

Spark New Zealand

Group result - reported

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains	1,796	1,797	1,890	1,830	2,534	1,890	2,534	644	34.1%
Operating expenses	(1,296)	(1,178)	(1,352)	(1,218)	(1,492)	(1,352)	(1,492)	(140)	(10.4%)
EBITDAI	500	619	538	612	1,042	538	1,042	504	93.7%
Finance income	17	17	14	12	16	14	16	2	14.3%
Finance expense	(43)	(38)	(37)	(37)	(43)	(37)	(43)	(6)	(16.2%)
Depreciation and amortisation	(262)	(259)	(257)	(263)	(248)	(257)	(248)	9	3.5%
Net investment income	-	(1)	(1)	-	(1)	(1)	(1)	-	-%
Net earnings before income tax	212	338	257	324	766	257	766	509	NM
Tax income /(expense)	(65)	(104)	(78)	(93)	71	(78)	71	149	NM
Net earnings for the period	147	234	179	231	837	179	837	658	NM
Capital expenditure excluding spectrum	190	159	218	192	250	218	250	32	14.7%
Free cash flows excluding spectrum	132	352	164	269	115	164	115	(49)	(29.9%)
Reported EBITDAI margin	27.8%	34.4%	28.5%	33.4%	41.1%	28.5%	41.1%	12.6%	
Reported effective tax rate	30.7%	30.8%	30.4%	28.7%	(9.3%)	30.4%	(9.3%)	(39.7%)	
Capital expenditure to operating revenues and other gains	10.6%	8.8%	11.5%	10.5%	9.9%	11.5%	9.9%	(1.6%)	
Reported basic earnings per share (cents)	8.0	12.5	9.6	12.4	44.7	9.6	44.7	35.1	NM
Reported diluted earnings per share (cents)	8.0	12.5	9.6	12.4	44.6	9.6	44.6	35.0	NM

Group result - adjusted

Spark presents adjusted EBITDAI and adjusted net earnings when the year includes significant items individually greater than \$25 million. H1 FY23 includes the net gain of \$584 million on the sale of Connexa and a one-off provision of \$52 million for Spark Sport. These two items are described in further detail in Note 2 of the Interim Financial Statements. Adjusted EBITDAI and adjusted net earnings are as follows:

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Adjusted operating revenues and other gains	1,796	1,797	1,890	1,830	1,950	1,890	1,950	60	3.2%
Adjusted operating expenses	(1,296)	(1,178)	(1,352)	(1,218)	(1,440)	(1,352)	(1,440)	(88)	(6.5%)
Adjusted EBITDAI	500	619	538	612	510	538	510	(28)	(5.2%)
Finance income	17	17	14	12	16	14	16	2	14.3%
Finance expense	(43)	(38)	(37)	(37)	(43)	(37)	(43)	(6)	(16.2%)
Depreciation and amortisation	(262)	(259)	(257)	(263)	(248)	(257)	(248)	9	3.5%
Net investment income	-	(1)	(1)	-	(1)	(1)	(1)	-	-%
Adjusted net earnings before income tax	212	338	257	324	234	257	234	(23)	(8.9%)
Adjusted income tax expense	(65)	(104)	(78)	(93)	(69)	(78)	(69)	9	11.5%
Adjusted net earnings for the period	147	234	179	231	165	179	165	(14)	(7.8%)
Capital expenditure excluding spectrum	190	159	218	192	250	218	250	32	14.7%
Free cash flows excluding spectrum	132	352	164	269	115	164	115	(49)	(29.9%)
Adjusted EBITDAI margin	27.8%	34.4%	28.5%	33.4%	26.2%	28.5%	26.2%	(2.3%)	
Adjusted effective tax rate	30.7%	30.8%	30.4%	28.7%	29.5%	30.4%	29.5%	(0.9%)	
Capital expenditure to adjusted operating revenues and other gains	10.6%	8.8%	11.5%	10.5%	12.8%	11.5%	12.8%	1.3%	
Adjusted basic earnings per share (cents)	8.0	12.5	9.6	12.4	8.8	9.6	8.8	(0.8)	(8.3%)
Adjusted diluted earnings per share (cents)	8.0	12.5	9.6	12.4	8.8	9.6	8.8	(0.8)	(8.3%)

