections<sup>5</sup></b>	<b>704</b>	<b>704</b>	<b>702</b>	<b>704</b>	<b>704</b>	<b>699</b>	<b>704</b>	<b>699</b>	<b>(5)</b>	<b>(0.7%)</b>

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	000's	%
<b>Broadband connections by customer segment</b>										
Consumer	598	595	593	595	594	589	595	589	(6)	(1.0%)
Business	103	105	105	104	104	102	104	102	(2)	(1.9%)
Wholesale and other	3	4	4	5	6	8	5	8	3	60.0%
<b>Total broadband connections<sup>5</sup></b>	<b>704</b>	<b>704</b>	<b>702</b>	<b>704</b>	<b>704</b>	<b>699</b>	<b>704</b>	<b>699</b>	<b>(5)</b>	<b>(0.7%)</b>

<sup>4</sup>Includes broadband access (UBA/UCLL/Fibre), modem and e-mail platform support costs.

<sup>5</sup>Basic wireless broadband customers reclassified from voice to broadband in H2 FY23.

# Spark New Zealand

## Analysis & KPIs - Cloud, security and service management

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cloud revenue	113	116	119	114	116	112	233	228	(5)	(2.1%)
Security revenue	19	20	18	19	18	27	37	45	8	21.6%
Service management revenue	85	90	87	89	80	83	176	163	(13)	(7.4%)
Cloud, security and service management revenue	217	226	224	222	214	222	446	436	(10)	(2.2%)
Cloud, security and service management product costs	(38)	(47)	(48)	(55)	(54)	(54)	(103)	(108)	(5)	(4.9%)
<b>Cloud, security and service management gross margin</b>	<b>179</b>	<b>179</b>	<b>176</b>	<b>167</b>	<b>160</b>	<b>168</b>	<b>343</b>	<b>328</b>	<b>(15)</b>	<b>(4.4%)</b>
Cloud, security and service management gross margin %	82.5%	79.2%	78.6%	75.2%	74.8%	75.7%	76.9%	75.2%	(1.7pp)	
Contribution margin (approximated) % <sup>1</sup>	34.6%	38.5%	34.8%	37.4%	32.7%	35.1%	36.1%	33.9%	(2.2pp)	
Power usage efficiency for dedicated data centre sites	1.50	1.48	1.49	1.50	1.50	1.56	1.50	1.56	(0.06)	(4.0%)
Megawatt hours for dedicated data centre sites	22,091	22,874	21,664	22,181	22,212	22,312	43,845	44,524	679	1.5%

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

## Analysis & KPIs - Procurement and partners

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Procurement and partners revenue	236	178	301	237	319	265	538	584	46	8.6%
Procurement and partners product costs	(216)	(155)	(275)	(210)	(292)	(225)	(485)	(517)	(32)	(6.6%)
<b>Procurement and partners gross margin</b>	<b>20</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>27</b>	<b>40</b>	<b>53</b>	<b>67</b>	<b>14</b>	<b>26.4%</b>
Procurement and partners gross margin %	8.5%	13.0%	8.6%	11.4%	8.5%	15.1%	9.9%	11.5%	1.6pp	

## Analysis & KPIs - Managed data, networks and services

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Collaboration	33	35	38	40	39	40	78	79	1	1.3%
Managed data and networks	107	107	102	103	103	105	205	208	3	1.5%
<b>Managed data, networks and services revenue</b>	<b>140</b>	<b>142</b>	<b>140</b>	<b>143</b>	<b>142</b>	<b>145</b>	<b>283</b>	<b>287</b>	<b>4</b>	<b>1.4%</b>
Managed data, networks and services product costs <sup>3</sup>	(68)	(69)	(75)	(71)	(78)	(77)	(146)	(155)	(9)	(6.2%)
<b>Managed data, networks and services gross margin</b>	<b>72</b>	<b>73</b>	<b>65</b>	<b>72</b>	<b>64</b>	<b>68</b>	<b>137</b>	<b>132</b>	<b>(5)</b>	<b>(3.6%)</b>
Managed data, networks and services gross margin %	51.4%	51.4%	46.4%	50.3%	45.1%	46.9%	48.4%	46.0%	(2.4pp)	

<sup>3</sup>Includes wide area network access, international data, network backhaul and videoconferencing platform costs.

