Spark New Zealand

# H1 FY26 Results Summary


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# H1 FY26 results summary

Continued momentum – mobile service revenue growth and cost-out discipline delivering strong EBITDAI and free cash flow growth

## H1 FY26 result

Strong EBITDAI and free cash flow (FCF) growth relative to H1 FY25, FY26 guidance reaffirmed

| | H1 FY26 Outcome | Change vs H1 FY25 |
|---|---|---|
| Adjusted Revenue | $1,917 million | 1.1% decrease |
| Adjusted EBITDAI | $471 million | 5.1% increase |
| Free cash flow | $107 million[3] | 84.5% increase |

## SPK-30 strategy

Continued momentum in mobile, productivity, network performance, and customer experience

1 Mobile service revenue up 1.6%
2 $51 million cost out delivered in H1
3 #1 for 4G and 5G coverage experience[1]
4 Customer experience (iNPS) up 5 points[2]

## Dividend and capital management

Data centre transaction completion to support debt reduction, dividend of 8 cents per share declared

- Data centre transaction completed
- Established new financing structure for IFP [3,4]
- Debt on track to reduce to ~1.7x net debt/EBITDAI
- H1 FY26 dividend of 8 cps declared, 50% imputed

(1) Spark ranked first for overall coverage experience and 5G coverage experience, while maintaining a top spot in reliability and availability. As awarded by Opensignal in the October 2025 NZ Mobile Network Experience report

(2) December 2025 score of 41 – up +5 points since December 2024, and +1 point from end FY25

(3) The impact of the sale of the Interest Free Payments (IFP) receivable book has been removed from the calculation of working capital which contributes to free cash flow

(4) Interest Free Payments for handsets and accessories

# H1 FY26 financial snapshot

**Adjusted revenue [1,3]**
$1,917 million
1.1% decrease vs. H1 FY25

**Reported revenue [2]**
$1,893  million
1.2% decrease vs. H1 FY25

**Adjusted EBITDAI [3, 4]**
$471 million
5.1% increase vs. H1 FY25

**Reported EBITDAI [2]**
$448 million
10.3% increase vs. H1 FY25

**Adjusted NPAT [3]**
$73 million
30.4% increase vs. H1 FY25

**Reported NPAT**
$64 million
82.9% increase vs. H1 FY25

**BAU Capex**
$217 million
8.8% decline vs. H1 FY25

**Free cash flow**
$107 million
84.5% increase vs. H1 FY25

**H1 FY26 dividend**
8 cents per share, 50% imputed

(1) Operating revenues and other gains
(2) Reported revenue and EBITDAI exclude the results of the data centre business which is classified as a discontinuing operation in the Financial Statements
(3) Adjusted revenue, EBITDAI and NPAT include the data centre business in H1 FY26 and H1 FY25. Adjusted EBITDAI and NPAT exclude $9m of transaction costs in H1 FY26 incurred in relation to the sale of the data centre business (which will form part of the gain on sale calculation in H2 FY26) and $29m of transformation costs (and associated tax impact) incurred in the implementation of the SPK-30 strategy in H1 FY25.
(4) 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. Free cash flow is also a non-GAAP measure and is defined on page 7 of Spark's detailed KPIs

# Mobile performance overview

Mobile service revenue growth driven by new product development, focused campaign activity, and plan mix

## Spark mobile performance

- Mobile service revenues grew 1.6%, supported by:
  - Continued ARPU growth in Consumer and SME Pay Monthly, with connections largely flat
  - Connection and ARPU trends stabilising in both Prepaid and Enterprise and Government, following plan refreshes and targeted retention activity
  - Wholesale revenue growth driven mainly by B2B messaging product refresh and MVNO activity

| | H1 FY25[1] | H1 FY26 | % change |
|---|---|---|---|
| **Mobile Service Revenue** | | | |
| Total | $491m | $499m | +1.6% |
| Consumer and SME | $428m | $437m | +2.1% |
| Enterprise and Government | $51m | $47m | -7.8% |
| Wholesale | $12m | $15m | +25% |
| **Connections and ARPU – Consumer and SME** | | | |
| Pay monthly connections | 1,207k | 1,203k | -0.3% |
| Prepaid connections | 1,106k | 1,077k | -2.6% |
| Pay monthly ARPU | $44.03 | $46.23 | +5.0% |
| Prepaid ARPU | $16.21 | $15.98 | -1.4% |
| **Connections and ARPU – Enterprise and Government** | | | |
| Connections | 312k | 308k | -1.3% |
| ARPU | $27.18 | $25.05 | -7.8% |

(1) FY25 H1 total restated to reallocate Digital Island connections from Enterprise and Government to Consumer and SME, post divestment