Spark New Zealand

Gross margin by product

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile	407	430	437	467	477	437	477	40	9.2%
Voice	87	93	86	79	71	86	71	(15)	(17.4%)
Broadband	166	173	166	152	149	166	149	(17)	(10.2%)
Cloud, security and service management	179	179	176	167	160	176	160	(16)	(9.1%)
Procurement and partners	20	23	26	27	27	26	27	1	3.9%
Managed data, network and services	72	73	65	72	64	65	64	(1)	(1.5%)
Other product	28	42	33	47	49	33	49	16	48.5%
Total product gross margin	959	1,013	989	1,011	997	989	997	8	0.8%
Other gains	4	24	16	10	588	16	588	572	NM
Total gross margin	963	1,037	1,005	1,021	1,585	1,005	1,585	580	57.7%

Connections

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Mobile connections ¹	2,431	2,421	2,445	2,503	2,629	2,445	2,629	184	7.5%
Voice connections by type ²									
POTS and ISDN ³	215	187	159	132	107	159	107	(52)	(32.7%)
VoIP	69	69	69	66	60	69	60	(9)	(13.0%)
Voice over wireless	23	24	20	17	14	20	14	(6)	(30.0%)
	307	280	248	215	181	248	181	(67)	(27.0%)
Broadband connections by technology									
Copper	157	131	113	95	79	113	79	(34)	(30.1%)
Fibre	381	395	402	415	423	402	423	21	5.2%
Wireless ⁴	166	178	187	194	202	187	202	15	8.0%
	704	704	702	704	704	702	704	2	0.3%
IoT connections	372	476	623	832	1,160	623	1,160	537	86.2%

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

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

³ Prior year connection numbers have been restated to reflect updated POTS connection numbers.

⁴ FY21 wireless broadband connections have been restated to include data only connections of 2,394.

Group FTE's

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
FTE permanent	4,961	4,889	4,921	4,924	4,976	4,921	4,976	55	1.1%
FTE contractors	121	150	190	208	182	190	182	(8)	(4.2%)
Total FTE	5,082	5,039	5,111	5,132	5,158	5,111	5,158	47	0.9%

Dividends

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
Ordinary dividends (cents per share)	12.50	12.50	12.50	12.50	13.50	12.50	13.50	1.00	8.0%
Special dividends (cents per share)	-	-	-	-	-	-	-	-	-%
	12.50	12.50	12.50	12.50	13.50	12.50	13.50	1.00	8.0%

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Group operating revenues and other gains

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues									
Mobile									
Service revenue	420	432	441	458	480	441	480	39	8.8%
Non-service revenue	231	228	237	215	252	237	252	15	6.3%
	651	660	678	673	732	678	732	54	8.0%
Voice									
Access	62	67	57	52	45	57	45	(12)	(21.1%)
Calling	71	67	70	68	59	70	59	(11)	(15.7%)
Other voice revenue	21	20	19	19	18	19	18	(1)	(5.3%)
	154	154	146	139	122	146	122	(24)	(16.4%)
Broadband ¹	337	333	324	315	313	324	313	(11)	(3.4%)
Cloud, security and service management	217	226	224	222	214	224	214	(10)	(4.5%)
Procurement and partners	236	178	301	237	319	301	319	18	6.0%
Managed data, network and services	140	142	140	143	142	140	142	2	1.4%
Other product revenues ²	57	80	61	91	104	61	104	43	70.5%
Total operating revenues	1,792	1,773	1,874	1,820	1,946	1,874	1,946	72	3.8%
Other gains	4	24	16	10	4	16	4	(12)	(75.0%)
Adjusted operating revenues and other gains	1,796	1,797	1,890	1,830	1,950	1,890	1,950	60	3.2%
Net gain on sale of Connexa	-	-	-	-	584	-	584	584	NM
Total operating revenues and other gains	1,796	1,797	1,890	1,830	2,534	1,890	2,534	644	34.1%

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

² Other product revenues includes revenues from Consumer, Business, Wholesale and other customer segments.

Operating revenues and other gains by customer segment

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Operating revenues and other gains									
Consumer	769	779	777	757	797	777	797	20	2.6%
Business	935	897	1,018	952	1,019	1,018	1,019	1	0.1%
Wholesale and other	92	121	95	121	718	95	718	623	NM
	1,796	1,797	1,890	1,830	2,534	1,890	2,534	644	34.1%

Finance income

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Finance income									
Finance lease interest income	6	7	6	3	4	6	4	(2)	(33.3%)
Other interest income	11	10	8	9	12	8	12	4	50.0%
	17	17	14	12	16	14	16	2	14.3%

