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MARKET RELEASE – 23 AUGUST 2024

Spark New Zealand Limited FY24 Results

In accordance with the NZX Listing Rules, Spark New Zealand releases the following to the market in relation to Spark New Zealand Limited's FY24 results:

1. Market Release
2. Results Announcement
3. Distribution Notice
4. Annual Report
5. Investor Presentation
6. Detailed Financial Information
7. Annual Corporate Governance Statement
8. Modern Slavery and Human Rights Statement
9. Greenhouse Gas Inventory Report
10. Dividend Reinvestment Plan Offer document (to be reinstated for the H2 FY24 dividend)
11. Dividend Reinvestment Plan Participation Notice.

Spark New Zealand's Chief Executive, Jolie Hodson, and Chief Financial Officer, Stefan Knight, will discuss the FY24 Results at 10:00am New Zealand time today.

If you would like to join via teleconference, please register by clicking the below link:
s1.c-conf.com/diamondpass/10037971-udt43c.html

Please note that registered participants will receive their dial in number upon registration.

ASX Appendix 3A.1 will follow this release.

ENDS

Authorised by:

Chante Mueller
Head of Investor Relations & Insurance

For more information contact

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About Spark

As New Zealand's largest telecommunications and digital services company, Spark's purpose is to help all of New Zealand win big in a digital world. Spark provides mobile, broadband, and digital services to millions of New Zealanders and thousands of New Zealand businesses.
www.sparknz.co.nz

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MARKET RELEASE – FRIDAY 23 AUGUST 2024

Spark announces FY24 full-year results

- Reported and adjusted[1], Revenue[2], EBITDAI[3], and NPAT[4] declined
- Mobile service revenue surpassed $1 billion for the first time and IT products, data centres, and high-tech continued to grow
- Growth offset as economic conditions impacted IT services demand, competition intensified in business mobile, and lower consumer spending impacted mobile devices and accessories
- SPK-26 Operate Programme accelerated in H2, but could not adapt the cost base to changing demand quickly enough, with benefits to be largely realised in FY25
- On-market share buy-back concluded[5] and total FY24 dividend of 27.5 cents per share declared, 100% imputed

Spark New Zealand (Spark) today announced its FY24 results. Spark Chair Justine Smyth said, "It has been a challenging year for Spark and for many businesses across Aotearoa, with recessionary economic conditions creating a tough operating environment.

"Public sector spending cuts and deferred private sector investment had a significant impact on IT services revenues, while lower household and business spending impacted mobile devices and accessories sales, and intensified competitive pricing pressure, particularly in business mobile.

"We did see strong growth in many of our core markets such as mobile, where service revenue surpassed $1 billion for the first time, as well as cloud, data centres, and high-tech.

"This was not enough to offset subdued demand in other areas, and we could not adapt our cost base quickly enough as the market turned. As a result, EBITDAI declined to $1,163 million, NPAT declined to $316 million, and this had a flow through impact to lower free cash flow of $330 million.

"While we are disappointed to not achieve our FY24 ambitions, as we look to the year ahead our business fundamentals are strong, our underlying drivers of growth are enduring, and our continued focus on cost reduction will improve margins and support growth.

"Our data centre strategy is a significant mid-term growth opportunity. The reinstatement of our Dividend Reinvestment Plan[6] for the H2 FY24 dividend and a potential hybrid capital notes issuance will help fund our growth investments in the near term and we will also explore other equity funding options such as capital partnerships.

"The Board remains committed to maintaining financial strength and flexibility and our investment grade credit rating, and approved a total FY24 dividend of 27.5 cents per share, 100% imputed, for our shareholders."

FY24 operating performance

Spark's FY24 financial results are cycling the significant revenue and net profit declared in FY23 following the TowerCo and Spark Sport transactions. As such, both reported and adjusted year-

on-year comparisons are provided – the latter of which strips out the impact of the one-off gain to provide a like-for-like performance comparison.

In FY24 Spark delivered revenues of $3,861million, a decline of 1.2% on an adjusted basis and 14% on a reported basis. This resulted in EBITDAI of $1,163 million, a decline of 2.5% on an adjusted basis and 32.5% on a reported basis.

Reported NPAT declined 72.2% to $316 million as a result of cycling the TowerCo and Spark Sport transactions, lower EBITDAI, higher finance expenses and depreciation, and a one-off $26 million non-cash tax adjustment relating to recent Government policy changes[7]. Adjusted NPAT, excluding one-off items in both years, declined 21% to $342 million.

Lower EBITDAI and higher interest, lease costs, and non-cash earnings impacted free cash flow, which reduced 32.5% to $330 million.

Spark maintained its leading position in the mobile market by service revenue and total connections[8], with service revenues surpassing $1 billion for the first time – increasing 3.1% to $1,010 million. This was driven by connection growth, price increases, and the stabilisation of roaming revenues in the consumer market and was partially offset by declines in the business market as price competition intensified.

Broadband revenue declined 2.1% to $613 million, as lower consumer spending increased price-driven competition, particularly amongst non-telco competitors.

In the digital services market, total IT revenue declined 1.6% to $692 million, driven by a 14.9% decline in IT services revenues as economic conditions impacted demand, and masking 3.5% growth in IT products revenues, driven by continued business migration to the cloud.

Data centres revenue grew 54.2% to $37 million, with Spark's Takanini campus expansion completed on time and on budget and new revenue streams coming online. High-tech revenue grew 21.5% to $79 million, with IoT revenues up 53.3% and over 2 million devices now connected to Spark's IoT networks.

Commenting on the results, Spark CEO Jolie Hodson said, "It has been a tough year, and while our FY24 performance was below our ambition, our business fundamentals remain strong, and we are focussed on returning to earnings growth in FY25.

"Our leadership in the growing mobile market will support future top-line growth as demand for data continues to grow, customer experience remains strong, and annual price reviews enable us to realise the value of the significant investments we make into our mobile network every year.

"The New Zealand data centre market is predicted to grow from ~90MW today to ~500MW[9] by 2030, driven by the acceleration of Generative AI and ongoing business migration to the cloud. With Spark's development pipeline now sitting at 118MW[10], and three strategic Auckland locations primed for investment, we are well positioned to capture a significant share of this growth and maintain our competitive position in the market.

"We must also continue to adapt as our markets change. Our SPK-26 Operate Programme will deliver further cost reductions across the business in FY25, as we leverage new efficiencies enabled by AI and transform our Enterprise and Government division by integrating our subsidiaries into Spark to remove duplication, simplify our product portfolio and processes, and deliver better customer experiences more efficiently.

"It is never easy to make changes that impact our people, and we do not do so lightly. However, to compete and better serve our customers we must make the difficult but necessary decisions to ensure our cost base is sustainable. We will continue to provide our teams with support to transition through any changes.

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"As we move through this period, we do so with solid foundations – customer satisfaction is up 7 points, employee engagement remains strong, and we have maintained top quartile sustainability benchmarking against our peers locally and globally.

"We have also continued to make significant investments into the digital infrastructure that underpins New Zealand's economy, supports businesses both big and small to grow, and unlocks new commercialisation opportunities for Spark. In FY24 we invested over $350 million into our highly secure and resilient network and digital infrastructure, delivering a 28% increase in mobile network capacity and underpinning growth in data centres, IoT, and high-tech."

FY25 guidance

Spark provided the following guidance for FY25, subject to no adverse change in operating outlook:

- **EBITDAI:** $1,165 - $1,220 million
- **Capital expenditure:** ~$460 - $480 million
- **Total dividend per share:** 27.5 cents per share, 75% imputed

#ENDS

Footnotes:

[1] FY24 reported revenue, EBITDAI, and NPAT adjusted for the impact of the FY23 TowerCo gain on sale and Spark Sport provision and FY24 reported NPAT adjusted for the impact on the tax expense arising from the change in Government policy on zero-rating of tax depreciation on buildings.
[2] Operating revenues and other gains.
[3] Earnings before finance income and expense, income tax, depreciation, amortisation, and net investment income (EBITDAI) and capital expenditure (Capex) are non-Generally Accepted Accounting Principles (non-GAAP) performance measures that are defined in note 2.5 of Spark's Annual Report.
[4] Net profit after tax.
[5] On 22 August 2024, the Board resolved to withdraw the on-market share buy-back, bringing the buy-back to a conclusion.
[6] Shares issued under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.
[7] Relating to recent Government policy changes to the zero-rating of tax depreciation on buildings.
[8] Market share estimates sourced from IDC as at 30 June 2024.
[9] Based on Spark's assessment of market information available from research reports, announced developments, land transactions, and other publicly available information.
[10] In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at the time of publishing.

Authorised by:

Chante Mueller
Head of Investor Relations & Insurance

For more information contact

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About Spark

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www.sparknz.co.nz

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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Spark New Zealand Limited	
Reporting Period	12 months to 30 June 2024	
Previous Reporting Period	12 months to 30 June 2023	
Currency	NZD - New Zealand Dollar	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	NZD$3,861,000	(14.0%)
Total Revenue	NZD$3,861,000	(14.0%)
Net profit/(loss) from continuing operations	NZD$316,000	(72.2%)
Total net profit/(loss)	NZD$316,000	(72.2%)
Interim/Final Dividend		
Amount per Quoted Equity Security	NZD$0.14000000 (comprised only of an ordinary dividend)	
Imputed amount per Quoted Equity Security	NZD$0.05444444	
Record Date	13 September 2024	
Dividend Payment Date	4 October 2024	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	As at 30 June 2024: NZD$0.41	As at 30 June 2023: NZD$0.61
A brief explanation of any of the figures above necessary to enable the figures to be understood	Changes in Spark's earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) are provided in the addendum. Net tangible assets per share declined by $0.20 per share from 30 June 2023 as the prior year calculation was high due to lower debt levels following the sale of the Connexa business. The FY24 calculation was more aligned to the FY22 net tangible assets per share calculation of $0.34.	
Authority for this announcement		
Name of person authorised to make this announcement	Stefan Knight, Finance Director (CFO)	
Contact person for this announcement	Chante Mueller, Head of Investor Relations	
Contact phone number	+64 (0) 27 469 3062	

Contact email address	investor-info@spark.co.nz
Date of release through MAP	23 August 2024

Audited financial statements accompany this announcement.

Addendum:

	Amount (000s)	Percentage change
Reported earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Reported EBITDAI)	NZD$1,163,000	(32.5%)
Adjusted earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (Adjusted EBITDAI)	NZD$1,163,000	(2.5%)[1]

[1] Adjustments in the FY23 adjusted earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) reflected the impact of the net gain on sale of Connexa of $583 million and the one-off provision of $54 million for Spark Sport (nil FY24). EBITDAI and Adjusted EBITDAI are non-GAAP measures which are defined and reconciled in note 2.5 of Spark's financial statements.

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Distribution Notice

Section 1: Issuer information				
Name of issuer	Spark New Zealand Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	SPK			
ISIN (If unknown, check on NZX website)	NZ TELE0001S4			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	Yes		
Record date	13 September 2024 AUST, NZ & USA;			
Ex-Date (one business day before the Record Date)	12 September 2024 AUST, NZ & USA;			
Payment date (and allotment date for DRP)	4 October 2024 AUST & NZ; 14 October 2024 USA			
Total monies associated with the distribution	NZD$253,981,767 (1,814,155,480 shares @ $0.14 per share)			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD – New Zealand Dollar			
Section 2: Distribution amounts per financial product				
Gross distribution	NZD$0.19444444			
Gross taxable amount	NZD$0.19444444			
Total cash distribution	NZD$0.14000000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	NZD$0.02470588			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
	~~Partial imputation~~			
	~~No imputation~~			
If fully or partially imputed, please state imputation rate as % applied	28%			
Imputation tax credits per financial product	NZD$0.05444444			

Resident Withholding Tax per financial product	NZD$0.00972222	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	3%	
Start date and end date for determining market price for DRP	Start date: 12 September 2024	End date: 18 September 2024
Date strike price to be announced (if not available at this time)	18 September 2024	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New Issue	
DRP strike price per financial product		
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	16 September 2024	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Stefan Knight, Finance Director (CFO)	
Contact person for this announcement	Chante Mueller, Head of Investor Relations	
Contact phone number	+64 (0) 27 469 3062	
Contact email address	investor-info@spark.co.nz	
Date of release through MAP	23 August 2024	

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KORA
Spark nz
hello tomorrow
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KO TE PAE ANAMATA
WHAKAMAUA
Hello tomorrow
Spark Annual Report FY24

Tahutahuna te Kora Karakia: the Spark Karakia

Papā te whatitiri,
hikohiko te uira
The thunder peels,
the lightning flashes

Ko te pae anamata,
whakamaua, kia ngita
Fix your attention
to the future horizon and secure it

Kei reira te kora e
pūrātoke ana
There, is a small gleaming fragment

Kua kitea te kora
e pūrātoke ana
We have found the small
gleaming fragment

Mā wai rā te kora e tutungi,
e poipoi?
Who will light and nurture
this spark?

Mā tātou te kora e tutungi,
e poipoi
It is us who will light and nurture
the spark!

Tahutahuna te kora, (hī!)
Set fire to the spark, yes!

te kora whitawhita, (hī!)
The zealous spark, yes!

te kora tangata ēi!
The spark of humanity!

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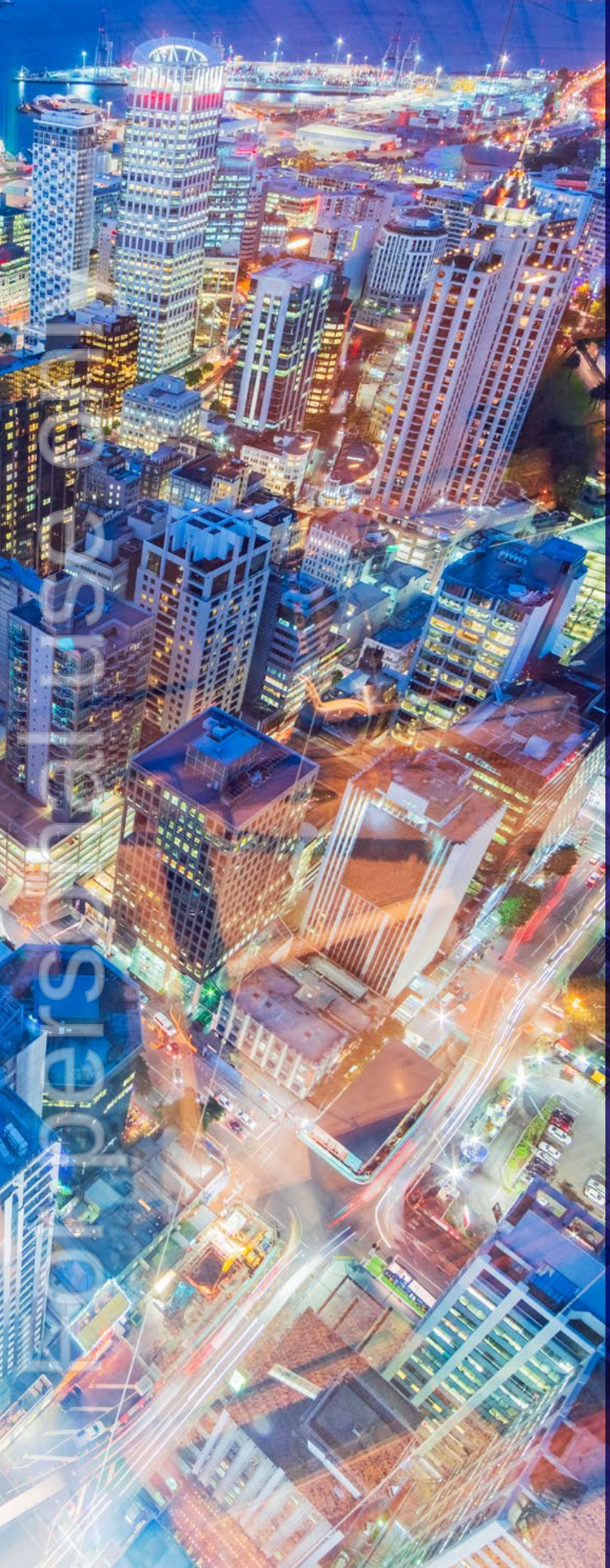

Accelerating Aotearoa through technology

Aotearoa New Zealand faces many interconnected challenges. The economic environment is tough, our productivity challenge is persistent, and climate change mitigation and adaptation is more urgent than ever before.