# Mobile performance detail

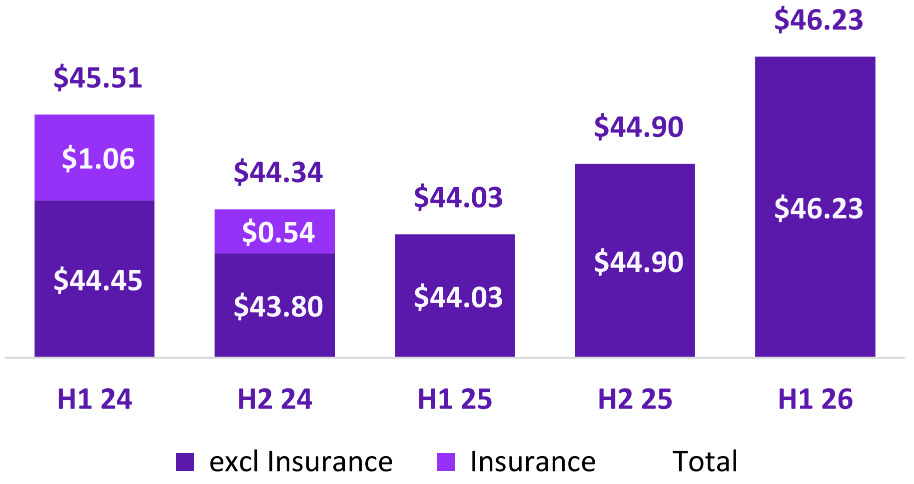
SPK-30 focus on core connectivity driving mobile performance improvements since end FY25

## Consumer and SME Pay Monthly

*Strong ARPU growth in highest value segment*

- Pay monthly connections broadly flat
- Strong ARPU growth supported by customer uptake of more competitive, high value plans
- IFP acquisitions up 15% YoY – linked to higher value customers and stronger retention
- New Kids Plan launched, requiring a parent on a >$50 plan – supporting base growth and retention

### Consumer and SME Pay Monthly ARPU

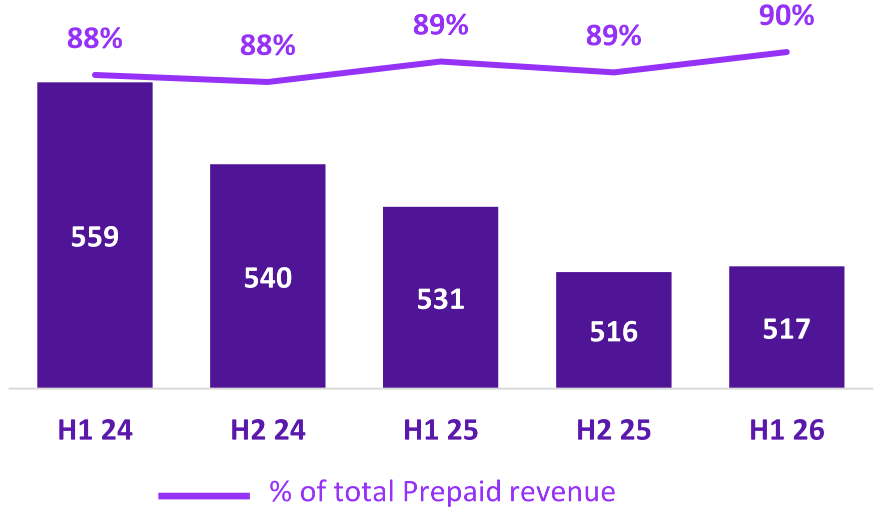



## Consumer Prepaid

*Highest value connections (NZ packs) stabilising*

- Spark prepaid connections include three segments – NZ packs, casuals, and travellers
- NZ packs account for ~90% of prepaid revenue and connection decline is stabilising following plan refresh and strong promotional activity
- This secures a platform for future cross and up-sell, as further product development and offers are launched
- Skinny prepaid NZ base grew 2%, with strong uptake of long-term plans launched in H1

### NZ Base

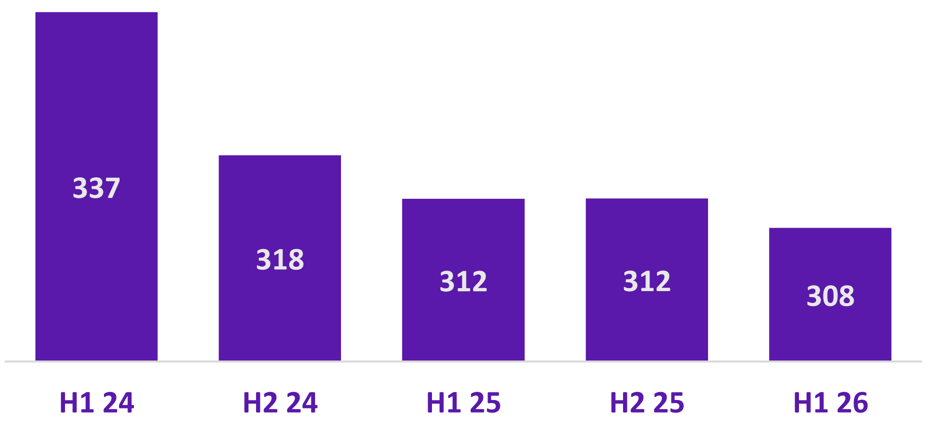



## Enterprise and Government

*Connections and ARPU further stabilising since FY25*

- Slower rate of ARPU decline – down 7.8% in H1 FY26 vs 13.4% in FY25
- ~7k connections on-boarded in H1 from recent wins
- More customers won than lost in H1 – small connection decline due to fleet shrinkage (including 3G shutdown) and low value connection loss
- H2 benefitting from new wins and re-signs