Net investment income

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Net investment income									
Share of associates' and joint ventures' net losses	-	(1)	(1)	-	(3)	(1)	(3)	(2)	NM
Interest income on loans receivable from associates and joint ventures	-	-	-	-	2	-	2	2	100.0%
	-	(1)	(1)	-	(1)	(1)	(1)	-	-%

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Group operating expenses

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Product costs									
Mobile	244	230	241	206	255	241	255	14	5.8%
Voice	67	61	60	60	51	60	51	(9)	(15.0%)
Broadband	171	160	158	163	164	158	164	6	3.8%
Cloud, security and service management	38	47	48	55	54	48	54	6	12.5%
Procurement and partners	216	155	275	210	292	275	292	17	6.2%
Managed data, network and services	68	69	75	71	78	75	78	3	4.0%
Other product costs	29	38	28	44	55	28	55	27	96.4%
	833	760	885	809	949	885	949	64	7.2%
Labour	256	237	263	232	269	263	269	6	2.3%
Other operating expenses									
Network support costs	44	42	44	21	45	44	45	1	2.3%
Computer costs	51	50	55	56	57	55	57	2	3.6%
Accommodation costs	32	35	30	35	40	30	40	10	33.3%
Advertising, promotions and communication	44	28	34	26	33	34	33	(1)	(2.9%)
Bad debts	(1)	(6)	3	1	4	3	4	1	33.3%
Impairment expense	-	2	2	-	-	2	-	(2)	(100.0%)
Other	37	30	36	38	43	36	43	7	19.4%
	207	181	204	177	222	204	222	18	8.8%
Adjusted operating expenses	1,296	1,178	1,352	1,218	1,440	1,352	1,440	88	6.5%
Spark Sport provision	-	-	-	-	52	-	52	52	NM
Total operating expenses	1,296	1,178	1,352	1,218	1,492	1,352	1,492	140	10.4%

Finance expense

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Finance expense									
Finance expense on long-term debt	21	22	23	22	22	23	22	(1)	(4.3%)
Other interest and finance expense	6	4	4	7	7	4	7	3	75.0%
Lease interest expense	15	11	10	9	15	10	15	5	50.0%
Leased customer equipment interest expense	4	4	3	4	4	3	4	1	33.3%
	46	41	40	42	48	40	48	8	20.0%
Capitalised interest	(3)	(3)	(3)	(5)	(5)	(3)	(5)	(2)	(66.7%)
	43	38	37	37	43	37	43	6	16.2%

Depreciation and amortisation expense

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Depreciation and amortisation expense									
Depreciation - property, plant and equipment	124	118	116	118	114	116	114	(2)	(1.7%)
Depreciation - right-of-use assets	35	42	40	40	36	40	36	(4)	(10.0%)
Depreciation - leased customer equipment assets	19	17	18	19	19	18	19	1	5.6%
Amortisation - intangible assets	84	82	83	86	79	83	79	(4)	(4.8%)
	262	259	257	263	248	257	248	(9)	(3.5%)

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Analysis & KPI's - Mobile

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Mobile revenue by type (Consumer and Business)									
Mobile service revenue	415	427	435	451	472	435	472	37	8.5%
Mobile non-service revenue ¹	223	221	229	205	231	229	231	2	0.9%
	638	648	664	656	703	664	703	39	5.9%
Wholesale and other customer segment mobile revenue ²	13	12	14	17	29	14	29	15	NM
Total mobile revenue	651	660	678	673	732	678	732	54	8.0%
Mobile product costs ³	(244)	(230)	(241)	(206)	(255)	(241)	(255)	(14)	(5.8%)
Mobile gross margin	407	430	437	467	477	437	477	40	9.2%
Mobile gross margin %	62.5%	65.2%	64.5%	69.4%	65.2%	64.5%	65.2%	0.7%	
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total mobile revenue by customer segment									
Consumer	438	441	454	444	486	454	486	32	7.0%
Business	200	207	210	212	217	210	217	7	3.3%
Wholesale and other	13	12	14	17	29	14	29	15	NM
	651	660	678	673	732	678	732	54	8.0%
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	\$ per month	%
Average revenue per user (ARPU) - 6 month active (Consumer and Business)									
Total ARPU	28.51	29.66	30.19	30.84	31.19	30.19	31.19	1.00	3.3%
Pay-monthly ARPU	39.97	40.31	40.17	41.01	41.59	40.17	41.59	1.42	3.5%
Prepaid ARPU	14.36	15.42	16.26	16.47	17.11	16.26	17.11	0.85	5.2%
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Number of mobile connections at period end - 6 month active (Consumer and Business) ⁴									
Pay-monthly connections	1,355	1,386	1,416	1,437	1,471	1,416	1,471	55	3.9%
Prepaid connections	1,047	1,008	1,001	1,038	1,131	1,001	1,131	130	13.0%
Internal connections	4	4	4	4	4	4	4	-	-%
Total mobile connections	2,406	2,398	2,421	2,479	2,606	2,421	2,606	185	7.6%

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

² Includes MVNO revenue.