The good news is that the pace of technological advancement is accelerating just as quickly as these challenges.

Advanced digital technologies, such as generative AI, are changing the way people connect, communicate, and do business and have the potential to accelerate efficiency, productivity, and sustainability by enabling people and businesses to do things differently.

To bring these opportunities to our shores New Zealand will need investment in the digital infrastructure that underpins all forms of technology and connects us to the world, in innovation to unlock and scale new use cases, and in skilled people who can make it all a reality. And this is where Spark comes in.

As New Zealand's largest telecommunications and digital services provider, our ambition is to empower the people and businesses creating Aotearoa's tomorrow.

During FY24 we have continued to progress our three-year strategy, SPK-26, to achieve this goal. We are investing in the digital infrastructure that will underpin Aotearoa's digital economy and create long-term, sustainable growth for our shareholders.

We have continued to improve customer experiences by making it easier to interact with Spark, we are backing our business customers to leverage technology to its fullest potential, and we are investing in the skills and development of the people who make it all possible – our Spark whānau.

It has been a tough year for all New Zealand businesses, and Spark is not immune to these challenges. But we remain optimistic about our country's potential, the ingenuity of New Zealanders, and the role technology will play in enabling great people and businesses to do great things.

Ko te pae anamata whakamaua. Hello tomorrow.

FY24 highlights

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$1 billion+

in mobile service revenue and #1 in mobile market share[1]

118 MW[2]

data centre development pipeline[3]

+38

consumer and small business customer experience (iNPS)[4] up 7 points

67%

employee engagement remains strong

1. Maintained #1 position in mobile market share by service revenue and total connections. Market share estimates sourced from IDC as at 30 June 2024.
2. Megawatts (MW).
3. In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.
4. Interaction net promoter score (iNPS), a measure of customer satisfaction.

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103

locations, including cities and towns across Aotearoa, now have 5G

2 million+

devices connected to our Internet of Things (IoT) networks across New Zealand

10-year

renewable energy partnership with Genesis Energy – will account for ~60% of Spark's annual electricity requirements

31,776

households in need connected through our not-for-profit broadband service Skinny Jump

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Ko te pae anamata, whakamaua – hello tomorrow

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About this report

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- This is an integrated report that shares our financial, social, environmental, and economic performance. To inform our approach we have applied the International <IR> Framework, which considers the creation of value over the short, medium, and long term, thinking holistically about the resources and relationships our organisation uses or affects and the dependencies and trade-offs between them as value is created.
- At the heart of this approach is the <IR> value creation model (laid out on pages 6 and 7), which details the 'capitals' (the different resources and relationships that we rely on for our business activities) we draw upon, our strategy and business model, and the outputs and outcomes we deliver. We have a section of the report dedicated to each of these capitals. Our detailed financial report is covered in pages 106–155.
- The report also applies the Global Reporting Initiative (GRI) standards, the most widely used global sustainability reporting standard. This requires us to apply a materiality lens to identify and report against the sustainability issues most important to our business and our stakeholders. We have a dedicated sustainability appendix at the back of the report that includes our materiality matrix and GRI index, to direct readers to where we have covered specific sustainability topics in the report and elsewhere. See pages 163–174.
- This report includes climate risk reporting, which has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB). See pages 90–105.
- This Annual Report is published alongside a suite of other disclosures covering the FY24 period, including our Corporate Governance Statement, our Modern Slavery and Human Rights Statement, and our Greenhouse Gas Inventory Report. For the full suite of FY24 disclosures please visit **www.spark.co.nz/online/about/our-company/governance**

- This report covers the activities of Spark New Zealand Limited and its subsidiaries for the period 1 July 2023 to 30 June 2024. It is dated 23 August 2024 and is signed on behalf of the Board of Spark New Zealand Limited by Justine Smyth, Chair and Gordon MacLeod, Chair Audit and Risk Management Committee.

Justine Smyth, CNZM
Chair

Gordon MacLeod
Chair Audit and Risk Management Committee

Key dates

Annual Meeting
01 November 2024

FY25 half-year results announcement
21 February 2025

FY25 year-end results announcement
20 August 2025

How we create value

As part of Integrated Reporting, we use this diagram to show how we create value as a business. It starts with the forms of capital we rely on – from traditional forms of capital, such as financial capital, to broader forms of capital, such as manufactured or human capital. It then displays the outputs we have delivered as a result in FY24, alongside the longer-term outcomes we are trying to achieve.

WHAT WE RELY ON

Our customers

Social capital

Consumers and organisations that are enabled by our products and services

Our finances

Financial capital

Equity, debt and cash generated through our operations

Our network and technology

Manufactured + intellectual capital

Our mobile sites, data networks, systems, processes and digital services capability

Our environment

Natural capital

Energy, materials and impacts of our operations

Our people

Human + intellectual capital

Engaged, adaptive and inclusive teams that are the heart of our business

Our communities

Social + human capital

Our communities around New Zealand and the communities across our global supply chain

OUR BUSINESS MODEL

- A culture that develops and empowers our people
- Investment in resilient, adaptable infrastructure for New Zealand's future
- Innovation to create value for Spark and our customers
- Providing leading products and services that connect and enable New Zealanders

Including the elements of our Sustainability Framework on page 83

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OUTPUTS FY24 → OUTCOMES

- Over 2.7 million mobile connections, up 0.3% from FY23
- 687,000 broadband connections, down 12,000 from FY23
- Consumer and small business interaction score (iNPS) of +38, up 7 points from FY23

Connected customers

Enabling our customers to realise the benefits of digital technology and enabling their own value creation

→ See page 24

- $3,861 million operating revenue and other gains (down 14.0% on a reported basis and 1.2% on an adjusted basis[1])
- $316 million reported net profit after tax (down 72.2%) and $342 million adjusted net profit after tax (down 21%)[2]
- 27.5 cents per share dividend, up 0.5 cents per share from FY23

Capital for future investment

Enabling future investment in our business and providing market returns to grow financial capital for our shareholders

→ See page 10

- $350 million invested into our network and digital infrastructure in FY24
- 28% increase in mobile capacity from FY23
- 5G now live in 103 locations, including cities and towns across New Zealand, with 5G core build under way
- 22.3MW of data centre capacity and 118MW development pipeline
- Over 2 million devices now connected to our IoT networks
- Rural Connectivity Group delivered its 500th rural cell tower
- Established a network of satellite-connected small cells throughout the country

Connected and resilient New Zealand

Enabling a connected New Zealand and providing infrastructure to support innovation

→ See page 36

- New 10-year renewable energy partnership with Genesis Energy to supply ~60% of Spark's annual electricity needs from January 2025
- 16,874 tCO_2e scope 1 and 2 emissions, up 26.7% from FY23
- 450 tonnes of e-waste generated and recovered, a reduction of 109 tonnes from FY23
- 16,425 mobile phones collected for recycling and trade-in, up 1,306 from FY23
- Efficiencies enabled across other sectors through technology

Protecting the environment

Enabling a reduced draw on natural capital in our business and through our customers' use of technology

→ See page 46

- Employee engagement score of 67%, down from 70% in FY23
- 40:40:20 gender representation at Leadership Squad and senior leadership levels
- 78% of group-wide employees sharing ethnicity data
- New internal skilling centre, Te Awe, upskilling and reskilling Spark people

High performing, engaged, and inclusive teams

Enabling the success of our business and our people and growing New Zealand's human capital

→ See page 62

- Skinny Jump benefitting 31,776 households, up from 27,341 in FY23
- 659 marae connected through the Marae Digital Connectivity Programme, up from 622 in FY23
- Joint Audit Cooperation (JAC) membership supporting auditing of supply chain working conditions
- Spark Foundation investment supporting improved digital equity in communities

Connected and empowered communities

Enabling all New Zealanders to benefit from the digital world and improving social outcomes across our value chain

→ See page 56

1. The prior year is adjusted for the impact of the net gain on sale of Connexa of $583 million within other gains.
2. FY24 net earnings is adjusted for the impact of the zero-rating of tax depreciation on buildings, which has resulted in a $26 million non-cash increase in tax expense and corresponding reduction in the deferred tax asset. FY23 is adjusted for the impact of the net gain on sale of Connexa of $583 million, the one-off provision of $54 million for Spark Sport, the $5 million net gain on dilution of the investment in the Connexa group, and related tax impacts of $168 million.

Our operations

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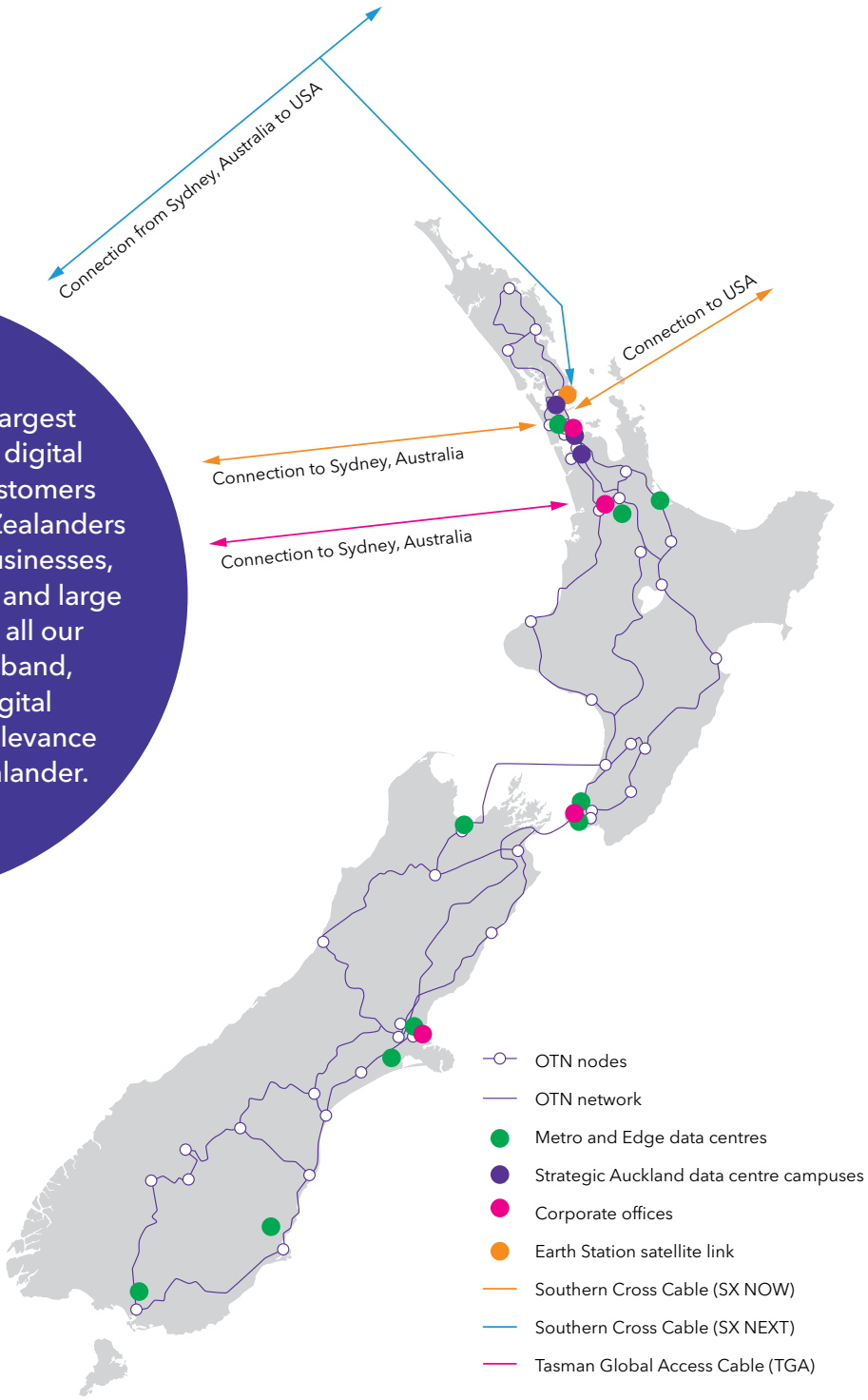
Spark is New Zealand's largest telecommunications and digital services company. Our customers range from individual New Zealanders and households to small businesses, not-for-profits, government, and large enterprise clients. Across all our services – mobile, broadband, digital services, and digital infrastructure – we have relevance for almost every New Zealander.



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98%
of New Zealanders reached by our 4G network

99%
of the population reached by our Internet of Things network[1]

5,291
employees

>2.7m
mobile connections

>680k
broadband connections

>110k
small-medium business customers

~1,100
enterprise and government customers

61
retail stores

24
regional business hubs

2,176
mobile sites housing our active infrastructure[2]

>22MW
data centre capacity

We operate the following brands and businesses:

Consumer	Business	Community	Other brands
Spark	Spark Business Group	Spark Foundation	Spark Wholesale
Skinny	CCL	Skinny Jump	entelar group
	Digital Island		MATTR
	Qrious		
	Spark Health		
	Spark IoT		
	adroit		

1. Cat-M1 Internet of Things network.
2. Includes Spark active equipment on 1,549 third party towers, 514 RCG towers, 98 small cells, and 15 temporary sites active at 30 June 2024.

Performance snapshot

Operating revenues and other gains

$3,861m

▼ 14.0% Reported basis

▼ 1.2% Adjusted basis[2]

EBITDAI[1]

$1,163m

▼ 32.5% Reported basis

▼ 2.5% Adjusted basis[2]

Reported net earnings

$316m

▼ 72.2%

Adjusted net earnings[3]

$342m

▼ 21.0%

Mobile service revenue

$1,010m

▲ 3.1%

Broadband revenue

$613m

▼ 2.1%

IT revenue

$692m

▼ 1.6%

Data centre and high-tech revenue

$116m

▲ 30.3%

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Free cash flow[4]

$330m

▼ 32.5%

Capital expenditure[1]

$518m

▲ 0.6%

Consumer and small business iNPS[5]

+38

▲ 7 points

Employee engagement

67%

▼ 3pp

Proposed design for Spark's Auckland CBD data centre expansion.

1. Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) and capital expenditure are non-Generally Accepted Accounting Practice (non-GAAP) measures. These measures are defined and reconciled in note 2.5 of the financial statements.
2. There were no adjusting items impacting EBITDAI in FY24. The prior year is adjusted for the impact of the net gain on sale of Connexa of $583 million, within other gains, and the one-off provision of $54 million for Spark Sport within operating expenses.
3. FY24 net earnings is adjusted for the impact of the zero-rating of tax depreciation on buildings which has resulted in a $26 million non-cash increase in tax expense and corresponding reduction in the deferred tax asset. FY23 is adjusted for the impact of the net gain on sale of Connexa of $583 million, the one-off provision of $54 million for Spark Sport , the $5 million net gain on dilution of the investment in Connexa and related tax impacts of $168 million.
4. Free cash flow is a non-GAAP measure and is calculated on page 8 of Spark's FY24 Detailed Financials.
5. Interaction Net Promoter Score, a measure of customer engagement.

Chair and CEO review

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Tēnā koutou,

It has been a challenging year for Spark and for many businesses across Aotearoa, with recessionary economic conditions creating a tough operating environment.

Public sector spending cuts and deferred private sector investment had a significant impact on IT services revenues, while lower consumer and business confidence impacted sales of mobile devices and accessories and intensified competitive pricing pressure, particularly in business mobile.

We did see strong growth in many of our core markets such as mobile, where service revenue surpassed $1 billion for the first time, as well as cloud, data centres, and high-tech.

This was not enough to offset subdued demand in other areas, and we could not adapt our cost base quickly enough as the market turned. This resulted in the lowering of FY24 EBITDAI guidance in May and an overall FY24 performance below our ambitions.

