MARKET RELEASE – Thursday, 20 August 2026

Mobile service revenue returns to growth as Spark advances SPK-30 strategy

- Delivered FY26 results within guidance:
  - Reported revenue[1] of $3,949 million increased 6.0%; adjusted revenue of $3,700 million unchanged
  - Reported EBITDAI[2] of $1,295 million increased 23.0%; adjusted EBITDAI of $1,035 million declined 2.4%
  - Reported NPAT[3] of $499 million increased 91.9%; adjusted NPAT of $225 million declined 0.9%
  - BAU capital expenditure was $401 million, flat on FY25
  - Free cash flow (FCF) increased 18.5% to $308 million
- First year of SPK-30 strategy execution delivered mobile revenue up 4.4%, mobile service revenue back in growth at +1.1%, and $40 million in productivity benefits
- Completion of data centre transaction returning net debt to targeted levels
- Board declared a final dividend of 8 cents per share, taking the total FY26 dividend to 16 cents per share[4], representing 100% of FCF

Spark New Zealand (Spark) today announced its FY26 results, with the first year of its SPK-30 strategy delivering a return to mobile service revenue growth, strong free cash flow growth, ongoing cost reduction, and a strengthened balance sheet following completion of the data centre transaction.

Spark Chair Justine Smyth said "Our SPK-30 strategy reflects clear choices about where Spark can build sustainable competitive advantage and deliver improved shareholder returns over time. We are encouraged by the progress made during this first year of execution, and by the momentum in areas where we have concentrated effort and investment, particularly mobile.

"With an 18.5% increase in free cash flow to $308 million, the total FY26 dividend is 16 cents per share[4], representing a 100% payout ratio, in line with guidance.

"The Board remains focused on ensuring Spark's portfolio supports the strategic choices we have made and strengthens long-term performance. During the year we completed the sale of a 75% stake in our data centre business, generating $462 million in net proceeds and returning debt to targeted levels. Our retained 25% interest enables Spark to continue participating in the significant long-term growth opportunity in the sector.

"In July we announced a strategic review into the areas identified as outside core operations, including cloud and IT services, which now form part of the Digital Services division. This review will assess how to maximise the value and returns generated by this division for shareholders and is expected to be completed during the first half of FY27."

FY26 performance

Spark's FY26 financial results include reported and adjusted figures (see note to editors). Reported revenue of $3,949 million increased 6.0%, while adjusted revenue of $3,700 million remained unchanged from FY25.

Mobile revenues increased 4.4% to $1,517 million, with mobile service revenue growing 1.1% to $998 million – supported by strong ARPU[5] growth in the consumer and SME[6] segment, as innovation in product and customer experience delivered more value and choice for customers. Spark saw ongoing connection and ARPU stabilisation in price-driven categories of the market, including its domestic prepaid base and enterprise and government.

Broadband revenue declined 2.0% to $596 million in a highly competitive, price-driven market, while gross margin grew through product cost management. Business connectivity revenue declined 9.9% to $327 million due to the divestment of Digital Island, the transition from legacy managed data and network products to modern solutions, and the timing of IoT hardware sales, partially offset by continued IoT connection growth.

In Digital Services, cloud revenue remained broadly flat at $233 million, as 20% growth in public cloud was offset by the continued transition away from higher-margin private cloud. IT Services revenue decreased 10.3% to $104 million, reflecting lower project activity in the subdued economic environment and the ongoing migration of legacy services.

Reported EBITDAI of $1,295 million increased 23.0%, primarily due to the gain on sale of the data centre transaction. Adjusted EBITDAI of $1,035 million declined 2.4%, primarily reflecting declines in digital services, the continued decline in legacy voice – which now represents only 3.2% of overall revenue – and five fewer months of data centre earnings following the sale partway through the year.

Mobile growth and $40 million in productivity benefits partially offset these impacts. Continued mobile momentum, further cost reduction, diminishing legacy products, and ongoing portfolio management are expected to support EBITDAI growth in future years.

Reported NPAT of $499 million increased 91.9%, while adjusted NPAT of $225 million was down 0.9% on FY25. Free cash flow increased 18.5% to $308 million, supported by strong financial management.

Spark CEO Jolie Hodson said the result reflected strong execution in the areas that matter most to customers.

"Our focus this year was on turning the SPK-30 strategy into better outcomes for our customers and measurable performance improvements for our shareholders.

“Mobile service revenue returned to growth as we continued to build in more value for our customers. We delivered New Zealand’s first Kids Plan, introduced better roaming experiences, and launched satellite-to-mobile capability. We completed the nationwide shutdown of our 3G network on time and to plan, freeing up spectrum to support the ongoing expansion of 5G.

“Returning to EBITDAI growth remains a focus, and we are clear on what will deliver it – building on the healthy mobile growth we saw this year, embedding structural productivity improvements across our business, reducing our exposure to declining legacy products, and further simplifying our portfolio.

"Our strategic focus on better network and customer experiences is delivering tangible results, with Spark retaining leadership in 4G and 5G mobile coverage experience in New Zealand[7] and improving customer experience for the sixth year in a row.

“We are scaling our use of AI to make it easier for customers to get the help they need, and embedding new technology partnerships to improve efficiency and access global innovation. Our people are pivotal to our success, and we were pleased to grow employee engagement 11 points during the year. We have started FY27 with growing momentum in our core business and a clear path to deliver better outcomes for customers and sustainable value for shareholders.”

FY27 guidance

Spark provided the following guidance for FY27, subject to no material adverse change in operating outlook:

- Adjusted EBITDAI: $1,010-$1,080 million
- Free cash flow: $300-$350 million
- BAU capital expenditure[8]: $350-$380 million

- Dividend payout ratio: Dividend guidance based on a payout ratio of 90-100% of FCF, supported by a target[9] FY27 dividend range of 16-18 cents per share

Notes to Editors:

Spark's FY26 financial results include reported and adjusted figures, as follows:

Reported
Reported results include continuing operations and removes the results of the data centre business, which is classified as a discontinued operation. This means data centre net earnings are disclosed separately in the financial statements.

Adjusted
Adjusted results include the earnings of the data centre business up until the point of sale, while excluding the $278 million gain on sale, and in FY25 remove the $71 million gain on sale from the Connexa stake and the $53 million of transformation costs. This provides a like-for-like, year-on-year performance comparison. A detailed reconciliation is contained on page 9 of Spark's detailed FY26 financial statements.

Footnotes

[1] Operating revenues and other gains

[2] 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

[3] Net profit after tax

[4] 50% imputed

[5] Average revenue per user

[6] Small and medium enterprises.

[7] Spark ranked first for overall coverage experience and 5G coverage experience, as awarded by Opensignal in the October 2025 NZ Mobile Network Experience report

[8] BAU capital expenditure excludes strategic capital expenditure. In FY26, strategic capital expenditure included investment associated with the data centre business ahead of completion of the transaction, which supported the higher sale price achieved through the transaction.

[9] The target FY27 dividend range of 16-18 cents per share is intended to provide investors with a clearer expected dividend outcome than a payout ratio alone, while maintaining the discipline of linking dividends to free cash flow generation. Final dividend decisions remain subject to Board approval.

#Ends

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