# Spark New Zealand

## Statement of cash flows

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Cash flows from operating activities</b>										
Receipts from customers	1,828	1,719	1,901	1,755	1,975	1,815	3,656	3,790	134	3.7%
Receipts from interest	16	16	13	11	16	13	24	29	5	20.8%
Payments to suppliers and employees	(1,321)	(1,137)	(1,327)	(1,279)	(1,460)	(1,270)	(2,606)	(2,730)	(124)	(4.8%)
Payments for income tax	(118)	(70)	(93)	(67)	(120)	(70)	(160)	(190)	(30)	(18.8%)
Payments for interest on debt	(23)	(23)	(23)	(25)	(23)	(32)	(48)	(55)	(7)	(14.6%)
Payments for interest on leases	(16)	(10)	(10)	(9)	(15)	(22)	(19)	(37)	(18)	(94.7%)
Payments for interest on leased customer equipm	(4)	(4)	(3)	(3)	(4)	(3)	(6)	(7)	(1)	(16.7%)
<b>Net cash flows from operating activities</b>	<b>362</b>	<b>491</b>	<b>458</b>	<b>383</b>	<b>369</b>	<b>431</b>	<b>841</b>	<b>800</b>	<b>(41)</b>	<b>(4.9%)</b>
<b>Cash flows from investing activities</b>										
Proceeds from sale of property, plant and equipment	-	6	-	-	1	10	-	11	11	NM
Proceeds from sale of business	8	22	-	-	894	(1)	-	893	893	NM
Proceeds from long-term investments	-	6	3	1	-	-	4	-	(4)	(100.0%)
Receipts from finance leases	2	4	2	1	1	2	3	3	-	-%
Receipts from loans receivable	-	1	-	-	-	11	-	11	11	NM
Payments for purchase of businesses, net of cash i	-	(25)	-	(7)	-	-	(7)	-	7	100.0%
Payments for, and advances to, long-term investments	(4)	(9)	(39)	(20)	(2)	(1)	(59)	(3)	56	94.9%
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum) and capacity	(212)	(118)	(216)	(209)	(246)	(229)	(425)	(475)	(50)	(11.8%)
Payments for spectrum intangible assets	-	(51)	-	-	-	(6)	-	(6)	(6)	NM
Payments for capitalised interest	(3)	(3)	(3)	(5)	(5)	(4)	(8)	(9)	(1)	(12.5%)
<b>Net cash flows from investing activities</b>	<b>(209)</b>	<b>(167)</b>	<b>(253)</b>	<b>(239)</b>	<b>643</b>	<b>(218)</b>	<b>(492)</b>	<b>425</b>	<b>917</b>	<b>NM</b>
<b>Cash flows from financing activities</b>										
Net proceeds from/(repayments of) debt	100	(138)	99	115	(517)	54	214	(463)	(677)	NM
Payments for dividends	(167)	(163)	(225)	(224)	(234)	(252)	(449)	(486)	(37)	(8.2%)
Payments for share buy-backs	-	-	-	-	-	(146)	-	(146)	(146)	NM
Payments for leases	(20)	(36)	(33)	(36)	(31)	(33)	(69)	(64)	5	7.2%
Payments for leased customer equipment assets	(16)	(18)	(25)	(21)	(15)	(22)	(46)	(37)	9	19.6%
<b>Net cash flows from financing activities</b>	<b>(103)</b>	<b>(355)</b>	<b>(184)</b>	<b>(166)</b>	<b>(797)</b>	<b>(399)</b>	<b>(350)</b>	<b>(1,196)</b>	<b>(846)</b>	<b>NM</b>
<b>Net cash flows</b>	<b>50</b>	<b>(31)</b>	<b>21</b>	<b>(22)</b>	<b>215</b>	<b>(186)</b>	<b>(1)</b>	<b>29</b>	<b>30</b>	<b>NM</b>
Opening cash position	53	103	72	93	71	286	72	71	(1)	(1.4%)
<b>Closing cash position</b>	<b>103</b>	<b>72</b>	<b>93</b>	<b>71</b>	<b>286</b>	<b>100</b>	<b>71</b>	<b>100</b>	<b>29</b>	<b>40.8%</b>



# Spark New Zealand

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

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
EBITDAI	500	619	538	612	1,042	680	1,150	1,722	572	49.7%
<i>Excluding</i>										
Non cash other gains and impairments	4	22	14	10	536	11	24	547	523	NM
<b>EBITDAI ex. Non cash other gains and impairments</b>	<b>496</b>	<b>597</b>	<b>524</b>	<b>602</b>	<b>506</b>	<b>669</b>	<b>1,126</b>	<b>1,175</b>	<b>49</b>	<b>4.4%</b>
<i>Less</i>										
Cash paid on maintenance capital expenditure	185	104	188	184	200	128	372	328	(44)	(11.8%)
Cash paid on interest	27	21	23	26	26	44	49	70	21	42.9%
Cash paid on tax payments	118	70	93	67	120	70	160	190	30	18.8%
Cash paid on leases	34	50	56	56	45	53	112	98	(14)	(12.5%)
<b>Total cash payments on capital expenditure, interest, tax and lease</b>	<b>364</b>	<b>245</b>	<b>360</b>	<b>333</b>	<b>391</b>	<b>295</b>	<b>693</b>	<b>686</b>	<b>(7)</b>	<b>(1.0%)</b>
<b>Free cash flow<sup>1</sup></b>	<b>132</b>	<b>352</b>	<b>164</b>	<b>269</b>	<b>115</b>	<b>374</b>	<b>433</b>	<b>489</b>	<b>56</b>	<b>12.9%</b>
<b>Change in working capital</b>										
Change in receivables	(92)	104	(42)	104	(59)	126	62	67	5	8.1%
Change in payables	61	(45)	(63)	78	3	(53)	15	(50)	(65)	NM
Change in inventory	(11)	(20)	29	14	1	(28)	43	(27)	(70)	NM
Change in contract assets	(11)	(2)	(5)	3	3	30	(2)	33	35	NM
Change in prepayments (excluding CAPEX)	12	(27)	37	(37)	22	(31)	-	(9)	(9)	NM
<b>Total change in working capital - increase/(decrease)</b>	<b>(41)</b>	<b>10</b>	<b>(44)</b>	<b>162</b>	<b>(30)</b>	<b>44</b>	<b>118</b>	<b>14</b>	<b>(104)</b>	<b>(88.1%)</b>