Because our FY24 financial results are cycling the significant revenue and net profit declared in FY23 following the TowerCo and Spark Sport transactions, we have provided both reported and adjusted year-on-year comparisons – the latter of which strips out the impact of the one-off gain to provide a like-for-like performance comparison.

FY24 EBITDAI of $1,163 million was down 2.5% on an adjusted basis and 32.5% on a reported basis.

Reported NPAT declined 72.2% to $316 million as a result of cycling the TowerCo and Spark Sport transactions, lower EBITDAI, higher finance expenses and depreciation, and a one-off $26 million non-cash tax adjustment relating to recent Government policy changes. Adjusted NPAT, excluding this one-off item, declined 21% to $342 million.

Lower EBITDAI and higher interest, lease costs, and non-cash earnings impacted free cash flow, which reduced 32.5% to $330 million.

While we are disappointed to not achieve our FY24 performance ambitions, as we look to the year ahead, our business fundamentals are strong, and we continue to see opportunities for growth.

Our leadership in the growing mobile market will support top-line growth as demand for data continues to grow, customer experience remains strong, and annual price reviews enable us to realise the value of the significant investments we make into our network every year.

Through our SPK-26 Operate Programme we made changes to our operating model during FY24, to align our teams to our new strategy and our labour costs to changing revenue trends, with the majority of these benefits to be realised in FY25.

This work will continue to deliver further labour and opex cost reductions, improve margins, and insulate Spark from the economic environment. This includes a material change to our Enterprise and Government division, where we will integrate our subsidiaries into Spark to remove duplication, simplify our product portfolios and processes, and deliver better customer experiences with greater efficiency.

It is never easy to make changes that impact our people, and we do not do so lightly. However, to compete in a challenging economic environment we must make the difficult but necessary decisions to ensure our cost base is sustainable. We will continue to provide our teams with the appropriate support to transition through these changes.

Our data centre strategy is a significant mid-term growth opportunity. The New Zealand data centre market is predicted to grow from ~90MW today to ~500MW by 2030, driven by the acceleration of AI, and in particular Generative AI, and ongoing business migration to the cloud.

With Spark's potential development pipeline now sitting at 118MW, and three strategic Auckland locations primed for investment, we are well positioned to capture a significant share of this growth and maintain our competitive position in the market.

Justine Smyth CNZM, Chair and Jolie Hodson MNZM, CEO.

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The reinstatement of our Dividend Reinvestment Plan for the H2 FY24 dividend and a potential hybrid capital notes issuance will help fund our growth investments in the near term, and we will also explore other equity funding options such as capital partnerships.

We remain committed to maintaining financial strength and flexibility and our investment grade credit rating, and the Board is pleased to confirm a total FY24 dividend of 27.5 cents per share for our shareholders, 100% imputed.

Our FY24 Market Performance

As topline growth was impacted by economic conditions and intensified competition, FY24 revenue of $3,861 million declined 1.2% on an adjusted basis and 14% on a reported basis.

Mobile service revenue increased 3.1% to $1,010 million, driven by consumer connection growth, price increases, and stabilised roaming revenues, and partially offset by declines in the business market as price competition intensified. We were pleased to maintain our #1 position in mobile market share by service revenue and total connections.

Broadband revenue declined 2.1% to $613 million, as lower consumer spending increased price-driven competition, particularly amongst non-telco competitors.

As we continued to invest in digitisation and service innovation, we were pleased to see our measure of customer satisfaction (our interaction net promoter score) increase by 7 points to +38.

In our digital services market, total IT revenue declined 1.6% to $692 million. This was driven by a 14.9% decrease in IT services revenue as economic conditions impacted demand and masked 3.5% growth in IT products, which was driven by continued strong growth in cloud as businesses digitise.

Data centres revenue grew 54.2% to $37 million, as our Takanini campus expansion was completed on time and on budget, and new revenue streams came online. Our high-tech revenue grew 21.5% to $79 million, with Internet of Things (IoT) revenues up 53.3% and over 2 million devices now connected to our IoT networks.

Our FY24 Toitū Sustainability Performance

Every year we make significant investments into the digital infrastructure that underpins New Zealand's economy, supports businesses both big and small to grow, and unlocks new commercialisation opportunities for Spark. In FY24 over $350 million was invested in our highly secure and resilient network and digital infrastructure, delivering a 28% increase in mobile network capacity and underpinning growth in data centres, IoT, and high-tech.

We understand how important connectivity is to the lives of all New Zealanders, and we continued to expand the reach of our 5G network, increase rural connectivity, and support more equitable access to the digital world. We now support 31,776 households in need across the country through our not-for-profit broadband service Skinny Jump.

Our scope 1 and 2 emissions increased 26.7% in FY24, largely driven by a one-off event at an exchange, when the release of fire suppressant was triggered by an alarm. Unfortunately, this means we are tracking 18.6% above the pathway required to reach our Science Based Targets initiative (SBTi) target. Without this event we would be tracking 5.7% above our pathway, as a result of the higher emissions factor of the New Zealand grid during the year.

We did, however, make strong progress on future emissions reductions when we signed a ten-year renewable energy Power Purchase Agreement (PPA) with Genesis in May.

In exploring renewable energy partnership opportunities, it was important to us to support investment in new renewable energy – rather than buying certificates for existing renewables that were added to the grid many years ago. This new partnership supported this ambition and will see us purchase all of the electricity generated by Genesis' first solar farm in Lauriston Canterbury. The 63MW site will meet around 60% of our current annual requirements once it becomes operational in 2025 and will make a significant contribution towards our scope 1 and 2 emissions reduction target in the years ahead.

During the year we also continued to invest in the development and wellbeing of our people. We launched a new internal skilling centre, Te Awe, to upskill and reskill our people in new and emerging technologies, and enhanced our Mahi Tahi wellbeing programme with a new partnership with Clearhead, which gives our people access to six fully funded therapy sessions annually. Over 1,500 people have used the service so far, and in our most recent culture survey, 88% of our people said they believe their wellbeing is supported by their leaders at Spark.

Overall, our environmental, social, and governance (ESG) practices have continued to mature, and we maintained our position in the Dow Jones Sustainability Australia Index and our ranking in the top quartile of the Worldwide Benchmarking Alliance's Digital Inclusion Benchmark.

Looking ahead

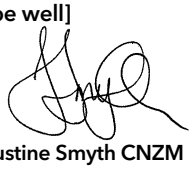
As we look ahead, we know that challenging economic conditions will persist in the near term. Our SPK-26 strategy was built for resilience and growth, and that is the dual focus we take into FY25.

We will drive greater efficiency across our business to reset our cost base to a more sustainable level, while continuing to invest in our growth engines of the future.

We are pleased to be building on strong foundations. Our customers are getting better experiences, our people are engaged, and our sustainability credentials continue to strengthen.

We would like to recognise the hard work and commitment of our Spark whānau, who remain committed to supporting our customers, and offer our sincere thanks to our shareholders for your ongoing support.

Noho ora mai
[be well]



Justine Smyth CNZM
Chair

Jolie Hodson MNZM
CEO

Our performance

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Reported EBITDAI[1]
$1,163m
▼ 32.5%

Reported net earnings
$316m
▼ 72.2%

Reported basic earnings per share
17.3 cents
▼ 71.5%

Mobile service revenue
$1,010m
▲ 3.1%

Adjusted EBITDAI[1,2]
$1,163m
▼ 2.5%

Adjusted net earnings[1,3]
$342m
▼ 21.0%

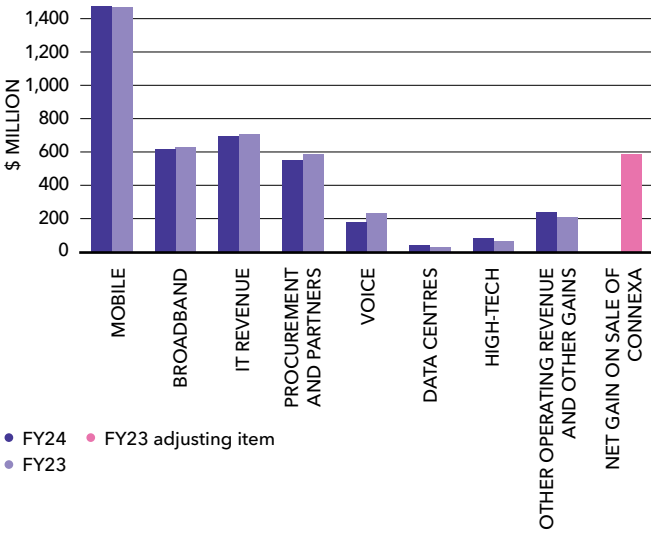
Adjusted basic earnings per share[3]
18.7 cents
▼ 19.4%

Dividends per share[4]
27.5 cents
▲ 1.9%

Operating revenues and other gains

- Mobile revenue increased $4 million, or 0.3%, with mobile service revenue surpassing $1 billion for the first time, growing $30 million, or 3.1%. This was driven by connections growth, price increases in the consumer market, and increased roaming and was partly offset by price pressure in the government and enterprise sector. Non-service revenue declined $26 million, or 5.3%, due to lower volumes of handset and accessories sales as consumers delayed spending on new devices.
- Broadband revenue declined $13 million, or 2.1% due to a decline in total broadband connection numbers of 12,000, or 1.7%, as competitor activity persisted, and lower average revenue per user (ARPU) as customers migrated off legacy plans.
- IT revenue declined $11 million, or 1.6%. Within this, cloud revenue grew $16 million, or 7.7%, due to onboarding of new private cloud clients and increased public cloud uptake, but was more than offset by a $29 million, or 14.9%, decline in IT services revenue due to price pressure on re-signing of existing customers and a decline in project activity across the government and enterprise sector.
- Procurement and partners revenue decreased $36 million, or 6.2%, mainly due to lower procurement volumes across the customer base, noting this was substantially offset by associated lower procurement costs.
- Voice revenues declined $51 million, or 22.1%, due to connection losses and associated lower calling volumes as part of a continued shift from fixed line to wireless calling. Legacy voice revenues now contribute less than 5% of total revenue.
- Data centre revenue increased $13 million, or 54.2%, as increased capacity became available following the completion of the second data centre pod at Takanini.
- High-tech revenue increased $14 million, or 21.5%, driven by strong IoT connections and revenue growth and continued growth in MATTR, partly offset by a slight decline in Qrious following the completion of a number of large customer projects.

$3,861m
(down 14.0% reported and down 1.2% adjusted[2])



- Other operating revenue declined $36 million, or 20.9%, primarily driven by the closure of the Spark Sport platform at the end of FY23.
- Other gains increased $69 million to $102 million due to the sale of mobile network equipment, gains on lease modifications and terminations, and vendor investments into Spark's network in support of revenue growth opportunities.
- Excluded from the prior year adjusted result is the net gain of $583 million from the sale of Connexa (formerly 'TowerCo'), which contained Spark's passive mobile tower assets.

1 Earnings before finance income and expense, income tax, depreciation, amortisation, and net investment income (EBITDAI) and capital expenditure are non-Generally Accepted Accounting Practice (non-GAAP) measures. These measures are defined and reconciled in note 2.5 of the financial statements.

2 The prior year is adjusted for the impact of the net gain on sale of Connexa of $583 million, within other gains, and the one-off provision of $54 million for Spark Sport, within operating expenses. There were no adjusting items impacting EBITDAI in FY24.

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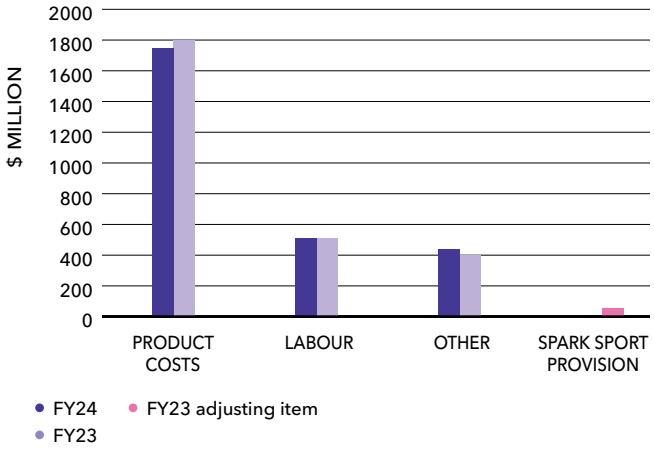
Operating expenses

- Product costs decreased $53 million, or 2.9%, with declines broadly in line with decreases in associated revenues. This included lower procurement volumes, reduced voice connections, and the exit of Spark Sport and were partly offset by increases in cloud, IoT, and MATTR in line with revenue growth.
- Labour costs were stable year-on-year with growth in Entelar Group and increased remuneration costs being offset by targeted reductions across the business in line with operating model changes.
- Other operating expenses increased $35 million, or 8.7%, driven by a full year of charges under the Connexa lease arrangement, bad debt costs, and severance costs.
- Excluded from the prior year adjusted result was a $54 million provision resulting from the closure of the Spark Sport business.

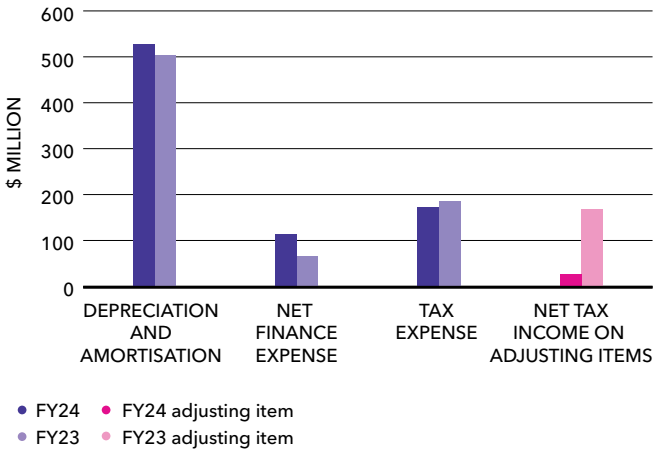
$2,698m

(down 2.6% on a reported basis and down 0.6% on an adjusted basis[2])



Other

- Total depreciation and amortisation increased $23 million, or 4.6%, largely driven by higher costs associated with the increased capital spend across FY23 and FY24, combined with increased depreciation on right-of-use assets.
- Net finance expense increased $47 million, driven by higher costs associated with both increased interest rates and higher debt levels, as well as increased interest on leases due to a full year of Connexa leases and long-term infrastructure leases.
- Adjusted tax expense decreased $13 million, largely due to decreased adjusted earnings before tax for the period.
- The $26 million non-cash tax adjustment in FY24 relates to the introduction of Government policy changes to remove the tax depreciation deduction on buildings, with a corresponding reduction in the associated deferred tax asset. In FY23 the tax income on the adjusting items includes $14 million for the Spark Sport provision and $154 million as a result of the Connexa transaction.



3 FY24 net earnings is adjusted for the impact of the zero-rating of tax depreciation on buildings, which has resulted in a $26 million non-cash increase in tax expense and corresponding reduction in the deferred tax asset. FY23 is adjusted for the impact of the net gain on sale of Connexa of $583 million, the one-off provision of $54 million for Spark Sport, the $5 million net gain on dilution of the investment in the Connexa group, and related tax impacts of $168 million.

4 This represents the H1 FY24 first-half dividend of 13.5 cents per share, together with the H2 FY24 second-half ordinary dividend declared of 14.0 cents per share. Referenced on page 138.