### E&G Connections (000)

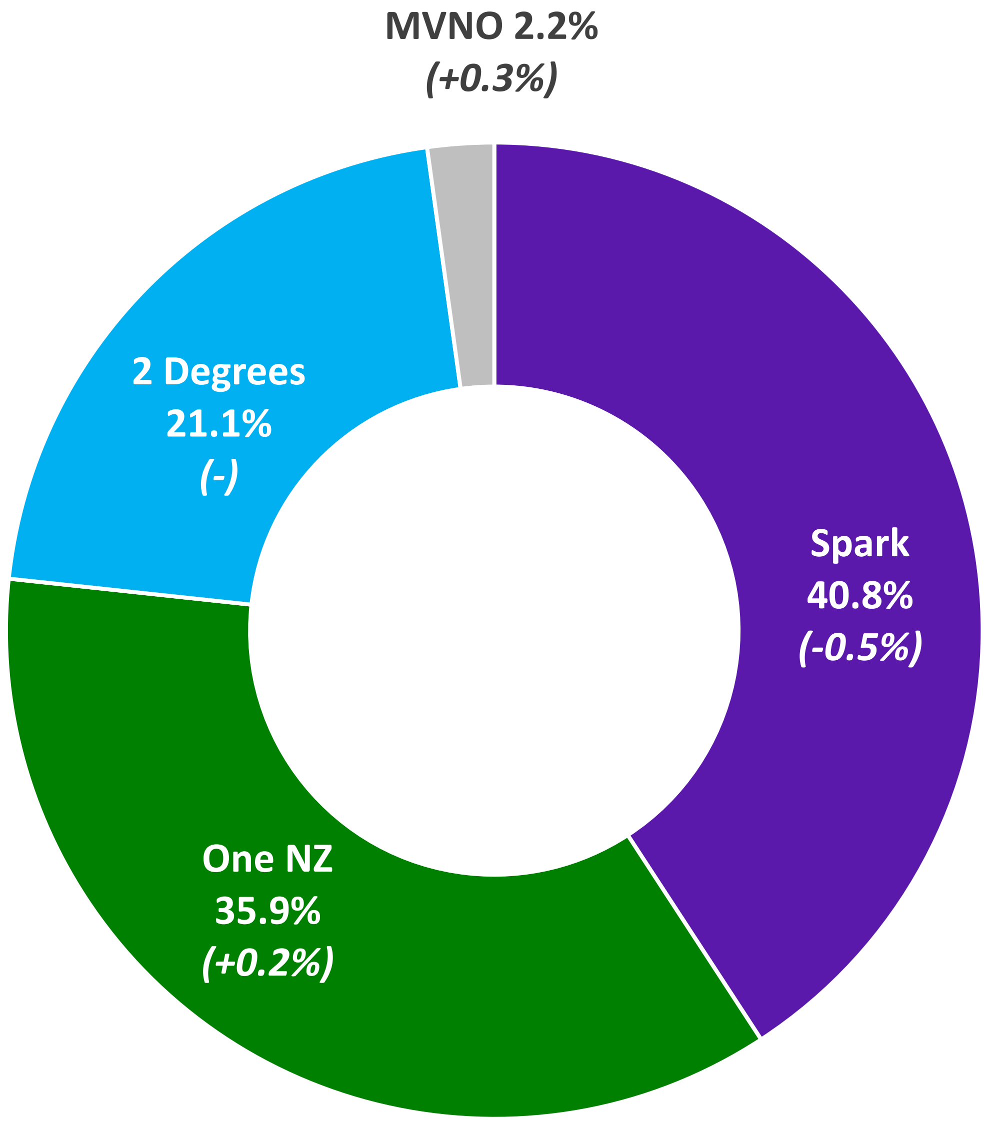


# Overall market growth

Mobile market growth continues to improve over the last six months

## Overall mobile market performance(1)

- Total mobile market by revenue grew ~1.3% since 30 June 25
- Spark's mobile service revenue continues to grow, but at a slower rate than the market, resulting in a small share contraction of 0.5pp
- Spark has ~40% of MVNO connections, and Spark MVNO revenue growth is broadly in line with MVNO market growth




(1) All comparisons are market share estimates sourced from IDC as at 31 December 2025

# Strong pipeline of market activity

Continued investment in new technology, product, customer and network experiences

### 5G Standalone capabilities launching

Growing pipeline of Business customers accessing private network capability, trialling slicing use cases

### Satellite-to-mobile on its way

Satellite text and data testing underway, with customer launch planned for H2[1]

### Competitive revamp of roaming

New and improved roaming product to launch – more competitive in a growing e-SIM market, with better CX

### Growing coverage leadership

Continuing to strengthen coverage leadership[2], with >100 new and upgraded sites planned for H2 FY26

### Skinny technology investment

Technology platform upgrade to provide new product functionality and better customer experiences

### #1 rated telco app in NZ[3]

New MySpark App to further extend CX advantage, with new customer experience, service, and safety features

**Continued brand and marketing investment in *It's Better with Spark* platform**


(1) Eligible phone, plan, and line of sight to the sky required

(2) Spark ranked first for overall coverage experience and 5G coverage experience, while maintaining a top spot in reliability and availability. As awarded by Opensignal in the October 2025 NZ Mobile Network Experience report

(3) Based on customer ratings in Apple App Store

# Connectivity and IT performance summary

Broadband revenue stable, cloud growth continues, while other connectivity and service management decline

### Core connectivity

- **Broadband:** revenue stable, with refreshed wireless broadband plans and mobile bundling propositions launching in H2
- **Voice:** decline in line with long-term trend
- **Other connectivity[1]:** revenue decline driven by the divestment of Digital Island and migration off legacy products to modern, lower ARPU alternatives