³ Includes handset, interconnect and cellphone tower access costs.

⁴ Excludes MVNO connections but includes SIM based SmartWatch connections.

Spark New Zealand

Analysis & KPI's - Voice

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Revenue by type									
Access	62	67	57	52	45	57	45	(12)	(21.1%)
Calling	71	67	70	68	59	70	59	(11)	(15.7%)
Other voice revenue	21	20	19	19	18	19	18	(1)	(5.3%)
Total voice revenue	154	154	146	139	122	146	122	(24)	(16.4%)
Voice product costs ¹	(67)	(61)	(60)	(60)	(51)	(60)	(51)	9	15.0%
Voice gross margin	87	93	86	79	71	86	71	(15)	(17.4%)
Voice gross margin %	56.5%	60.4%	58.9%	56.8%	58.2%	58.9%	58.2%	(0.7%)	
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Voice connections by type²									
POTS and ISDN	215	187	159	132	107	159	107	(52)	(32.7%)
VoIP	69	69	69	66	60	69	60	(9)	(13.0%)
Voice over wireless	23	24	20	17	14	20	14	(6)	(30.0%)
Total voice connections³	307	280	248	215	181	248	181	(67)	(27.0%)
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Voice connections by customer segment									
Consumer	74	77	64	54	46	64	46	(18)	(28.1%)
Business	151	140	134	121	106	134	106	(28)	(20.9%)
Wholesale and other	82	63	50	40	29	50	29	(21)	(42.0%)
Total voice connections³	307	280	248	215	181	248	181	(67)	(27.0%)

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

² Prior year connection numbers have been restated to reflect updated POTS connection numbers.

³ Excludes Cloud Telephony which has been moved to Managed Networks.

Analysis & KPI's - Broadband

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Total broadband revenue	337	333	324	315	313	324	313	(11)	(3.4%)
Broadband product costs ⁴	(171)	(160)	(158)	(163)	(164)	(158)	(164)	(6)	(3.8%)
Broadband gross margin	166	173	166	152	149	166	149	(17)	(10.2%)
Broadband gross margin %	49.3%	52.0%	51.2%	48.3%	47.6%	51.2%	47.6%	(3.6%)	
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Broadband connections by technology									
Copper	157	131	113	95	79	113	79	(34)	(30.1%)
Fibre	381	395	402	415	423	402	423	21	5.2%
Wireless	166	178	187	194	202	187	202	15	8.0%
Total broadband connections	704	704	702	704	704	702	704	2	0.3%
	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	000's	000's	000's	000's	000's	000's	000's	000's	%
Broadband connections by customer segment									
Consumer	598	595	593	595	594	593	594	1	0.2%
Business	103	105	105	104	104	105	104	(1)	(1.0%)
Wholesale and other	3	4	4	5	6	4	6	2	50.0%
Total broadband connections	704	704	702	704	704	702	704	2	0.3%

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

Spark New Zealand

Analysis & KPI's - Cloud, security and service management

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cloud revenue	113	116	119	114	116	119	116	(3)	(2.5%)
Security revenue	19	20	18	19	18	18	18	-	-
Service management revenue	85	90	87	89	80	87	80	(7)	(8.0%)
Cloud, security and service management revenue	217	226	224	222	214	224	214	(10)	(4.5%)
Cloud, security and service management product costs	(38)	(47)	(48)	(55)	(54)	(48)	(54)	(6)	(12.5%)
Cloud, security and service management gross margin	179	179	176	167	160	176	160	(16)	(9.1%)
Cloud, security and service management gross margin %	82.5%	79.2%	78.6%	75.2%	74.8%	78.6%	74.8%	(3.8%)	
Contribution margin (approximated) % ¹	34.6%	38.5%	34.8%	37.4%	32.7%	34.8%	32.7%	(2.1%)	
Cloud KPIs	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
Number of private cloud clients ²	329	359	346	346	340	346	340	(6)	(1.7%)
Number of public cloud clients	304	335	335	353	295	335	295	(40)	(11.9%)
Power usage efficiency for dedicated data-centre sites	1.50	1.48	1.49	1.50	1.50	1.49	1.50	0.01	0.7%
Megawatt hours for dedicated data centre sites	22,091	22,874	21,664	22,181	22,212	21,664	22,212	548	2.5%
Security KPIs	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
Number of security clients ²	1,153	1,174	1,110	1,107	1,043	1,110	1,043	(67)	(6.0%)
Average monthly revenue per security client	2,746	2,839	2,703	2,861	2,876	2,703	2,876	173	6.4%
Service management KPIs	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
Number of service management clients ²	671	694	712	688	670	712	670	(42)	(5.9%)
Average monthly revenue per service management client	21,113	21,614	20,365	21,560	19,900	20,365	19,900	(465)	(2.3%)