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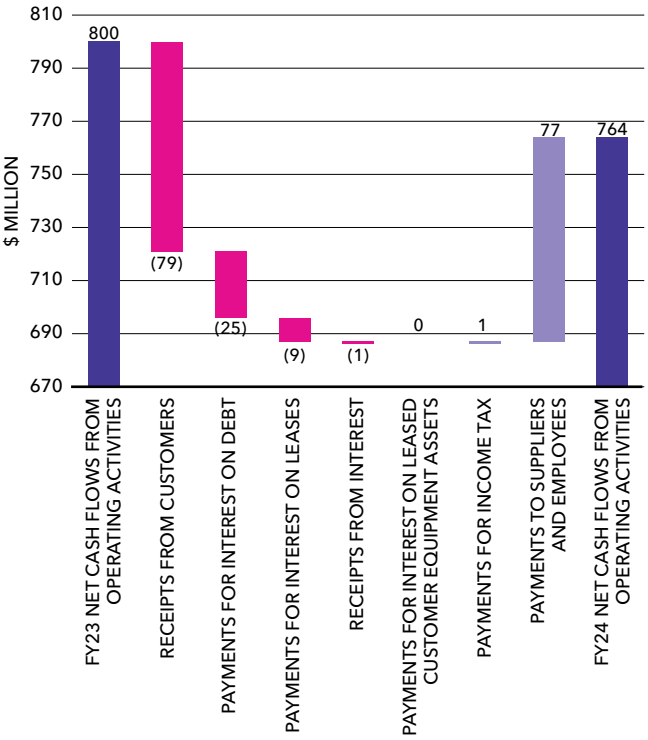
Cash flows

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Net cash flows from operating activities	764	800
Net cash flows from investing activities	(550)	425
Net cash flows from financing activities	(255)	(1,196)
Net cash flows	**(41)**	29
Free cash flow[1]	**330**	489

- Operating cash flows decreased $36 million due to higher payments for interest on debt. Lower receipts from customers resulting from lower revenues were substantially offset by a similar reduction in payments to suppliers.
- Investing cash outflows of $550 million in FY24 were mainly due to payments for the purchase of property, plant and equipment and intangibles. While in FY23, this was an inflow of $425 million, mainly due to the receipt of net proceeds from the sale of the Connexa business of $893 million, partially offset by payments for the purchase of property, plant and equipment and intangibles of $475 million.
- Financing cash outflows were $255 million in FY24 compared with an outflow of $1,196 million in FY23. The prior year included repayments of debt of $463 million following the sale of Connexa. In FY24 debt levels increased as funds were invested in capital projects in line with Spark's strategy and the on-market share buy-back concluded.
- Free cash flow of $330 million was $159 million lower in FY24, driven by the decline in EBITDAI, increased cash payments for capital expenditure included in free cash flow[1], and increased interest payments.

Operating cash flows

$764m ▼ 4.5%



1 Free cash flow is a non-GAAP measure and is calculated on page 8 of Spark's FY24 Detailed Financials.

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Capital expenditure[2]

$518m

Capital expenditure in FY24 included the following key focus areas and projects:

- Investment to support cloud, security, and service management revenue growth, including an uplift in software licensing to support Spark's private cloud.
- Fixed network and international cable capacity to meet future requirements for Spark's fibre and transport network, continuation of our core network expansion and resilience programme, advancement of our exit strategy for the PSTN, and international cable capacity purchases to meet forecasted demand for data. This includes enablement investment for Multi-Access Edge Compute (MAEC).
- Lifecycle investment and licensing for internal IT systems, enhancements to support new products and deliver simple, intuitive customer experiences, expansion of enterprise systems capability, and investment in deep customer insights, automation, and artificial intelligence. This includes the development of foundational capability to support converged technology solutions.
- Continued investment in Spark's mobile core and radio access network (RAN) delivering greater network capacity and coverage. FY24 includes an uplift in Spark's 5G investment to accelerate our rollout of this technology and provide a full 5G standalone capability as an enabler of future revenues from emerging technologies.
- Completion of data centre capacity upgrades at the Takanini and Aotea Campuses in Auckland. Commencement of next stage of Takanini development, planned North Shore campus, and upgrades to the Waikato data centre.
- Property investment in Spark's corporate offices, retail stores fitouts and refits, and sustain investment for power and building services for Spark-owned exchanges and data centres.

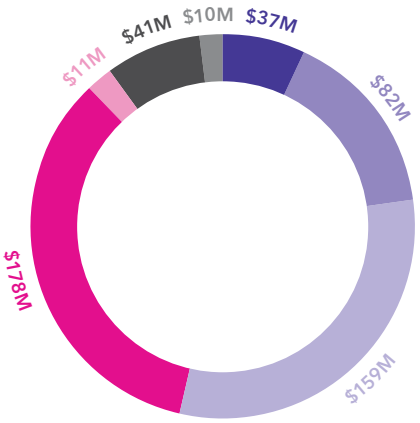
Cash payments for capital expenditure items (including capitalised interest and excluding spectrum payments) in the statement of cash flows were $592 million compared with capital expenditure of $518 million. The main drivers of this difference are related to network expenditure items that were received in FY23 but not paid for until FY24, together with payments of capex at the end of FY24 in relation to long term network projects that have not yet been implemented.

2 Capital expenditure is a non-GAAP measure and is defined in note 2.5 of the financial statements.

3 Capital expenditure to operating revenues for FY23 is calculated on adjusted operating revenue (excluding the gain on Connexa sale) to enable a meaningful comparison.

Capital expenditure to adjusted operating revenues

13.4% (FY23 13.2%[3])



Our Board and Leadership Squad

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Our Board

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1. Justine Smyth CNZM

Chair

Justine joined the Board of Spark New Zealand in December 2011 and became Chair in 2017. She has extensive experience in governance, mergers and acquisitions, taxation, and the financial performance of large corporate enterprises, as well as small and medium enterprises (SMEs). Her background is in finance and business management, having been a Partner with Deloitte and Group Finance Director at Lion Nathan. Justine is currently Chair of The Breast Cancer Foundation New Zealand and Chair of Mondiale VGL Group and is a former director of Auckland International Airport Limited. Justine has a Bachelor of Commerce from the University of Auckland and is a Fellow of Chartered Accountants of Australia and New Zealand and a Chartered Fellow of the Institute of Directors. In 2020 Justine was appointed a Companion of the New Zealand Order of Merit for services to governance and women.

2. Alison Barrass

Non-executive Director

Alison joined the Board in September 2016. She brings a broad range of skills, including knowledge and expertise in the fast-moving consumer goods (FMCG) sector and in governance, leadership, and marketing-led innovation. Her background includes 30 years' experience at major international FMCG companies, including PepsiCo, Kimberley-Clark, Goodman Fielder, and Griffins Foods. She is currently a director with Rockit Global, Zespri, Suncorp NZ, Babich Wines, and AA Insurance and is a former director of GWA Group and former Chair of Tom & Luke. Alison has a Bachelor of Science from the University of Southampton and a Business Diploma in Marketing from the University of Auckland.

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3. David Havercroft

Non-executive Director

David joined the Board in October 2021, bringing skills and experience from a career in the technology industry that has spanned more than 35 years. He held a number of leadership roles at Spark New Zealand from 2009-2017, including Chief Operating Officer and Chief Technology Officer. Prior to this he held executive and management positions in IBM Asia Pacific, Cable & Wireless, and BT. David is currently a director of Westpac New Zealand, and was formerly a director of Kordia, Connect 8, Southern Cross Cable Network, and Kiwi Wealth.

4. Gordon MacLeod

Non-executive Director

Gordon joined the Board in August 2022. He is a highly credentialed business leader, who held a range of senior executive roles over a 15-year tenure at Ryman Healthcare Group, including Group CEO from June 2017 to October 2021. Prior to this Gordon was a Corporate Finance and Advisory Partner with PwC and was also the Finance Director of a high-tech UK listed company based on the Cambridge Science Park in England. Gordon is an Independent Director of NZX-listed Delegat Group, a trustee of Breast Cancer Foundation NZ, and is the Advisory Chair of two private companies. He holds a Bachelor of Commerce from the University of Canterbury, is a Fellow of Chartered Accountants of Australia and New Zealand, and a Member of the Institute of Directors.

5. Jolie Hodson MNZM

Chief Executive and Executive Director

Jolie joined the Board in September 2019. Her appointment to CEO in July 2019 followed a substantial career within Spark, leading different areas of the operating business over a six-year period. As CEO, Jolie is responsible for ensuring the company has a sound strategy and builds a team around her that is able to deliver the digital infrastructure, products and services, and innovation that supports Spark's customers and Aotearoa to win big in a digital world. Jolie is a strong advocate for diversity and inclusion, digital equity, and the role of technology in enabling Aotearoa's transition to a high productivity, low-carbon economy. Jolie is a member of the Climate Leaders Coalition Steering Committee, including two years as the Convenor. In 2024 Jolie was recognised in the King's Birthday Honours as a Member of the New Zealand Order of Merit for services to business, governance, and women.

6. Lisa Nelson

Non-executive Director

Lisa joined the Spark Board in May 2024. She is an accomplished finance and business development executive with 25 years of global operating experience across the financial services, software, and technology industries. Lisa most recently served as Managing Director of M12, Microsoft's venture fund, which she co-founded. Prior to that she held various executive roles at Microsoft spanning business development, investor relations, strategy, financial reporting, and accounting. Lisa's current governance appointments include Destiny Tech100 Inc, Seattle Bank, and Banqer Limited, a New Zealand-based edtech startup, and she is a former director of Astra Space Inc. Lisa's advisory roles include several early-stage tech startups and ventures funds, including Movac in New Zealand. Lisa is based in Seattle, Washington, and is a certified public accountant licensed in the State of Washington and a Qualified Financial Expert in accordance with US Securities and Exchange Commission standards.

7. Sheridan Broadbent

Non-executive Director

Sheridan joined the Spark Board in August 2022 with an executive and governance career spanning telecommunications, ICT, infrastructure, and energy. Her governance experience includes her role as Independent Director for Manawa Energy and Downer EDI Limited. Previous governance experience includes her roles as Chair of Kordia, Chair of Pipeline and Civil Group, Director of Transpower, and former member of the Government's Cyber Security Advisory Committee. Sheridan holds a Bachelor of Commerce from the University of Auckland, is a Chartered Member of the Institute of Directors, and is a graduate member of the Australian Institute of Company Directors.

8. Warwick Bray

Non-executive Director

Warwick joined the Board in September 2019. He brings over four decades of experience in the international telecommunications, technology, and media sectors, most recently in senior executive roles at Telstra. During his nine years at Telstra up until 2018, Mr Bray's executive roles comprised Chief Financial Officer, Group Managing Director Product, Executive Director Mobile and Head of Corporate Strategy. Earlier in his career, he was a Managing Director at JP Morgan (London) and Dresdner Kleinwort Wasserstein (London) in telecommunications equity research. He also worked at McKinsey & Company in Europe, advising telecommunications companies on strategy, regulation, and operational improvement, and as a network systems engineer at Hewlett Packard. Mr Bray has served on the GSMA strategy committee, the boards of Hong Kong mobile business CSL and Australian pay TV operator Foxtel, and as Chairman of the Australian Mobile Telecommunications Association. He is currently a director with Woolworths Group. He holds a Bachelor of Science (Hons) and a Masters in Business Administration from the University of Melbourne.

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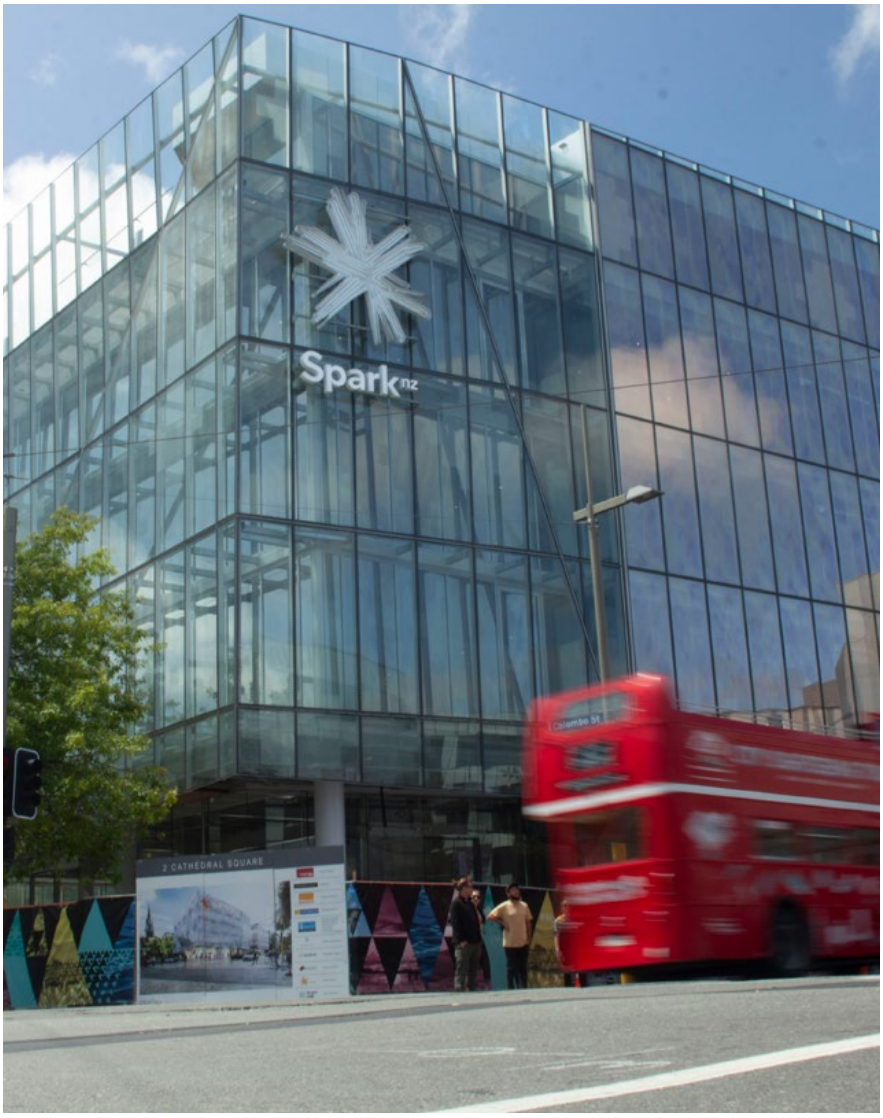
Strategic role of the Board

Spark's Board plays a critical role in helping to guide and test company strategy, by engaging in an ongoing conversation with the Leadership Squad around key strategic decisions. These decisions are in relation to the long-term strategic planning and direction of the business and our ability to create value in the medium and long term. It also includes non-financial performance in areas such as customer experience, governance, and sustainability. The Board approves and monitors SPK-26 (our business strategy) and has oversight of cyber security and maturity, modern slavery, and climate change risk. For a detailed explanation of the Board's oversight of climate risk and opportunities see page 91.

As the body elected by shareholders to protect and enhance the value of Spark's assets, the Board has oversight of Spark's financials and the annual and three-year planning processes. Board members engage in robust discussions with management around the strategic direction of the business to test and ensure investment is going towards the things that will deliver the best outcomes for the company and shareholders. This flows through to Spark's remuneration policies, where there is Board involvement in setting targets and hurdles for short-term and long-term incentives.

Company Secretary

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



Board renewal and succession

Spark's Board has an appropriate mix of tenure, skills, diversity, and experience. The Board skills matrix on page 21 outlines the qualifications, capabilities, geographic location, tenure, and gender of each member of the Board. Ethnicity information is available on page 72 of this report.

There is an ongoing Board succession programme, which is focussed on finding new directors with relevant skills and experience that complement the diverse perspectives already represented around the table. During FY24, as part of the Board's ongoing succession planning, Lisa Nelson joined the Board as an independent Non-executive Director, effective May 2024, and Charles Sitch resigned as an independent Non-executive Director with effect from 3 November 2023. We wish to thank Charles for his huge contribution to the Board over his twelve-year tenure. Charles played a unique role in guiding the business from its telco origins to the digital services provider it is today.