### Beyond the core

- **Cloud:** revenue growth driven by continued migration from private to public and expansion of existing public cloud environments to support rising data storage needs
- **Service management:** revenue declined as business project activity remains muted and customers continue to migrate off legacy products to lower ARPU alternatives
- **Simplification update:** continued focus driving cost efficiency. Migration of customers off legacy collaboration products on track to complete in H2 FY26

| | H1 FY25 | H1 FY26 | % change |
|---|---|---|---|
| **Core Connectivity** | | | |
| Broadband | $302m | $303m | 0.3% |
| Voice | $78m | $65m | (16.7%) |
| Other Connectivity[1] | $182m | $163m | (10.4%) |
| **Beyond the core** | | | |
| Cloud | $118m | $120m | 1.7% |
| Service Management | $61m | $49m | (19.7%) |

(1) Includes IoT, Managed data and networks, collaboration, and security

# Cost reduction programme on track

Disciplined execution delivers significant net cost reduction in H1

### FY26 net cost reduction target of $30m-$50m heavily weighted to H1

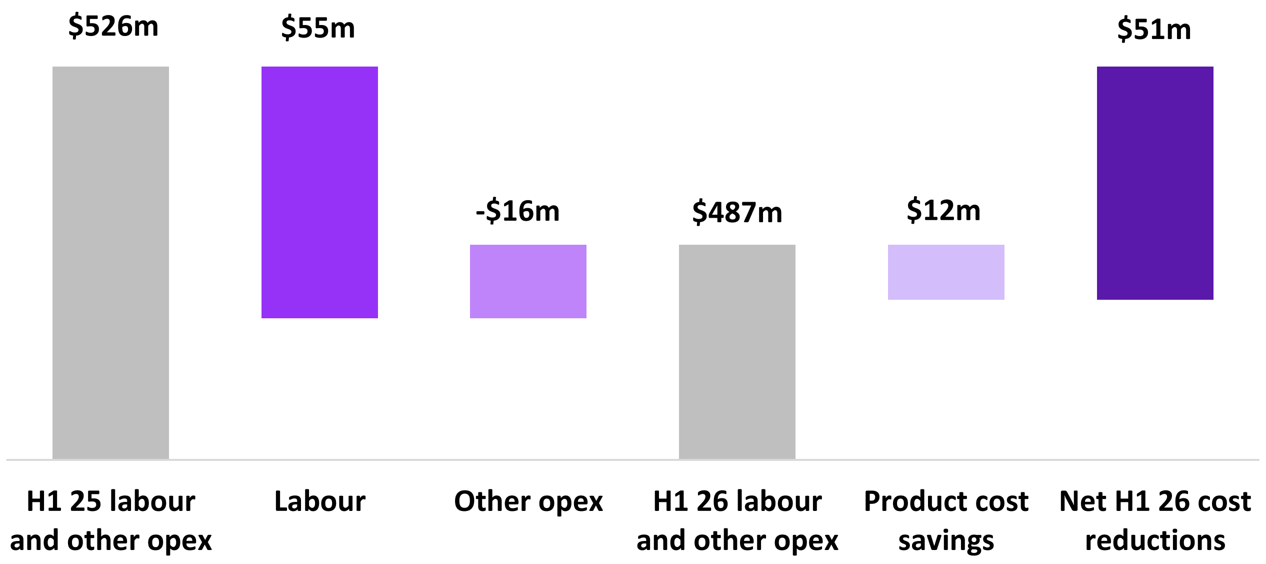
- $51m in productivity savings delivered by:
  - $55m of net labour reductions, reflecting the benefit of changes in calendar 2025;
  - $12m of product cost reductions, previously expected to fall in other opex;
  - Offset by $16m increase in other opex, primarily due to planned $11m marketing spend to drive business growth and expected changes under the new technology delivery model

### As a result, the FY26 net cost reduction target has been narrowed to $40m-$50m

- In H2 further productivity savings will be delivered, however, these reductions are not expected to continue at the same rate as H1 on a PCP basis:
  - FY26 labour costs continue to trend down, with much of this benefit front run in H1 from FTE reductions in FY25 and further simplification in H1 FY26;
  - A weighting towards significant product cost savings in H2 FY26 from improved buying terms;
  - Increases in other opex with a full year of the new technology delivery model, inflationary cost pressures, severances, and legacy shutdown, while higher marketing costs normalise

### On track to deliver annualised targeted savings of $110m-$140m by end of FY27[1]

### H1 FY25 to H1 FY26 YoY Cost Reduction




(1) Subject to no material adverse change in operating outlook

# Our ambition: It's better with Spark

New strategic focus delivering better network and customer experiences

## Better Network

- **Expanded Spark's 4G coverage leadership to also include 5G,** as independently rated by OpenSignal[1]
- **Expanded network coverage and performance** with >100 sites built and upgraded, and 5G Standalone trials delivering peak speed increases of ~75%
- **New network monetisation opportunities** in testing with Aduna, focused on SIM swap and number verification to improve customer security
- **Expanded network safety for customers** with automated network blocking of malicious websites introduced

## Better CX

- **iNPS up 5 points**[2] YoY – driven by simplified customer journeys, faster support, and improved online experiences
- **New in-app caller authentication** reducing average call times by ~2 minutes, and supporting faster in-store support
- **Better Prepaid app experience** with fewer steps to purchase, and more intuitive customer care
- **Outage Assist** kept over 400,000 broadband customers connected, delivering ~6.5 million GB of free mobile data during H1

## Made better by AI

- AI trial launched to automatically adjust energy use, coverage, and capacity at cell sites in line with demand
- 'Vibe-e' collaboration with Infosys – an AI coding initiative that automates software testing to increase product speed to market
- AI now identifying repeat customer interactions and escalating for faster resolution – supporting customers with complex needs
- Agentic AI now reducing collaboration product set up time by ~60% for business customers

(1) Spark ranked first for overall coverage experience and 5G coverage experience, while maintaining a top spot in reliability and availability. As awarded by Opensignal in the October 2025 NZ Mobile Network Experience report.