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

² The client count measures for private cloud, security and service management have been retrospectively updated following improvements in the classification of clients that consume more than one variant of a service across the Spark Group.

Analysis & KPI's - Procurement and partners

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Procurement and partners revenue	236	178	301	237	319	301	319	18	6.0%
Procurement and partners product costs	(216)	(155)	(275)	(210)	(292)	(275)	(292)	(17)	(6.2%)
Procurement and partners gross margin	20	23	26	27	27	26	27	1	3.8%
Procurement and partners gross margin %	8.5%	13.0%	8.6%	11.4%	8.5%	8.6%	8.5%	(0.1%)	

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

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Collaboration	33	35	38	40	39	38	39	1	2.6%
Managed data and networks	107	107	102	103	103	102	103	1	1.0%
Managed data, network and services revenue	140	142	140	143	142	140	142	2	1.4%
Managed data, network and services product costs ³	(68)	(69)	(75)	(71)	(78)	(75)	(78)	(3)	(4.0%)
Managed data, network and services gross margin	72	73	65	72	64	65	64	(1)	(1.5%)
Managed data, network and services gross margin %	51.4%	51.4%	46.4%	50.3%	45.1%	46.4%	45.1%	(1.3%)	

³ 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	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Cash flows from operating activities									
Receipts from customers	1,828	1,719	1,901	1,755	1,975	1,901	1,975	74	3.9%
Receipts from interest	16	16	13	11	16	13	16	3	23.1%
Payments to suppliers and employees	(1,321)	(1,137)	(1,327)	(1,279)	(1,460)	(1,327)	(1,460)	(133)	(10.0%)
Payments for income tax	(118)	(70)	(93)	(67)	(120)	(93)	(120)	(27)	(29.0%)
Payments for interest on debt	(23)	(23)	(23)	(25)	(23)	(23)	(23)	-	-%
Payments for interest on leases	(16)	(10)	(10)	(9)	(15)	(10)	(15)	(5)	(50.0%)
Payments for interest on leased customer equipment assets	(4)	(4)	(3)	(3)	(4)	(3)	(4)	(1)	(33.3%)
Net cash flows from operating activities	362	491	458	383	369	458	369	(89)	(19.4%)
Cash flows from investing activities									
Proceeds from sale of property, plant and equipment	-	6	-	-	1	-	1	1	NM
Proceeds from sale of business	8	22	-	-	894	-	894	894	NM
Proceeds from long-term investments	-	6	3	1	-	3	-	(3)	(100.0%)
Receipts from finance leases	2	4	2	1	1	2	1	(1)	(50.0%)
Receipts from loans receivable	-	1	-	-	-	-	-	-	NM
Payments for purchase of businesses net of cash acquired	-	(25)	-	(7)	-	-	-	-	NM
Payments for, and advances to, long-term investments	(4)	(9)	(39)	(20)	(2)	(39)	(2)	37	94.9%
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum) and capacity	(212)	(118)	(216)	(209)	(246)	(216)	(246)	(30)	(13.9%)
Payments for spectrum intangible assets	-	(51)	-	-	-	-	-	-	NM
Payments for capitalised interest	(3)	(3)	(3)	(5)	(5)	(3)	(5)	(2)	(66.7%)
Net cash flows from investing activities	(209)	(167)	(253)	(239)	643	(253)	643	896	NM
Cash flows from financing activities									
Net (repayments of)/proceeds from debt	100	(138)	99	115	(517)	99	(517)	(616)	NM
Payments for dividends	(167)	(163)	(225)	(224)	(234)	(225)	(234)	(9)	(4.0%)
Payments for leases	(20)	(36)	(33)	(36)	(31)	(33)	(31)	2	6.1%
Payments for leased customer equipment assets	(16)	(18)	(25)	(21)	(15)	(25)	(15)	10	40.0%
Net cash flows from financing activities	(103)	(355)	(184)	(166)	(797)	(184)	(797)	(613)	NM
Net cash flows	50	(31)	21	(22)	215	21	215	194	NM
Opening cash position	53	103	72	93	71	72	71	(1)	(1.4%)
Closing cash position	103	72	93	71	286	93	286	193	NM