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Board skills matrix

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

	Justine Smyth	Alison Barrass	David Havercroft	Gordon MacLeod	Jolie Hodson	Lisa Nelson	Sheridan Broadbent	Warwick Bray
Qualifications	BCOM, FCA, CFINSD	BSC, DIP BUS, MARKETING	BA	BCOM, FCA	BCOM, FCA	BA	BCOM	BSC. (HONS), MBA
Capability								
Strategic knowledge for scale telco/technology businesses	○		●		●	○	●	●
Financial/commercial	●		○	●	●	●		●
Risk management/regulatory and/or sustainability	○	○	●	○	○		●	
Customer insight/retail/brand		●		○	○			○
People leadership and culture		●	○	●	●		●	
Listed company governance	●	●		○		●	○	○
Capital markets/capital structure	●			●		○		●
Digital/data/new markets		○	●		○	●	○	○
Geographical location	NZ	NZ	NZ	NZ	NZ	USA	NZ	Australia
Tenure (years)	12.7	7.9	2.9	2	4.9	0.2	2	4.9
Gender	F	F	M	M	F	F	F	M

KEY: ● **High capability** ○ **Medium capability**

Definitions of categories of capability:

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

Financial/commercial: a strong accounting and finance background, most likely being a chartered accountant, having held the position of CFO in a significant publicly listed company, or leadership position in a professional services/advisory firm.

Risk management/regulatory and/or sustainability: experience in identifying and mitigating both financial and non-financial risks, experience influencing public and regulatory policy decisions and outcomes, or experience in the design and application of sustainability frameworks.

Customer insight/retail/brand: experience as a senior executive responsible for driving customer experience by effectively using insights, optimising customer journeys, and building brands.

People leadership and culture: experience as a CEO of a significant publicly listed company or large private standalone company. Leadership skills including the ability to build organisational culture.

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

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

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

Our Leadership Squad

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1. Greg Clark

SME and Consumer Director

As SME and Consumer Director, Greg is responsible for leading the retail, channels, and small-medium business teams that focus on delivering great outcomes for our customers. Greg joined Spark in 2013 and led the transformation of the broader retail network and Spark's SME operating model, delivering strong revenue growth and higher levels of customer engagement, before joining the Leadership Squad in July 2023. Prior to this he held a number of senior roles across the telecommunications industry in New Zealand and Australia, including Allphones, Nokia, and Ericsson. Greg has a Bachelor of Commerce and Administration from Victoria University, Wellington.

2. Heather Polglase

People and Culture Director

Heather was appointed People and Culture Director in September 2019. She joined Spark in 2013 and has over 20 years' experience as a Human Resources (HR) professional, with a proven track record for business transformation, talent management, leadership development, and succession planning across a range of industries, including FMCG, retail, hospitality, technology, and telecommunications. At Spark, Heather has held various senior HR positions and delivered a number of critical initiatives, including being a key architect of Spark's leadership and development programme to build high-performing teams and leaders. Prior to joining Spark, Heather was a senior HR leader for almost a decade within Progressive Enterprises then spent two years in Australia leading HR, Strategy & Change Management at Dan Murphy's. She has a Bachelor of Business Studies Degree (Hospitality Management) from Auckland University of Technology.

3. John Wesley-Smith

Strategy and Regulatory Director

John Wesley-Smith joined the Leadership Squad in August 2023 as Strategy and Regulatory Director, responsible for leading the development of Spark's business strategy and Spark's contributions to industry, regulatory, and public policy processes. John joined Spark in 2005 and has led Spark's industry and regulatory affairs teams for the last 14 years.

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He has played a pivotal role in many of Spark's major capital investments and transactions and represents Spark on the Board of the Southern Cross Cable Network. John started his career as a solicitor at Russell McVeagh and has a Bachelor of Laws and a Bachelor of Commerce from Victoria University of Wellington.

4. Leela Ashford (nee Gantman)

Corporate Relations and Sustainability Director

Leela joined Spark as Corporate Relations and Sustainability Director in January 2020, bringing with her over 20 years' experience in corporate and agency roles in New Zealand and Australia. Prior to joining Spark, Leela was Head of Communications at Fletcher Building, and before this External Relations Director at beverages group Lion in Australia. As Spark's Corporate Relations and Sustainability Director, Leela is responsible for reputation management, internal communications, government, industry, and community engagement, the company's sustainability strategy, and the charitable activities of the Spark Foundation. She also serves as a Trustee on the Spark Foundation Board. Leela holds a Bachelor of Arts in Communications from the University of Technology Sydney.

5. Mark Beder

Customer Director – Enterprise and Government

As Customer Director for Enterprise and Government, Mark supports corporate, enterprise, and government customers to grow and become more productive and sustainable through technology, leading the B2B sales, technology, and service teams across Spark. He is also responsible for Spark's investments into emerging technologies and growth markets, including digital health, data centre infrastructure, the internet of things (IoT), and converged technology solutions. Prior to this Mark held a range of senior technology positions within Spark, most recently as the Chief Operating Officer, where he was responsible for building a highly resilient, automated, and secure network through investments into fixed and mobile networks, IT infrastructure, operations centres, cyber defence, and physical infrastructure. Prior to joining Spark, Mark worked for Ernst & Young Consulting in Auckland. He has a Bachelor of Commerce from the University of Auckland.

6. Matt Bain

Data and Marketing Director

As Data and Marketing Director, Matt brings his digital marketing and customer experience skills to place the customer at the centre of Spark's strategies. Matt joined Spark in 2018, and was previously based in Amsterdam as European Managing Director for brand experience agency AKQA, with responsibility for over 500 employees across five countries. Over a 20-year international career, Matt has worked with some of the world's biggest brands, including Nike, Heineken, Mini, Rolls Royce, Siemens, EA Sports, Audi, Phillips, Tommy Hilfiger, and KLM amongst others. He has extensive experience using data, and technologies like Artificial Intelligence (AI) to enable organisations to better understand and predict their customers' needs more accurately. Matt holds a Master of Commerce from the University of Auckland.

7. Melissa Anastasiou

General Counsel

As General Counsel, Melissa leads Spark's legal and compliance functions, providing Spark with strategic legal and commercial guidance, ensuring the business acts lawfully and with the utmost integrity. She has also played a pivotal role in leading out Spark's diversity and inclusion programme. Melissa joined Spark in 2009 and undertook a range of legal roles across the organisation before being appointed as Group General Counsel in 2012. Prior to joining Spark, Melissa spent a number of years as a Senior Legal Counsel for United Kingdom (UK) mobile provider Telefonica O2. She also has extensive experience working for leading corporate law firms in Auckland and the UK. Melissa has a Bachelor of Laws from Victoria University of Wellington.

8. Renee Mateparae

Network and Operations Director

Renee joined the Leadership Squad in July 2023 as Network and Operations Director. In this role she is responsible for Spark's highly resilient, automated, and secure networks, including fixed and mobile networks, operations centres, physical infrastructure, and cyber defence. Renee joined Spark in 2017 and led the rollout of our 5G and Internet of Things networks during her time as Technology Evolution Tribe Lead. Prior to this, Renee held a number of leadership roles across the product and ventures areas of the business. Prior to Spark Renee held several senior roles at Air New Zealand, Accenture, and Macquarie Group. In 2019 Renee was appointed to the board of The Warehouse Group for a two-year term as part of the Future Directors programme. Renee has an honours degree in Engineering, specialising in Automation & Control Engineering, as well as a post-graduate diploma in Business from Massey University.

9. Stefan Knight

Chief Financial Officer

Stefan was appointed Chief Financial Officer in December 2019. Stefan has been with Spark since 2003 and has worked across a range of finance and business performance related roles. He played a key role over recent years in important Spark initiatives, including the Turnaround and Quantum business improvement programmes and, more recently, was part of the leadership group that helped shape the organisation's move to an Agile way of working. Stefan is a Chartered Accountant and began his career at Deloitte working across both Audit and Corporate Finance. Stefan has a Bachelor of Commerce in Accounting and Finance from the University of Auckland.

Creating value for our customers

Social capital

OUTCOMES

Connected customers

As New Zealand's largest telecommunications and digital services company, we have relevance for almost every New Zealander. Our customers range from individual New Zealanders and households, to small businesses, not-for-profits, government, and large enterprise customers, delivering mobile, broadband, cloud, and digital services.

We are excited by the opportunities digitisation brings and recognise our responsibility to help Aotearoa leverage new capabilities to become more productive and sustainable through technology.

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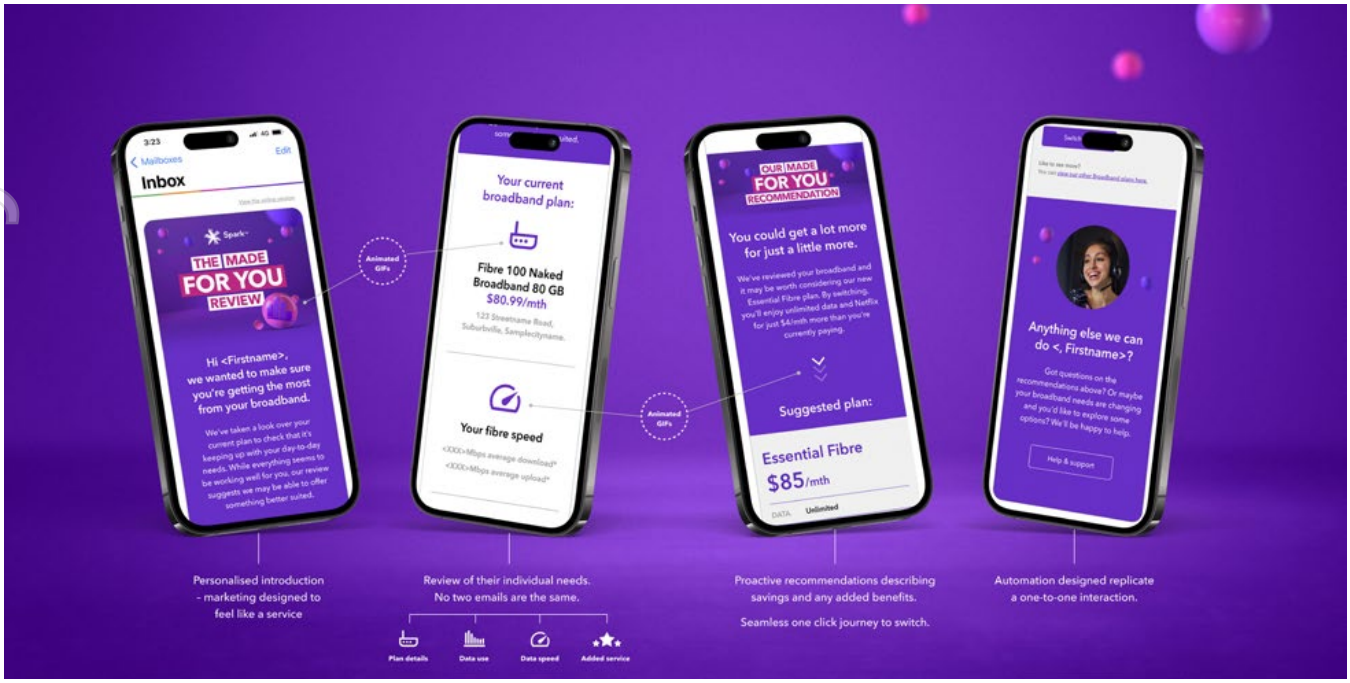

The Made For You Review campaign.

Customer experience

We have an enduring focus on improving the experiences of Spark customers, by making their interactions with us simple and effective. This work is showing up in customer feedback, with our measure of customer satisfaction, our interaction net promoter score (iNPS) up 7 points to +38 in FY24.

A simple, data driven organisation

A core pillar of our strategy is to create a simple, data driven organisation, which will underpin our ability to improve customer experiences, drive efficiency, and support future growth.

In October, we completed our Plan Simplification Programme, where we moved customers from legacy broadband plans to newer plans that are more suited to customer needs. As part of this, we migrated over 73,400 customers from legacy fibre plans to new fibre plans, moved over 71,200 customers off our Unplan wireless plans to more fit-for-purpose wireless plans, and shifted over 10,900 mobile lines to current plans.

Using data and AI to improve transparency

Integrating a data driven approach throughout our business has allowed our teams to more effectively identify customer pain points and address the root causes. In FY24, we launched our 'emerging trends' tool – an AI-generated report that identifies monthly changes to customer experience. As an example, this report identified that customers were unhappy with our care team messaging service, particularly when they were passed from agent to agent. In response, the care team was able to make changes to limit the number of messages each agent could handle, which reversed the negative trend.

During the year, we also integrated new technology into Spark's wireless broadband modems. This means we can now accurately measure speeds that our customers receive on our 4G and 5G wireless broadband plans, and share this information as an average on our website and in our marketing materials. As a result, our customers are better equipped with the information they need to understand the speeds they can expect when signing up for a wireless broadband plan with Spark.

CONSUMER AND SMALL BUSINESS INPS

Up 7 points

to +38 in FY24.

We also continued to optimise our right planning programme Made For You Review, which harnesses the power of AI to analyse a customer's data, messaging, and calling usage, and then recommends the best and most cost-effective plan for them based on their activity. Spark's customer care teams underwent a major training programme in FY24 to equip them to understand the data served up by Made For You Review, so they can have better conversations with customers and guide them towards the right plan for their needs.

When utilising any of our data and AI capabilities, we are guided by our AI Principles, Generative AI Policy, Privacy Values, and Privacy Policy, which ensure we take a responsible and ethical approach to the design and operation of AI technologies. Our AI Principles are published on our website, providing transparency for all our stakeholders: **www.spark.co.nz/online/about/our-company/governance**. See page 34 for further details on our AI Governance and privacy values.

Personalised and digital-first by default

Bringing New Zealanders the best digital-first experiences

In the last year we have continued to focus on digital-first care experiences for our customers, to better anticipate customer needs, reduce wait times, and improve the overall experience of interacting with Spark.

Our retail and virtual care agents form our United Frontline (UFL) and support our customers across a variety of channels – including call centres, stores, and through digital messaging. Enabling our team to flow across channels ensures our customers receive timely responses and an experience that consistently 'feels like Spark'. This year we saw use of our messaging tool, which is available via the MySpark App or a customer's preferred messaging app, surpass voice calling as the preferred customer contact method for the first time.

Our UFL teams are now utilising the same online journey as our customers, rather than navigating more complex, separate systems. This means Spark agents can see exactly what our customers can see when providing support, which is enabling faster and more effective resolution.

As part of our digital first approach to service, this year we introduced Outage Assist, which has significantly improved the service experience for customers experiencing fixed broadband outages. With Outage Assist, we can now proactively notify customers of an issue on their fixed broadband line and provide them with a unique fault tracking link, as well as unlimited calls, texts, and mobile data if they have a pay monthly mobile on the same account. This allows customers to track the resolution of the fault without having to call Spark and keeps them connected with extra mobile data. Customers can also troubleshoot and diagnose household speed issues at any time using the Spark Connection Check tool within the MySpark app. Since introducing Outage Assist, we saw a 35% decrease in our inbound broadband call volume when compared to the same period in FY23.

"This year we saw use of our messaging tool surpass voice calling as the preferred customer contact method for the first time."

To further enhance speed of resolution we introduced help videos as a new section in the MySpark app during the year. Initially targeting high volume query types, customers can be linked to these videos from web, phone, and messaging interactions before speaking with a Spark agent.

We also introduced a multi-channel e-commerce experience using the MySpark app and website, which has driven a 26% increase in website and app revenue growth collectively.

Introducing Hello Tomorrow

In September we launched our new brand positioning, 'Hello Tomorrow', which will underpin our brand building efforts in the years ahead. Hello Tomorrow represents our belief that technology creates opportunities, and when you feel you have an opportunity today, it changes how you see tomorrow.

We launched the new positioning with a TV campaign, which was shot from the point of view of a piece of technology. This technology narrates the commercial and shares that while it is capable of many things, it doesn't know what it feels like to take a chance, like people do every day. This brings to life our belief that technology's role is to enable people to do great things.