(2) December 2025 score of 41 – up 5 points since December 2024, and 1 point from end FY25

# Sustainability

Consistent progress, maintaining top quartile position in the S&P Corporate Sustainability Assessment


### Continued progress towards emissions reduction targets

- Science-based emissions target (SBTi) on track – scope 1 and 2 emissions 32% lower than the trajectory required in H1 FY26 to meet 2030 target[1]

### Ethical supply chain practices continue to mature

- Received 'A' rating in Monash University's annual Modern Slavery Disclosure Quality Ratings of ASX100 Companies

### Continued to lead digital equity progress alongside our communities

- Not-for-profit broadband product, Skinny Jump, now supporting over 34,500 households in need across the country
- Maintained top quartile position in the World Benchmarking Alliance's Digital Inclusion Benchmark

(1) Our H1 emissions reduction performance reflects data centre operations and 53,849 MWh of renewable energy generated by the Lauriston solar farm. The reported half year reduction is provisional and may change following year end reconciliation

# Data centre transaction completed

Sale of a 75% stake to Pacific Equity Partners (PEP) completed, with Spark retaining a 25% stake in the growing data centre market

## Transaction details

- Realises value for data centre assets now, while creating further value for shareholders over the long term through Spark's 25% retained stake
- Spark received initial cash proceeds of ~$453m[1], with additional deferred cash proceeds of up to ~$98 million contingent on the achievement of performance-based objectives by end 2027

## TenPeaks Data Centres

- Data centre assets and operations transferred over to new stand-alone company – TenPeaks – with customer transition well underway
- 23MW of capacity currently operational, with 130MW+ capacity development pipeline and significant growth potential beyond


(1) Final net proceeds subject to completion adjustments and deferred cash proceeds

# Our SPK-30 strategy ambitions

Strong progress in first six months of new five-year strategy

## Financial Ambition[1]

| | FY30 | H1 FY26 Update |
|---|---|---|
| **Productivity** | Annualised savings of \$150m-\$180m (from FY24 baseline) | On track |
| **EBITDAI** | Low single digit CAGR from FY25-FY30 | On track |
| **Capex** | Capex to revenue ratio 10-12% | On track |
| **Free cash flow** | Mid-single digit CAGR from FY25-FY30 | On track |
| **ROIC[2]** | 11-13% | On track |

## Non-Financial Ambition

| | FY30 | H1 FY26 Update |
|---|---|---|
| **Customer** | >45+ iNPS (industry best practice) | 41+ up 5pts from H1 FY25 |
| **Network** | Maintain: Most reliable network, with widest coverage experience[3] | Maintained #1 for widest coverage experience (4G and 5G), tied #1 for reliability[3] |
| **Employee** | Top quartile employee engagement | Employee engagement up 9 points from H2 FY25 |
| **Sustainability** | Reduce absolute scope 1 and 2 GHG emissions 56% by 2030 from a FY20 baseline year | On track – scope 1 and 2 emissions 32% lower than the trajectory required in H1 FY26 to meet 2030 target |

(1) Financial and non-financial ambitions should not be relied upon by investors as guidance. Annual guidance will be provided for each year at the FY results briefing

(2) ROIC is calculated as net operating profit (EBITDAI less depreciation and amortisation) after tax (at 28%) as a percentage of Invested Capital (total debt including leases plus equity)

(3) Spark ranked first for overall coverage experience and 5G coverage experience, while maintaining a top spot in reliability and availability. As awarded by Opensignal in the October 2025 NZ Mobile Network Experience report