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

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
EBITDAI	500	619	538	612	1,042	538	1,042	504	93.7%
<i>Excluding</i>									
Other gains and impairments	4	22	14	10	536	14	536	522	NM
EBITDAI ex. other gains and impairments	496	597	524	602	506	524	506	(18)	(3.4%)
<i>Less</i>									
Cash paid on maintenance capital expenditure	185	104	188	184	200	188	200	12	6.4%
Cash paid on interest	27	21	23	26	26	23	26	3	13.0%
Cash paid on tax payments	118	70	93	67	120	93	120	27	29.0%
Cash paid on leases	34	50	56	56	45	56	45	(11)	(19.6%)
Total cash payments on capital expenditure, interest, tax and lease	364	245	360	333	391	360	391	31	8.6%
Free cash flow¹	132	352	164	269	115	164	115	(49)	(29.9%)
Change in working capital									
Change in receivables	(92)	104	(42)	104	(59)	(42)	(59)	(17)	(40.5%)
Change in payables	61	(45)	(63)	78	3	(63)	3	66	NM
Change in inventory	(11)	(20)	29	14	1	29	1	(28)	(96.6%)
Change in contract assets	(11)	(2)	(5)	3	3	(5)	3	8	NM
Change in prepayments (excluding CAPEX)	12	(27)	37	(37)	22	37	22	(15)	(40.5%)
Total change in working capital - increase/(decrease)	(41)	10	(44)	162	(30)	(44)	(30)	14	31.8%
<i>Cash conversion</i>	102%	97%	110%	79%	102%	110%	102%	-8%	(7.1%)

¹ 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	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Maintenance Capex									
Cloud	9	11	7	8	11	7	11	4	57.1%
Converged Communications Network (CCN)	15	12	11	11	16	11	16	5	45.5%
International cable construction and capacity purchases	1	8	1	6	-	1	-	(1)	(100.0%)
IT systems	64	53	87	63	62	87	62	(25)	(28.7%)
Mobile network	58	48	62	38	69	62	69	7	11.3%
Core sustain and resiliency	34	21	26	27	36	26	36	10	38.5%
Other	9	5	3	4	6	3	6	3	100.0%
Total maintenance capital expenditure excluding spectrum	190	158	197	157	200	197	200	3	1.5%
Growth Capex									
5G acceleration	-	-	12	13	-	12	-	(12)	(100.0%)
Data centres	-	1	9	22	50	9	50	41	NM
Total growth capital expenditure excluding spectrum	-	1	21	35	50	21	50	29	NM
Total capital expenditure excluding spectrum	190	159	218	192	250	218	250	32	14.7%
Total capital expenditure excluding spectrum to operating revenue and other gains	10.6%	8.8%	11.5%	10.5%	9.9%	11.5%	9.9%		
Total capital expenditure excluding spectrum to adjusted operating revenue and other gains	10.6%	8.8%	11.5%	10.5%	12.8%	11.5%	12.8%		
Mobile spectrum	-	51	-	-	-	-	-	-	NM
Total capital expenditure including spectrum	190	210	218	192	250	218	250	32	14.7%
Total capital expenditure including spectrum to operating revenue and other gains	10.6%	11.7%	11.5%	10.5%	9.9%	11.5%	9.9%		
Total capital expenditure including spectrum to adjusted operating revenue and other gains	10.6%	11.7%	11.5%	10.5%	12.8%	11.5%	12.8%		

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

Analysis & KPI's - Capital expenditure depreciation and amortisation

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

	H1 FY21	H2 FY21	H1 FY22	H2 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22 vs H1 FY23	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
Depreciation - property, plant and equipment	124	118	116	118	114	116	114	(2)	(2.0%)
Depreciation - right-of-use assets ¹	11	11	11	11	11	11	11	-	NM
Amortisation - intangible assets	84	82	83	86	79	83	79	(4)	(4.8%)
Total capital expenditure depreciation and amortisation	219	211	210	215	204	210	204	(6)	(2.9%)

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