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Bringing New Zealanders the entertainment that moves them

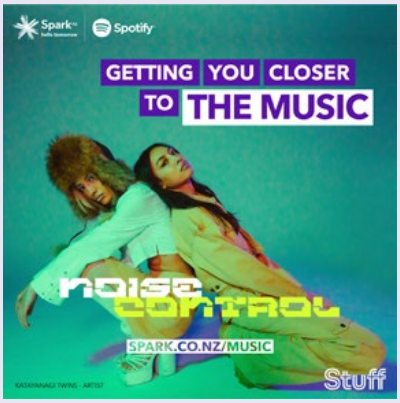
Spark Open Audition

In October we launched 'Spark Open Audition' – a nationwide search for Aotearoa's next emerging musician who would receive $10,000 worth of prizes, including studio time at BIG FAN recording studio to help launch their career into the music industry. We encouraged applicants to enter by posting a 'duet' with a video of homegrown rapper JessB on TikTok. 18-year-old Dunedin local, Niamh Crooks, was voted by Aotearoa as the winner, with her original song, 'Devotion' striking a chord with New Zealanders. The campaign generated over 17 million views, with #SparkOpenAudition trending number two on TikTok.

Spark Game Arena

We launched Spark Game Arena during FY24 with a nationwide online tournament, 'The Rise Cup featuring Fortnite'. Delivered in partnership with leading esports organiser LetsPlay.Live, over 1,200 tournament participants competed over three weekends for the chance to win a share of $30,000.

Our ambition is for Spark Game Arena to become the home of gaming at Spark through partnerships with leading brands, industry partners, and events. Spark Game Arena aims to offer exciting new gaming products and experiences, while maintaining a commitment to safe, inclusive, and equitable experiences, which is underscored by partnerships with Netsafe and Spark Foundation partner, Digital Natives Academy.



Noise Control

In partnership with Spotify, we launched Noise Control in August – a first of its kind music show. Hosted by DJ duo The Katayanagi Twins, Noise Control presented 10 live music events in Auckland, offering Spark customers exclusive access to intimate performances and Q&A sessions with top local artists. Featuring musicians like Riiki Reid, Troy Kingi, Muroki, and There's a Tuesday, Noise Control put a spotlight on emerging kiwi talent and provided our customers with an unforgettable experience.

Future State 003 at Spark Arena.

Empowering the businesses creating Aotearoa's tomorrow

Spark is a trusted partner to New Zealand's business community, supporting businesses of all sizes to harness the power of technology to become more productive and sustainable.

Supporting the growth of small-medium businesses

Spark supports over 110,000 small to medium businesses (SMEs) around New Zealand through our network of 24 local Business Hubs. Each Business Hub is locally owned through our licensee model, meaning they have a deep understanding of the needs of their local customers. Customers are responding positively to this 'local like you' model, with our SME customer satisfaction score up +8 points in FY24 to +48.

Our SME customers are feeling the pressures of a tough economic environment, with their number one concern being escalating costs. With this in mind, our focus is on enabling SMEs to use technology to become more productive – so they can do more, with less. In FY24, we launched our 'right-sized solutions' campaign, which supports our SME customers with plans and technology that meet their individual needs.

In FY24, we also continued our partnership with the Government's Digital Boost programme, which equips small business owners with the practical skills needed to get their businesses online. More than 69,000 SME users have engaged with the platform to date. Our Director of Consumer and SME, Greg Clark, sits on the Digital Boost Alliance's Board of Governance. Spark also provided the connectivity and IT solutions for Digital Boost's Tech Boost service, that is helping businesses access fit-for-purpose IT gear and tools, which launched in June.

Spark Business Lab

Spark Business Lab educates and engages SME businesses through events, educational content, and hands-on digital workshops across the country. In FY24, Spark Business Lab delivered two events in its Future State series, presented in collaboration with Semi Permanent.

In November, global sustainability leaders in food, fashion, and design travelled to Wellington to present 'Future State 002: The Turning Point', which focussed on how businesses can embrace circularity in their own supply chains. In May, an audience of 700 gathered at Spark Arena for 'Future State 003: Ahead of the Curve', where leaders from organisations such as Ikea, Accenture, and NYU Stern Business School explored the driving forces behind their digital transformation.

Supporting kaupapa Māori

Spark's business customers include a variety of Māori businesses across the country.

In FY24, we partnered with the Media Design School to offer students an opportunity to respond to a real client brief, like one they might encounter in the industry. The students were challenged to design a campaign to help Spark celebrate Matariki and encourage rangatahi to explore careers in technology.

The selected concept was called 'Matariki Hunga Nui' and presented an augmented reality experience that aimed to bring people together under the stars of Matariki. In this concept, augmented reality offered users an immersive experience that guided them in learning how to use Te Waka o Rangi – the celestial navigation tool – to locate Ngā Whetū o Matariki.

Matariki Hunga Nui was awarded silver in the Student & Academic Toitanga at the Designers Institute of New Zealand Best Design Awards.

During the year we supported our partner Te Pūtahitanga o Te Waipounamu, an organisation that seeks to create social impact by investing directly in initiatives developed by whānau or community groups.

This involved hosting Te Pūtahitanga o Te Waipounamu at Te Tihi Health conference in Hamilton, taking them for a tour of our Innovation Studio and offering them a place on our AI for Business Mini MBA, alongside other Māori business partners.

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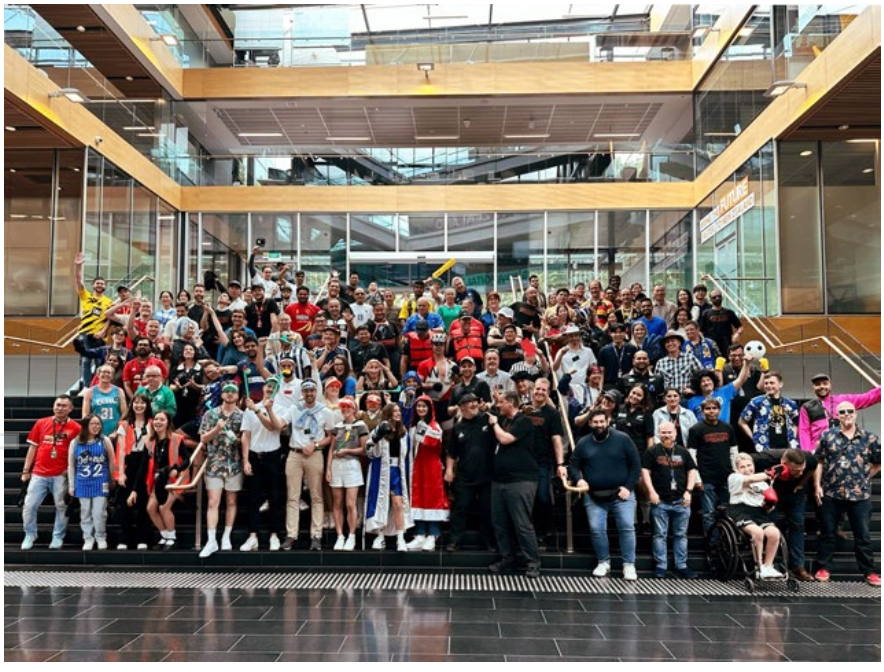
Spark Business Group

Spark Business Group continued to support New Zealand's largest businesses and government ministries to harness the power of technology for productivity and growth, with some notable examples outlined below.

As businesses continue to migrate their operations to the cloud, in FY24 Spark's cloud business, CCL, launched CloudIQ – a managed hybrid cloud service designed to help businesses seamlessly manage their diverse cloud platforms, including on-premise, private, and public clouds. CloudIQ leverages CCL's local data centres, as well as partnerships with major global cloud providers, to provide flexible cloud solutions designed to meet businesses' needs today and to prepare them for the future.

During FY24, Spark also introduced ServiceFlex, a modular IT service management solution that combines smart technology, automation, and AI to enhance IT service delivery. ServiceFlex provides features such as IT service desk solutions, proactive insights, and interactive key performance indicator (KPI) measures, and is designed to streamline IT operations, improve user experience, and reduce costs through automated processes. ServiceFlex is aimed at corporates, enterprises, and government organisations, and was launched with New Zealand Red Cross and Fidelity Life as foundation customers.

In March, Spark's data and AI business Qrious celebrated a decade of pioneering data and AI innovation in New Zealand. Qrious has implemented transformative technological solutions across a variety of sectors. For example, Qrious is helping the world's largest marketer of kiwifruit, Zespri, to unlock its data to get the highest quality fruit possible onto consumers' plates, and developing an AI-powered disease detection system with Ingenum.



The Qrious team.

Harnessing the power of AI to combat disease outbreaks in livestock

A mass disease outbreak could have a devastating effect on livestock, the farming community, and New Zealand's economy. Concerned by this, veterinary startup, Ingenum wanted to develop an early warning system to detect notifiable diseases in livestock and enable a timely biosecurity response.

With the knowledge that tell-tale signs of disease may be hidden within the plethora of on-farm data being captured every day around the country, Ingenum, partnered with Qrious to develop an AI solution. The team developed Sentinel-AI – a bespoke AI system that integrates inputs from multiple sources, including government agencies, veterinary practices, on-farm technology and abattoirs and analyses the incoming data in real time, while respecting the privacy of its sources. In the process it develops a 'picture' of typical patterns of livestock health, which allows it to detect and flag any anomalies that may be indicative of disease.

This real-time data tracking will enable all stakeholders, including disease response teams, to get ahead of the curve and make better informed decisions to protect Aotearoa's biosecurity and farming industry.

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Accelerating Aotearoa businesses one technology generation forward

In February, Spark and the New Zealand Institute of Economic Research (NZIER) launched a new report titled 'Accelerating Aotearoa businesses one technology generation forward' – examining the state of New Zealand's productivity challenge, and the role advanced digital technologies can play in solving it.

The study combined insights from global research into small advanced economies, economic modelling by NZIER, and Spark's knowledge of current and future opportunities enabled by digital technology. It revealed that a 20% uplift in the use of advanced digital technologies is predicted to increase industry output by up to $26 billion over the next decade and GDP by as much as 2.08% per year.

Innovation in action

To launch these findings, we brought our business customers, industry experts, and media together to witness innovation in action. Across seven life-size showcases, technology experts demonstrated the productivity benefits to be gained through the implementation of advanced digital technologies.

Audiences saw how the use of AI reduces the time it takes to assess damage on New Zealand roads, down from 66 days to just seven, how extended reality headsets can save precious time for both medical specialists and patients, and how a converged technology solution with MPI is combining on-board cameras with IoT, AI, machine learning, cloud computing, and data and analytics, to enable better verification of catch reporting data from commercial fishing activities.

To help boost the adoption of advanced digital technologies among New Zealand's largest organisations, we committed $15 million to an Innovation Fund for our business and government customers, with $12 million allocated to customers already, and an additional $3 million will be available for customers to apply for over three years.

AI for Business Mini MBA

As part of the research, NZIER asked businesses about their knowledge gaps when it comes to advanced digital technologies – with 44% of respondents stating they did not have enough information about AI to make use of it in their businesses. This inspired Spark to launch New Zealand's first AI for Business Mini MBA programme.

In May, 150 business leaders from a variety of sectors embarked on a four-week intensive programme to build their competitive edge with AI. The programme was offered exclusively to Spark business customers and presented in collaboration with Section, a world-leading business education platform based in North America. The course was designed to help participants design AI strategies fit for their businesses. 100% of participants surveyed said they will apply the learnings within their business and 78% said they would consider using Spark to help implement an AI solution for their business.

A Spark Health showcase of the future of digital health in New Zealand.

A Spark Health showcase of the future of digital health in New Zealand.

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Mini MBA turbo charges AI journey for Te Pūtahitanga o Te Wai Pounamu

Te Pūtahitanga o Te Waipounamu is a social impact investment agency working on behalf of eight Te Waipounamu iwi to determine solutions to support whānau development. Martin Conway, Toki Kaupapa Matua (Projects Specialist), says his employer is motivated by the potential productivity gains offered by AI, allowing kaimahi (employees) more time for engagement with whānau, supporting their commissioned initiatives, and communities they serve.

For his final report in the AI for Business Mini MBA course, Martin presented an AI use case that aims to streamline the funding application process by an additional 20%.

Martin says that once Te Pūtahitanga o Te Waipounamu's policy and procedures protecting data sovereignty, and outlining AI governance, are in place, this will be a starting point for the use of AI into other workstreams. While AI will complement the expertise and talent within their workforce, he is keen to emphasise the point that whānau voice is at the heart of all that they do, which is something that cannot be replaced by AI.

Spark Health

Spark Health continued to provide digital services, including software and IT services, to Te Whatu Ora (Health New Zealand).

As a result of the macroeconomic environment and a slow down in Government spending, in FY24 Spark Health refreshed its growth strategy with a greater emphasis on the private sector, including primary and community healthcare providers. Here it aims to support customers with digital transformation and emerging technologies such as data, cloud, and AI. As part of this new focus on the private sector, Spark Health added two experienced clinicians as Digital Clinician Leads to the team – Professor Matthew Parson, Clinical Chair of Gerontology, and Dr Karl Cole, a General Practitioner.

Spark Wholesale

Spark Wholesale supports New Zealand and international service providers with Mobile Virtual Network Operator (MVNO) services, data transport, national backhaul, international connectivity, cloud, internet, IP voice, and satellite services.

In the past year, our wholesale business continued to grow by supporting local and global providers, including Content Delivery Networks (CDNs) and cloud platform partners, with their data growth needs. This included providing global cloud providers with higher rate, wholesale international capacity services, including 100Gbps and 400Gbps bandwidths, on Southern Cross and TGA submarine cable paths out of New Zealand and strong growth in the 'application to person messaging' SMS (A2P One) service, which supports global communication platform providers with their messaging solutions to New Zealanders.

Spark was recognised on the international stage in January 2024 at the Pacific Telecommunications Council Awards, where we received the 'Outstanding Carrier Solutions Provider' award for investments into our national optical transport network and its self-healing capabilities, which provides resilient connectivity between New Zealand's major cities.

MATTR

MATTR operates in a new market of Trust Technology – or what we call TrustTech for short.

The TrustTech market is focussed on addressing the challenges governments, businesses, and individuals all face in the digital world, where trust is difficult to establish and hard to maintain. It is an umbrella term for platform capabilities that enable end-to-end trust lifecycle management, for example digital identity credentials.

During the year MATTR expanded its operations in Australia and North America, with business development talent in place across both markets.

In Australia, MATTR continues to work as the technology provider to the NSW Government's Digital ID and Verifiable Credentials programme and in July announced a new partnership with Austroads, a member-owned collective comprising the transport authorities of Australia and New Zealand.

Austroads is creating a National Digital Trust Service (DTS), which will provide critical digital infrastructure to support Australian jurisdictions in delivering Mobile Drivers Licences (mDL). MATTR will be working closely with Austroads to power the first stage of the project, a pre-production version of the DTS, based on the MATTR VII platform.

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Keeping our customers safe online

Spark puts cyber security, customer safety, and privacy at the forefront of everything we do. We invest in the security of our own networks and also support our business customers with their security needs.

We offer customers a breadth of capability to monitor and detect attacks across their networks and information architecture, reduce business security risk, and improve their security profiles.

Cyber security

The World Economic Forum's Global Cyber security Outlook Report 2024 identified a stark divide between cyber-resilient organisations and those that are struggling. The report predicts that emerging technologies will exacerbate challenges related to cyber resilience, especially for those that are less capable.

In New Zealand, Spark is a trusted advisor to businesses on cyber security and works alongside cyber security agencies and partners, to monitor and respond to threats.

Our Chief Information Security Officer (CISO) has responsibility for Spark's cyber security, while the Audit and Risk Management Committee of Spark's Board has governance responsibility.

We govern our security programme using the industry's best practice frameworks, including ISO27001 and NIST CSF (National Institute of Standards and Technology Cyber Security Framework). All Spark services and networks are built with multiple checks in place during the 'design', 'build', and 'operate' phases, to ensure they are deployed with industry leading levels of security, and we continually assess and measure our cyber security maturity level.

The Cyber Defence Tribe at the 2023 New Zealand Women in Security Awards.