# Financial summary

# H1 FY26 financial summary

| | REPORTED H1 FY25 | REPORTED H1 FY26 | CHANGE | ADJUSTED H1 FY25 | ADJUSTED H1 FY26 | CHANGE |
|---|---|---|---|---|---|---|
| Operating revenues and other gains | 1,916 | 1,893 | (1%) | 1,939 | 1,917 | (1%) |
| Operating expenses | (1,510) | (1,445) | (4%) | (1,491) | (1,446) | (3%) |
| **EBITDAI** | 406 | 448 | 10% | 448 | 471 | 5% |
| Net financing cost | (60) | (55) | (8%) | (60) | (55) | (8%) |
| Depreciation and amortisation | (293) | (304) | 4% | (300) | (304) | 1% |
| Net investment income/(expense) | - | (1) | NM | - | (1) | NM |
| **Net earnings before tax expense** | 53 | 88 | 66% | 88 | 111 | 26% |
| **Tax expense** | (22) | (34) | 55% | (32) | (38) | 19% |
| **Net earnings after tax expense** | 31 | 54 | 74% | 56 | 73 | 30% |
| Net earnings from discontinuing operation | 4 | 10 | NM | - | - | - |
| **Total net earnings after tax expense** | 35 | 64 | 83% | 56 | 73 | 30% |
| BAU capital expenditure | 238 | 217 | (9%) | 238 | 217 | (9%) |
| Free cash flows excluding spectrum | 58 | 107 | 84% | 58 | 107 | 84% |
| EBITDAI margin | 21.2% | 23.7% | 2.5%pts | 23.1% | 24.6% | 1.5%pts |
| Effective tax rate | 41.5% | 38.6% | (2.9%)pts | 36.4% | 34.2% | (2.2%)pts |
| Capex to operating revenues and other gains[2] | 13.2% | 14.3% | 1.1% pts | 13.0% | 14.1% | 1.1%pts |
| Total earnings per share (cents) | 1.7 | 2.9[1] | 71% | 3.1 | 3.9 | 26% |
| Total dividend per share (cents) | 12.5 | 8.0 | (36%) | 12.5 | 8.0 | (36%) |

(1) From continuing operations
(2) Capex in this ratio includes strategic and BAU capex – H1 FY26 is elevated with $54m of strategic capex related to the data centre business

# H1 FY26 financial summary

## Reported result vs. H1 FY25

- Reported operating revenue and other gains down 1% to $1,893m
- Reported EBITDAI up 10%, or $42m, to $448m
- Net financing costs of $55m decreased 8% due to lower average net debt, while tax expense of $34m was 55% higher due to greater pre-tax earnings
- Discontinued earnings of $10m related to the contribution from the data centres business – up on the PCP as assets held for sale are no longer depreciated
- Reported NPAT up 83% to $64m
- BAU capital expenditure reduced 9% to $217m as the 5G rollout matures