<sup>1</sup>As reported in H2 FY22 the free cash flow has been redefined from FY23 to minimise the impact of short-term working capital volatility and to support incremental growth capital expenditure. Comparative periods have been updated to reflect the new definition.

# Spark New Zealand

## Group capital expenditure

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Maintenance Capex</b>										
Cloud	9	11	7	8	11	8	15	19	4	26.7%
Converged communications network (CCN) <sup>1</sup>	15	12	11	11	7	10	22	17	(5)	(22.7%)
International cable construction and capacity purchases	1	8	1	6	-	25	7	25	18	NM
IT systems	64	53	87	63	62	54	150	116	(34)	(22.7%)
Mobile network <sup>1</sup>	58	48	62	38	78	20	100	98	(2)	(2.0%)
Core sustain and resiliency	34	21	26	27	36	33	53	69	16	30.2%
Other	9	5	3	4	6	9	7	15	8	NM
<b>Total maintenance capital expenditure excluding spectrum</b>	<b>190</b>	<b>158</b>	<b>197</b>	<b>157</b>	<b>200</b>	<b>159</b>	<b>354</b>	<b>359</b>	<b>5</b>	<b>1.4%</b>
<b>Growth Capex</b>										
5G acceleration	-	-	12	13	-	42	25	42	17	68.0%
Data centres	-	1	9	22	50	64	31	114	83	NM
<b>Total growth capital expenditure excluding spectrum</b>	<b>-</b>	<b>1</b>	<b>21</b>	<b>35</b>	<b>50</b>	<b>106</b>	<b>56</b>	<b>156</b>	<b>100</b>	<b>NM</b>
<b>Total capital expenditure excluding spectrum</b>	<b>190</b>	<b>159</b>	<b>218</b>	<b>192</b>	<b>250</b>	<b>265</b>	<b>410</b>	<b>515</b>	<b>105</b>	<b>25.6%</b>
Total capital expenditure excluding spectrum to operating revenue and other gains	10.6%	8.8%	11.5%	10.5%	9.9%	13.5%	11.0%	11.5%		
Total capital expenditure excluding spectrum to adjusted operating revenue and other gains	10.6%	8.8%	11.5%	10.5%	12.8%	13.5%	11.0%	13.2%		
Mobile spectrum	-	51	-	-	-	-	-	-	-	-%
<b>Total capital expenditure including spectrum</b>	<b>190</b>	<b>210</b>	<b>218</b>	<b>192</b>	<b>250</b>	<b>265</b>	<b>410</b>	<b>515</b>	<b>105</b>	<b>25.6%</b>
Total capital expenditure including spectrum to operating revenue and other gains	10.6%	11.7%	11.5%	10.5%	9.9%	13.5%	11.0%	11.5%		
Total capital expenditure including spectrum to adjusted operating revenue and other gains	10.6%	11.7%	11.5%	10.5%	12.8%	13.5%	11.0%	13.2%		

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

<sup>1</sup>H1 FY23 includes reclassification of mobile network costs from 'converged communications network' to 'mobile network'.

## Analysis & KPIs - Capital expenditure depreciation and amortisation

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

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H2 FY23	FY22	FY23	FY22 vs FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Depreciation - property, plant and equipment	124	118	116	118	114	113	234	227	(7)	(3.0%)
Depreciation - right-of-use assets <sup>2</sup>	11	11	11	11	11	11	22	22	-	-%
Amortisation - intangible assets	84	82	83	86	79	87	169	166	(3)	(1.8%)
<b>Total capital expenditure depreciation and</b>	<b>219</b>	<b>211</b>	<b>210</b>	<b>215</b>	<b>204</b>	<b>211</b>	<b>425</b>	<b>415</b>	<b>(10)</b>	<b>(2.4%)</b>

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