Our cyber security strategy is shaped with the following inputs:

- **Dynamic road mapping**: we adopt a dynamic three-year outlook on our security posture in an effort to predict and prepare for potential cyber threats in the coming years, whilst remaining flexible to the realities of threats as they arise. Roadmap management allows our team to scrutinise our cyber security strategy on a quarterly basis, considering evolving global cyber security threats and any new technologies we can implement to enable and protect our business, people, and customers.
- **Maturity assessments**: our goal is to always be aligned with, or even exceed, the latest industry standards to consistently elevate our cyber security maturity. We audit our security maturity through internal and external audits, with frameworks like NIST, SOC-CMM, and a proprietary CMMI Maturity model developed by Accenture forming the backbone of these assessments. In FY24 we partnered with Google's Mandiant to undertake a comprehensive maturity assessment, which will enable us to continue to evolve and uplift our maturity even further.
- **Alignment with Spark's business strategy**: our cyber security strategy is carefully aligned to both our wider business strategy and the network evolution strategy, to ensure it can support our business objectives.

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

We have a large cyber security team with over 150 security subject matter experts and processes that ensure appropriate ownership, oversight, and ongoing risk management is applied to our customers' and Spark's IT systems and data. Our Incident Response Plan governs how we respond to threats, and we have invested heavily in our threat intelligence platform.

In August, Spark entered into a partnership with leading global cyber security provider, Radware, to resell its suite of security solutions to enterprise customers. As part of this partnership, we have also integrated Radware's Cloud DDoS Protection Service into our existing IT infrastructure as an added layer of protection against complex DDoS attacks – where multiple 'bots' are used to send massive amounts of internet traffic to a website server, causing it to become overloaded and unable to handle legitimate user requests.

In November, Spark's Cyber Defence Tribe won the award for Best Place to Work at the 2023 New Zealand Women in Security Awards.

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Online safety

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

Scams

Spark has an important role to play in helping prevent our customers falling victim to increasingly frequent and sophisticated scams. Because we cannot stop scamming from occurring, we are focussed on blocking scams where we can and empowering our customers to be vigilant.

We work to limit the number of scam calls our customers receive by monitoring unusual calling activity and blocking offending numbers. We also block many messages containing known 'bad URLs', to prevent customers inadvertently clicking on the links.

To further strengthen our defence against malicious activity, in February we integrated the Malware Free Networks service from the Government Communications Security Bureau's (GCSB's) National Cyber Security Centre into our network. This service helps to reduce incidences of mobile and broadband customers inadvertently downloading malware onto their devices, by blocking confirmed malicious websites on our network.

In April, we further enhanced our customer protections by introducing a new automated Short Message Service (SMS) scam firewall. The firewall, which is informed by a global database of confirmed scam content, significantly reduce the amount of scam texts being received. This is by our customers detecting URLs, phrases, and 'calls to action' that are known to be used in SMS scam campaigns, and blocking them – preventing them being received by the customer. We have been monitoring outgoing SMS traffic patterns from our own network in an effort to detect scams for many years, and while this has resulted in a significant reduction in scam SMSs sent from our own network, the new filter improves our ability to detect and block this activity coming through to our customers from other mobile networks as well.

During FY24 we added another layer of protection to help prevent people falling victim to fraudulent Spark impersonations via email, by adopting a technology called 'Brand Indicators for Message Identification' (BIMI). BIMI shows either our trademarked logo or a blue verification tick in the sender section of some email platforms when the communications are legitimate.

We also provide a number of products and services to further protect customers from scams. This includes a landline product called Call Screen, a cordless home phone that contains technology that can effectively help customers protect themselves from scam calls, and McAfee Security Standard on eligible broadband plans, which helps to protect customers from scams, viruses, and other threats.

While these measures collectively provide safer online experiences, we continue to regularly remind our customers of the evolving scam landscape and the importance of remaining vigilant online.

Illegal child sexual abuse material (CSAM)

Child sexual abuse material is abhorrent and illegal and a growing issue in Aotearoa and globally. To help protect our customers from this content, and to help stop its dissemination, we implement a range of blocking measures on our network and provide additional tools for our customers to utilise on their own devices.

Spark has been a long-standing participant in the Department of Internal Affairs' (DIA) Digital Child Exploitation Filter, which blocks CSAM. Our Corporate Relations and Sustainability Director is a member of the Independent Reference Group that maintains oversight of the filter.

During FY24 we announced an additional agreement with DIA to block access to websites containing CSAM on our network.

Building on this progress, in March we announced we would become the first New Zealand internet service provider to become a member of the Internet Watch Foundation (IWF) allowing us to block CSAM contained on the Foundation's URL List on our network. This list includes criminal websites that have been individually assessed by an IWF analyst and is updated twice daily. We also formally endorsed WeProtect Global Alliance's '11 Voluntary Principles to Counter Online Child Sexual Exploitation and Abuse', which provides a framework for the digital industry to help combat online child exploitation.

Tools and education to protect our customers

We educate and alert customers to fraudulent activity through our scam alert webpage, our social media channels, direct customer communications, and via our customer service teams.

We also partner with Netsafe to develop and disseminate scam education material, such as brochures, which are available in store or online.

We also provide all our broadband customers with access to Net Shield, which helps to block harmful content and enables safe searching. Our customers can turn the Net Shield service on and off as regularly as needed, by logging into their account on the Spark website.

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

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Using technology safely and protecting customer privacy

Using technology safely and protecting our customers' personal information are responsibilities we take seriously. As we continue to embed new technologies like data and analytics and artificial intelligence (AI) through our business processes, we also continue to evolve our approach to AI and data ethics, privacy, and governance, to ensure we have the right guardrails in place to protect our customers' information.

We are committed to keeping customers' personal information safe and managing it in ways that align with customer expectations, Spark's Artificial Intelligence Principles, Spark's Privacy Values, and the law, including the Privacy Act 2020, and the Telecommunications Information Privacy Code 2020.

Data and AI governance

The rapid development of AI technologies brings many benefits to New Zealand, while also presenting increasingly complex challenges in ensuring that both data and data applications, are used by people and organisations ethically, safely, and lawfully.

Spark's use of AI is guided by our Artificial Intelligence Principles, which focus on a responsible and ethical approach to the design and operation of AI technologies within our business. Our principles are focussed around seven key areas: human centred; ethical design; diversity, inclusivity, and bias; safety and reliability; privacy; informed human decision-making; and explicability and transparency. These Principles are regularly reviewed and updated as we continue on our AI journey.

During FY24 we evolved our data governance strategy, restructuring our governance forums to enable a more targeted and purposeful approach.

We established an AI Executive Governance Committee, which provides executive oversight of Spark's deployment of AI across the business, including investment choices, benefit realisation, and associated changes to operating model design.

We also established a Data Ethics Committee, which is more specifically focussed on ensuring we are using data and data applications, including AI, ethically, legally, safely, and in line with stakeholder expectations.

Operational matters have now been integrated into our Information Security Risk Management Committee, which oversees data security and other risk domains more broadly.

The Data Ethics Committee includes representatives from the Leadership Squad, together with relevant subject matter experts and provides oversight as our Artificial Intelligence Principles are further embedded into our systems and processes.

Up until this year our use of AI within Spark has been narrowly deployed against specific use cases and controlled by a centralised, specialist team who have continued to ensure our use of this technology aligns to our Artificial Intelligence Principles. For example, we have used AI to implement data-driven marketing and to increase automation within our network.

The acceleration of Generative AI opens up new opportunities for a much broader number of Spark people to utilise AI in their day-to-day activities and is another pillar to our overall AI roadmap. We are piloting and then scaling different use cases across the business while enhancing our deployment approach in a carefully structured and staged manner. As this occurs, we will establish clear ownership by senior leaders across the business for change management in their areas, supported by our subject matter experts, and while maintaining Leadership Squad oversight through our governance forums.

To support this, during FY24 the Data Ethics Committee oversaw the creation and adoption of a new Generative AI Policy. This is an internal policy that operationalises our Artificial Intelligence Principles by providing specific usage guidelines for our people who are working with Generative AI tools within Spark. We are now disseminating and embedding this policy, in line with the staged rollout of Generative AI tools across the business.

To further embed our AI principle of privacy into our processes, we also require all new AI work that uses personal information in a new way to go through a Privacy Impact Assessment, which is then reviewed by a Privacy Ambassador (as explained below) or Privacy Officer. The Privacy Ambassador either approves, declines or helps reframe requests that sit within guidelines, or escalates the request to the Privacy Officer and the Spark Legal team (as required) for further investigation and discussion. This process ensures that any privacy aspects of proposed data and AI work are considered prior to any development commencing.

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Our privacy programme

Spark's Digital Trust team leads Spark's privacy programme, providing frameworks, tools, and training to support Spark people to follow our Privacy Policy and Values.

Internal processes and controls to safeguard customer privacy:

- *Risk assessments*
  New products and services are assessed for any privacy risks, with appropriate mitigations embedded into their design and implementation. For many of our business units, these assessments are conducted by Spark Privacy Ambassadors – specially trained team members equipped with Spark-made assessment tools and supported by dedicated privacy experts. New vendors are also screened to ensure privacy will be managed appropriately.
- *Personal information access management*
  Spark's Call Investigation Centre (CIC) manages requests for personal information from customers and government agencies. We report agency request volumes in our Spark Transparency Reports: **www.spark.co.nz/help/privacy-and-safety/how-we-manage-privacy/spark-transparency-report**
- *Responding to data breaches*
  Our dedicated Data Breach Reporting Tool enables any breaches to be reported by our people and managed in a customer-focussed way and in compliance with the Privacy Act 2020.

Awareness and support for our people:

- *Privacy resources*
  Our Policy Playbook contains guides for applying privacy considerations to everyday activities and comprehensive resources are provided for our people online.
- *Privacy training*
  All our people must complete privacy training on joining and annually, to ensure privacy considerations and Privacy Act compliance remains top of mind.

- *Resolving privacy issues*
  Our people are encouraged to raise any privacy issues they become aware of via the Digital Trust team or Spark's internal online whistleblowing tool, the Honesty Box.

Supporting our customers:

- The Privacy and Online Safety section on our website contains a range of tools and services to help customers safely manage their privacy and security.

Privacy compliance and reporting

In FY24 our people reported 228 data breaches for investigation, with 30 of these meeting the Privacy Act criteria for notification to affected individuals and the Office of the Privacy Commissioner (OPC). Most notifiable breaches involved fraudsters using personal information obtained from non-Spark sources, such as compromised online accounts or phishing (where fraudsters trick individuals into sharing their personal information).

As fraudsters' tactics continue to evolve, we continually review and update our internal processes and educate our customers around best practice password management and avoiding scams.

In FY24 Spark received 17 substantiated privacy complaints from customers and two substantiated complaints through the OPC. These enabled us to identify opportunities for targeted coaching or appropriate enhancements to our practices and processes.

Legal and regulatory compliance

Under our Code of Ethics all our people are responsible for ensuring we behave ethically and comply fully with all applicable laws and regulations.

Spark's Legal and Compliance Policy sets out the specific accountabilities that our people have for complying with the law. Our people leaders make sure their teams have the information and training necessary to meet these standards, and our Legal and Digital Trust teams support our people with comprehensive frameworks, tools, training, and advice.

Every employee is required to complete online training modules on the Code of Ethics and how to apply it, and we reinforce this training through regular internal communication across the business. See: **www.spark.co.nz/online/about/our-company/governance**

We continue to engage constructively with the Commerce Commission as appropriate, both proactively and reactively, on a case-by-case basis to ensure we are complying with all applicable laws and regulations. This includes working proactively with the Commission on various 'retail service quality' (RSQ) initiatives such as consistency of mobile service coverage information.

There were no significant instances of non-compliance with laws or regulations, including in respect of marketing communications, in FY24.

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Creating value through our network and technology

Manufactured + intellectual capital

OUTCOMES

Connected and resilient New Zealand

Our extensive networks and valuable portfolio of digital infrastructure assets underpin Aotearoa's digital economy and enable the people and businesses creating our country's tomorrow.

Our portfolio includes:

- Active infrastructure on 2,176 mobile sites[1]
- Network connectivity across ~9,400km national fibre backhaul[2]
- Partnerships with local fibre networks and Chorus to access the ultrafast broadband (UFB) and national copper networks
- 22.3MW data centre capacity and 118MW potential development pipeline[3]
- 35 major network sites (exchanges)
- A purpose-built Satellite Earth Station in Warkworth
- 41% shareholding in Southern Cross Cable Network, which owns the Southern Cross and the Southern Cross Next international submarine cables
- 17% shareholding in mobile towers business Connexa

1. Includes Spark active equipment on 1,549 third party towers, 514 Rural Connectivity Group (RCG) towers, 98 small cells, and 15 temporary sites as active at 30 June 2024.
2. Includes ~1,400km of Spark owned fibre, and ~8,000km of shared fibre active at 30 June 2024.
3. In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.

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Investing in digital infrastructure and next evolution technology

New and emerging technologies, such as multi-access edge computing, cloud, IoT, and generative AI, are changing the way we work and connect.

These technologies are underpinned by a diverse range of digital infrastructure that is built and operated by Spark and other industry participants. This includes fibre backhaul, which provides the 'backbone' connectivity to our fixed and mobile networks; 5G infrastructure, which delivers enhanced network performance for our customers; submarine cables, which carry large amounts of data and connect New Zealand to the world; and data centres, which house the large amounts of data needed for these high-tech tools to operate.

During FY24, we invested over $350 million to deliver a highly secure, automated, and resilient network, and in the digital infrastructure that unlocks new commercialisation opportunities, supercharges the competitiveness of our products and services, and supports our customers to grow.

Our AI and IT Transformation Programme

At Spark, investment in data and AI has been a key feature of our strategy for many years. These capabilities enable us to serve our customers more effectively by better anticipating their needs and help us to deliver our services more efficiently.

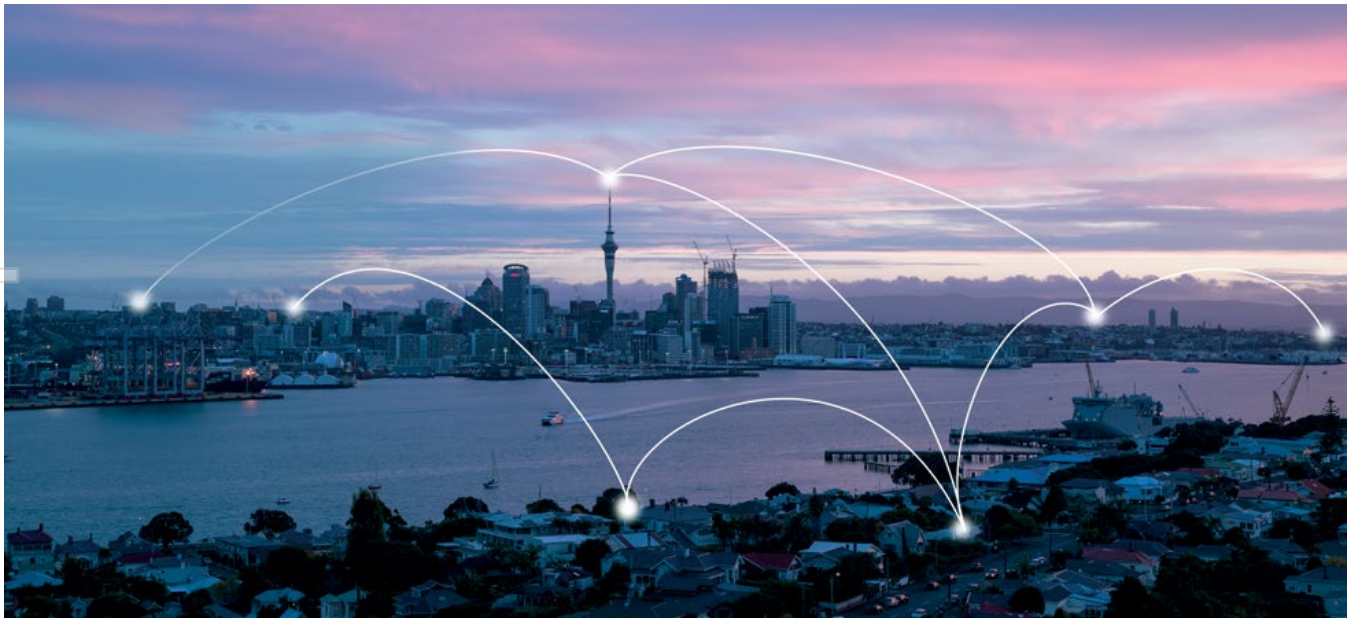
A pillar of SPK-26 is to create a simple data driven organisation. To deliver this ambition, we have established a Transformation Programme that brings together our work in AI and IT – with the aim of deepening our use of AI, while integrating data and IT across Spark to create efficiencies through the right architecture, automation, and standardisation.