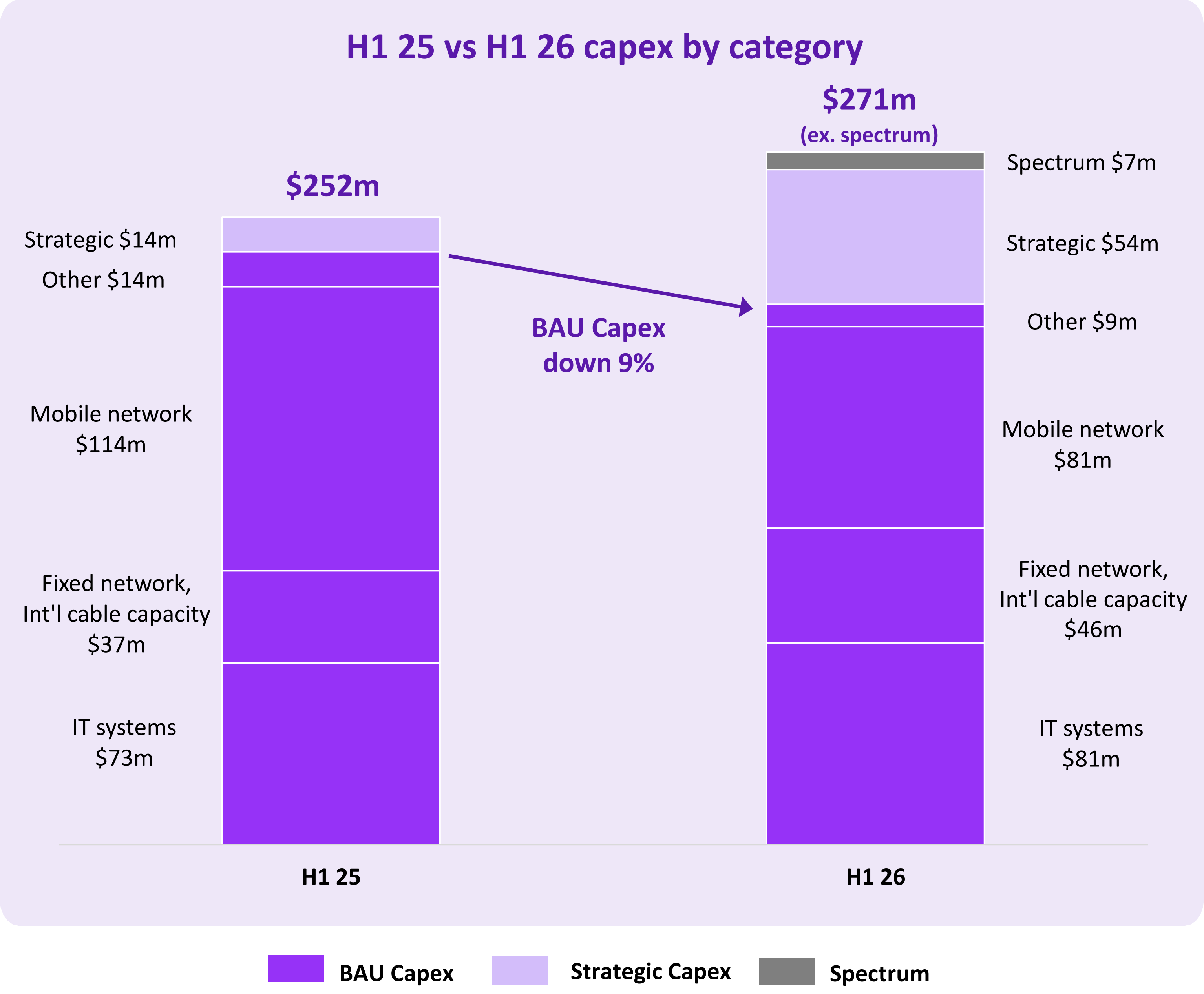
## Adjusted result vs. H1 FY25

- Adjusted revenue and EBITDAI include the data centre business for both H1 FY26 and H1 FY25
- Adjusted H1 FY26 EBITDAI excludes $9m of data centre transaction costs, which will form part of the gain on sale calculation and will be reported in FY26
- Adjusted H1 FY25 EBITDAI excludes $29m of SPK-30 transformation costs
- Adjusted operating revenue and other gains down 1% to $1,917m reflecting improvement in mobile revenue and offset by the divestment of Digital Island,  and lower other connectivity and non core revenue
- Operating expenses of $1,446m were $45m lower than H1 FY25, due to lower labour costs, product cost savings, and other cost out initiatives
- As a result, adjusted EBITDAI was up 5%, or $23m, to $471m
- Adjusted NPAT up 30% to $73m

# Capital expenditure

Investment focused on core connectivity in line with SPK-30 strategy, BAU capex down 9% YoY

- H1 FY26 capex of $271m is $19m higher driven mainly by increase in strategic data centre capex:
    - Lower BAU capex of $21m as 5G rollout matures
    - Strategic capex reflects $54m investment in land related to data centre growth strategy (consistent with guidance)
    - Following completion of the data centre sale strategic capex will be significantly reduced in future periods
- Spectrum relates to additional 20 MHz of 5G spectrum acquired from Tū Ātea, with a NPV of $7m over 18-year rights
- Focus on disciplined capital expenditure continues into H2 FY26, on track to deliver BAU capex of $380m-$410m



# Free cash flow

FCF growth primarily driven by EBITDAI growth and lower cash tax payments

- H1 FY26 FCF of $107m up 84% driven by improvement in EBITDAI and lower cash tax paid
- Targeted H1 to H2 uplift in FCF will be driven by EBITDAI profile, lower capex, improved working capital, and offset by higher cash tax payments
- Change in H1 working capital adjusted for the impact of the sale of the IFP receivables book(1)
- H1 FY26 lease payments normalised following the cash benefit from the move to 50 Albert Street in H1 FY25
- On track to FY26 FCF guidance of $290m-$330m[2]

| Free cash flow calculation | H1 FY25 ($m) | H1 FY26 ($m) | Change ($m) | Change (%) |
|---|---|---|---|---|
| Reported EBITDAI | 406 | 448 | 42 | 10% |
| Add EBITDAI from discontinuing operations | 13 | 14 | 1 | 8% |
| Less adjusting items and non-cash gains | 6 | (15) | (20) | NM |
| EBITDAI for free cash flow | 425 | 447 | 22 | 5% |
| *Less* | | | | |
| Cash paid on BAU capex | (212) | (212) | - | - |
| Cash paid on interest | (58) | (51) | 7 | (12%) |
| Cash paid on tax payments | (78) | (14) | 64 | (82%) |
| Cash paid on leases | (43) | (58) | (15) | 35% |
| Total cash payments on items above | (391) | (335) | 56 | (14%) |
| Change in working capital | 24 | (5)(1) | (29) | NM |
| **Free cash flow** | **58** | **107** | **49** | **84%** |
| Cash paid on strategic capex | (14) | (51) | (37) | NM |
| Free cash flow less strategic capex | 44 | 56 | 12 | 27% |

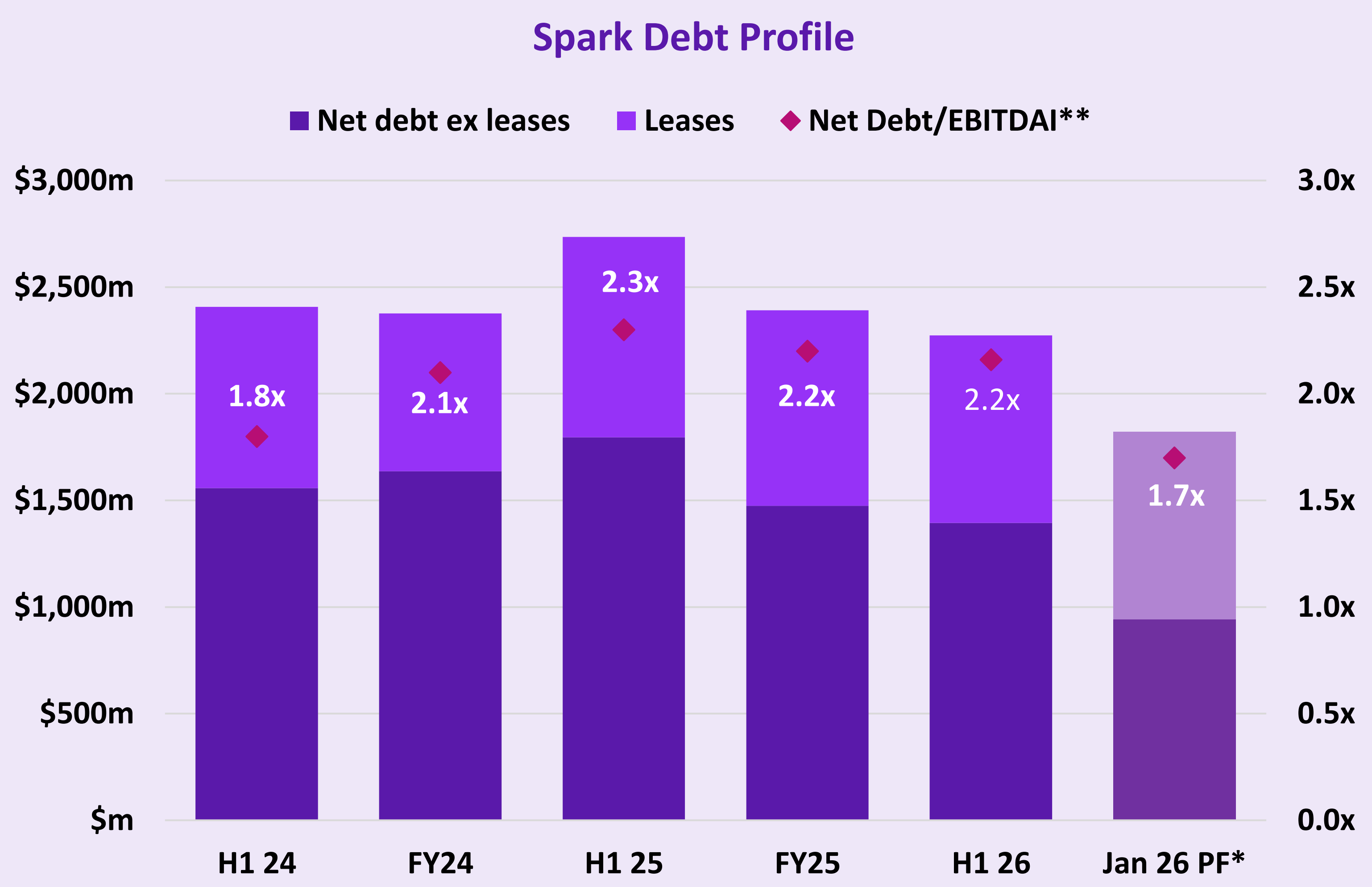
(1) Change in working capital has been adjusted by $213m to remove the impact of the sale of the IFP receivables book during H1 FY26

(2) Subject to no material adverse change in operating outlook

# Debt and dividends

Ongoing focus on disciplined capital management

- H1 FY26 net debt (ex leases) of $1.39bn is 5% or $81m lower than net debt at FY25, driven by sale of the IFP book and offset by the impact of capex (both BAU and strategic)
- Net debt/EBITDAI leverage ratio at 31 December 2025 remained at 2.2x (ratio not materially impacted by IFP book sale)
- The pro forma ratio of 1.7x reflects the receipt of data centre transaction proceeds on 30 January 2026
- Spark remains committed to maintaining a strong balance sheet consistent with its current credit rating
- An interim dividend of 8cps, 50% imputed has been declared based on FY26 FCF guidance of $290m-$330m[1]




*Jan 26 pro forma is calculated on the basis of the data centres transaction being completed on 30 January 2026
**Calculation of net debt/EBITDA consistent with S&P methodology

(1) Subject to no material adverse change in operating outlook

# FY26 debt key metrics

| Net debt | H1 FY25 ($m) | FY25 ($m) | H1 FY26 ($m) |
|---|---|---|---|
| Net debt at hedged rates | $1,796 | $1,475 | $1,393 |
| Net debt at hedged rates including lease liabilities[1] | $2,735 | $2,392 | $2,273 |
| **Debt ratios** | | | |
| Borrowing costs (annualised) | 5.6% | 5.6% | 5.6% |
| Weighted average debt maturity (years) | 3.1 years | 3.1 years | 2.5 years |
| Debt servicing[2] | 2.3x | 2.2x | 2.2x |
| Gearing | 66% | 61% | 63% |
| Interest cover | 7x[3] | 8x | 8x[3] |

(1) Prior historical periods restated for the additional leaseback liability on customer leases
(2) Debt servicing is calculated as (Net debt at hedge rates including lease liabilities - captive finance adjustments)/(Adjusted EBITDAI - captive finance adjustments) which Spark estimates aligns to S&P's credit rating calculation

(3) H1 FY25 and H1 FY26 interest cover is calculated using the H1 25 and H1 26 earnings and interest costs respectively

# FY26 Guidance reaffirmed[1]

| | FY26 Guidance[2] |
|---|---|
| Adjusted EBITDAI | $1,010m - $1,070m |
| BAU capex | $380m - $410m |
| Strategic capex (data centres) | ~$55m[3] |
| Free cash flow[4] | $290m - $330m |
| Dividend | 100% of FCF |

(1) Subject to no material adverse change in operating outlook
(2) FY26 Guidance reflects the completion of the data centres transaction in January 2026 with the data centres accounted for as an associate (i.e. earnings below the EBITDAI line) for the remainder of FY26. Any gain on sale from the data centres transaction is excluded from the adjusted EBITDAI
(3) There was $1m of capex spent on data centres in January 2026 before completion, adding to the $54m spent in H1 FY26
(4) Definition of free cash flow - Reported EBITDAI, less adjusting items and non-cash gains/losses; BAU capex; interest costs; tax; lease costs; impact of changes in working capital, and excluding strategic and spectrum capex

Spark nz