We believe that broadening and deepening the use of AI in our business will deliver three key things:

- Better customer and people experiences
- A fitter and faster business
- Higher growth

We have dedicated squads who are testing and deploying specific generative AI use cases into different parts of the business, to identify our biggest areas of opportunity. As an example, we are now using AI in our call centres to map customers to the right queue and help address their needs more quickly and effectively.

As we explore further AI use cases we are guided by our Artificial Intelligence Principles, our Privacy Values, and our Privacy Policy, which can be accessed on our website: **www.spark.co.nz/online/about/our-company/governance**.
See page 34 for further details on our AI Governance and Privacy.



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Investing in our data centres

Accelerating growth in our data centre business is a core focus of Spark's strategy. With data usage increasing exponentially, and the proliferation of generative AI, demand for data centre capacity is growing rapidly. We are well positioned to capture our share of this growth, with our nationwide data centre network, our own significant capacity usage, complementary digital infrastructure, such as our fibre networks and subsea cable assets, our relationships with cloud hyperscalers, and our ability to provide products and services direct to customers.

Our existing data centre portfolio includes 22.3 MW of total capacity focussed on Auckland (where most current data centre demand is), as well as regional centres such as the Waikato, Bay of Plenty, Wellington, Christchurch, and Dunedin.

In Auckland our ambition is to establish three large-scale data centre campuses, including our largest site at Takanini, our CBD site on Mayoral Drive, and a planned development on the North Shore.

In FY24 we completed a 10MW expansion of our Takanini campus on time and on budget, which now has a total capacity of 12.3MW. The expansion included a highly energy efficient cooling system, which uses ambient air to cool the data centre.

Following the conclusion of the financial year, in August, Spark entered into an agreement to purchase adjacent land at Takanini, bringing Takanini's total potential development pipeline to ~63MW. Design is currently under way for a phased expansion.

This brings our overall development pipeline to 118MW, and when combined with our existing capacity, means we can grow our total data centre business to over 140MW in the future. As we invest in this growth opportunity, we are targeting returns of ~10-15%[1].

A render of the large-scale data centre on Auckland's North Shore.

Our Auckland CBD data centre is strategically sought after due to its customer ecosystem and location as a key connection point for international submarine cable systems and national networks. We are currently expanding capacity at this site to add an additional 1MW of capacity, and an adjacent Spark-owned site provides the potential to add another 15MW of capacity in the future.

During the year we also received resource consent to build a new, large-scale data centre on Auckland's North Shore as part of a 43-hectare masterplan development with global surf park creators Aventuur. The development will use an innovative heat exchange system enabling excess heat produced by the data centre to warm the water of the nearby surfing lagoon, while an onsite seven-hectare solar farm will supply renewable energy back into the data centre.

The North Shore site will become Spark's third strategic Auckland location, with capacity for a staged build of a 40MW campus over time.

Outside of Auckland, during the year we also partnered with the University of Waikato to take over the management of its existing data centre facility on campus, with the University becoming an anchor customer at the site. We have further investment planned to upgrade and grow capacity and operate the site as a key edge data centre for Spark and our business customers. An edge data centre is located closer to where the data is being used, reducing the time it takes for data to travel back and forth. This enables faster access and better performance for various applications and services.

Facility	Status	Site Capacity (MW)
Auckland – Takanini Campus	Built	12
Auckland – Aotea Campus	Built	3
Other sites	Built	7
Total capacity built		**22**
Auckland – Aotea Campus	Under construction	1
Total capacity under construction		**1**
Auckland – North Shore Campus	Development pipeline	40
Auckland – Takanini Campus	Development pipeline	63[2]
Auckland – Aotea Campus	Development pipeline	15
Total development pipeline (as at Aug 2024)		**118[2]**
Total potential capacity (as at Aug 2024)		**~140**

1. Target internal rate of return over the expected investment horizon.
2. In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.

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Unlocking the power of 5G

Our national 5G rollout has continued at pace, with 5G now live in 103 locations across Aotearoa, from large cities to smaller regional towns. This means almost half the population can now access 5G through Spark's network.

As we build our 5G network across the country, we are also working on making it more advanced and powerful. 5G is not just about faster internet on your phone, it can also improve the performance and reliability of many services and applications, such as video streaming, gaming, and smart solutions. We are currently deploying a 5G core network, which will deliver a true end-to-end 5G experience, without any dependency on legacy technologies – known as 5G standalone.

5G standalone allows us to create different service slices of the network that can be tailored for different purposes, referred to as network slicing. This means we can optimise the network to suit the specific needs of different customers and industries.

We are already testing this technology across a range of different use cases with customers. For example, we have recently started a trial that brings together a 5G Standalone private network with AI computer vision to help keep people safe in a manufacturing environment. Cameras detect whether people are wearing the appropriate safety gear, while blurring the images for privacy. Anyone who is not complying with the health and safety requirements will appear red on the screen, enabling intervention. This can enhance accident prevention and injury reduction across a wide range of industries.

"Our national 5G rollout has continued at pace, with 5G now live in 103 locations."

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The Internet of Things (IoT)

Spark IoT connections have continued to grow, surpassing two million during FY24.

IoT solutions enable businesses to monitor things in the natural and physical worlds around them, collecting data that can then be analysed and used to inform decision-making. We deliver these solutions through a range of different Spark IoT networks, each catering to different business use cases depending on bandwidth and coverage requirements. Specialist IoT devices are used to record and capture the data customers want to monitor, and IoT platforms with dashboard and alert features can be used by our customers to act immediately on the insights gathered.

In October, Spark acquired all of the remaining shares in Adroit, a leading Internet of Things provider that specialises in technology solutions for real-time environmental monitoring, with solutions that are used across worksites, construction, agriculture, aquaculture, councils, and infrastructure sectors.

During the year, Spark's Innovation Studio underwent a refresh to bring it up to speed with the rapid pace of technological change. The refreshed Studio showcases the latest innovative technologies across different customer use cases, including asset management, critical communications, smart environments, construction, water, and emerging technology. Since its opening in 2021, the Studio has seen over 400 tour groups across businesses and industry coming through to learn more about technologies, such as AI, computer vision, and IoT, and to view real-life examples from local organisations who are using these technologies to solve business problems.

The updated Innovation Studio.

Using IoT for continuous monitoring of geotechnical environments

Many areas in New Zealand are prone to slips, resulting in delays and road closures. This is particularly relevant with the increase in extreme weather events in Aotearoa. Monitoring for tilt or slope changes can be hazardous, labour-intensive, and time-consuming, resulting in delayed data gathering, health and safety risks, and a lack of accuracy.

Adroit has been working with customers in the infrastructure sector to provide an IoT solution using satellite-connected Tiltmeter technology, to monitor tilt or slope changes in various structures or geotechnical environments.

Highly accurate rotation data allows trend monitoring that can help detect movement of slopes and structures, as well as being used as early warning systems for catastrophic structural failure. Real-time data allows for immediate analysis and interpretation of monitoring results, which in turn enables quick decision-making and timely intervention to mitigate risks – providing early warning of potential hazards, such as landslides, sinkholes, or structural instability.

Tiltmeters can be instrumental in preventing road closures and keeping New Zealand's biggest industries moving around the country.

A showcase demonstration of the tiltmeter solution.

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"Technology convergence has an important role to play in boosting productivity and sustainability outcomes across our economy."

The convergence of our high-tech capabilities

Up until now our high-tech capabilities – such as 5G standalone, AI, and IoT – have operated largely independently of each other, but globally we are seeing a rapid acceleration of technology convergence. Converged solutions bring these different technologies together to solve business problems where it was not possible or cost-effective to do so in the past.

Considering the challenges New Zealand businesses are currently facing, we believe technology convergence has an important role to play in boosting productivity and sustainability outcomes across our economy.

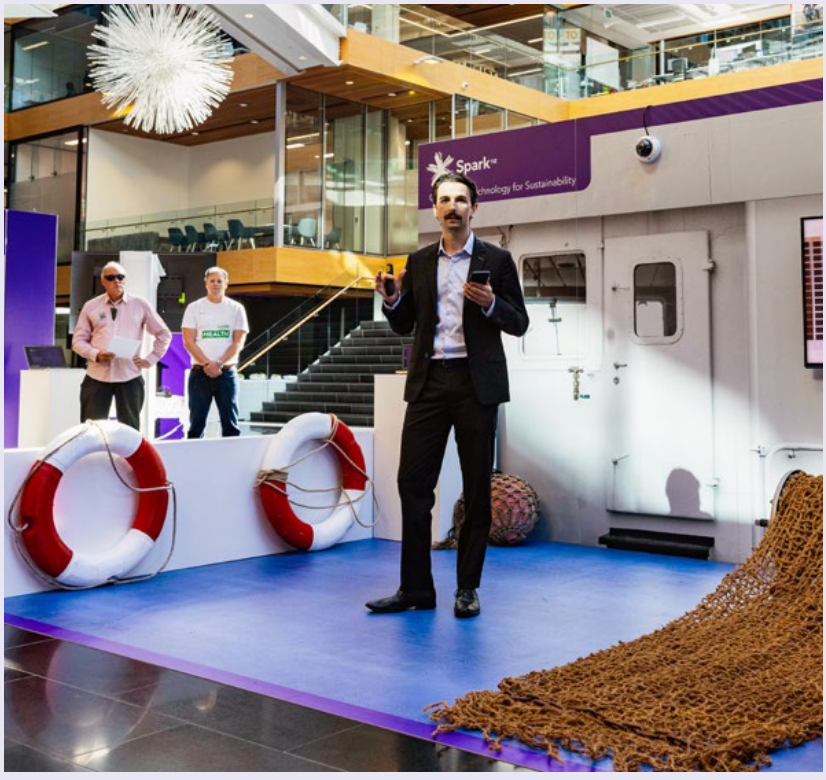
During FY24 we have embarked on a number of converged technology customer trials, to inform our development of key use cases that can be scaled further in future years.

Harnessing converged technology to make the fishing industry more sustainable

In FY24 Spark worked with the Ministry for Primary Industries (MPI) to install cameras on inshore commercial fishing vessels to help verify fishers' reported catch and effort data and to ensure the sustainability of New Zealand marine life is managed by the fishing industry in a modern way. This technology solution is breaking new ground by bringing together on-board cameras with IoT, AI, machine learning, cloud computing, and data and analytics.

Spark is providing the technology, cameras, software, and transmission process that enables the verification of fisher-reported data, to help inform fisheries management decision-making. An important component of the system is the processing of video footage that happens onboard the vessel. Previously, all data had to be put on a disc and couriered, but with this automated system, when a vessel is in range of Spark's 4G mobile network, the footage is uploaded to the cloud, where further processing takes place.

Using AI and machine learning, when the system detects human in-frame activities, the cameras move into high-definition capture and the relevant encrypted footage is stored and marked for upload. This reduces footage storage and review costs and allows for more targeted review of the footage by MPI, while also protecting fishers' privacy by targeting in-frame activities.



A showcase of the converged technological solution on a makeshift fishing trawler.

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Enhancing the resilience of our network

Our customers rely on us to provide networks and technology that is highly reliable in the face of unpredictable events. We make significant investments into network resiliency annually, and following increasingly severe weather events around Aotearoa, we have been focussed on how resilience to natural disasters can be further enhanced.

Working collaboratively as an industry

As an industry, we invest heavily in disaster preparedness, with around $1.62 billion being invested each year to maintain and upgrade networks. During major incidents, the sector comes together through our industry group, the Telecommunications Forum (TCF), which coordinates operators, other infrastructure sectors, including electricity and roading, as well as government, to restore services.

Over the last year, mobile network operators have continued working together to identify critical sites offering widespread coverage so they can be prioritised for restoration.

Maintaining coverage during power outages

One of the main reasons for telecommunications outages is a loss of power. Most of our mobile sites are equipped with battery backup and the ability to connect standalone generators when those battery reserves are exhausted, which provides short-term continuity of coverage during power outages. We are now working with our partners to extend battery life on major, critical sites to ensure they can withstand power outages for longer periods of time.

We are also working on an automation solution for our cell towers to improve the management of power consumption during power outages. This means that our cell towers will be able to monitor their own power consumption, detect when they are unable to draw power from the grid, and automatically prioritise connectivity for essential communications functions, such as calls and texts.

Establishing Aotearoa's Public Safety Network

We have established a joint venture with One NZ to support the operational capability of New Zealand's emergency services through the establishment of the Public Safety Network. The Network, which was established by Next Generation Critical Communications Poutama Whai Tikanga Pāpāho, is used by New Zealand's frontline emergency responders, including Fire and Emergency New Zealand, Police, Hato Hone St John, and Wellington Free Ambulance, and provides emergency services teams with access to roaming across both the Spark and One NZ networks, to improve redundancy.

Deploying satellite to bolster resilience

Satellite has an important role to play by adding an additional layer of resilience to traditional networks.

While using fibre to connect cell towers to the network ensures we can support the day-to-day activities New Zealanders expect to be able to do on their mobile phones, fibre cables run along the ground, including under roads and over bridges, both of which can become damaged during a natural disaster. This is where satellite backhaul plays an important role in resilience – substituting fibre temporarily to allow for basic connectivity, such as texts and calls.

During the year we established a network of satellite-connected small cells throughout the country, which can be deployed to provide access to a basic level of mobile connectivity during emergencies when fibre backhaul (which connects a cell tower back into the network) becomes compromised.

These satellite-connected emergency small cells are housed in five strategic locations in Northland, Auckland, Gisborne, Palmerston North, and Canterbury, making them readily available to deploy should the Spark mobile network be impacted by a fibre outage.

Our longer-term ambition is to enable our strategically placed permanent cell towers to automatically switch to satellite backhaul if required, ensuring we can provide connectivity when our customers need it most.

We are also currently trialling direct satellite-to-mobile technology with our partner Lynk Global, before offering the service to Spark customers at scale as more satellites are deployed.

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Improving customer experiences and resilience through AI and automation

We are trialling the use of generative AI and machine learning to detect anomalies in the network and generate insights for our engineers, such as 'I have observed multiple voice call drops in a metro site in Auckland'. This enables our engineers to quickly turn their attention to that site, diagnose the issue, and respond to prevent it becoming more widespread.

We are also running trials of generative AI within our operations team. This will allow us to interact and query various knowledge bases in real time using simple prompts such as, 'I want to see how many users on a cell site are impacted by this issue' or 'I want to see why traffic is unusually slow on this cell tower'. This also has the potential to predict maintenance requirements and automate corrective actions in future.

Working with government to improve resilience

While we are making great progress in preparing our network for future disruptions, we are committed to working alongside the industry and government to explore further opportunities to improve resilience.

To support this, we are engaging with officials to ensure important policy enablers that support network resiliency are in place. This includes the continued release of spectrum, which enables us to keep extending 5G coverage; ensuring proposed Resource Management Act 1991 reforms support the rollout of telecommunications infrastructure in a changing built environment; ensuring digital infrastructure is considered in Aotearoa's climate change planning; enabling cross-sector collaboration on resilience; and ongoing investment in public and private partnerships, like the Rural Connectivity Group.

A stronger backbone for our network

Over recent years we have been investing in the next generation of our Optical Transport Network (OTN), which is the fibre backbone of our network and connects Aotearoa's major cities to the core of the network.

Last year, we completed building our OTN 2.0, which has multiple redundancy paths and 'self-healing' capabilities. This means it enables the light signals that carry data up and down the country to automatically divert to an alternative path if a fibre cut occurs, swiftly restoring services where it is possible to do so.

Our OTN 2.0 has seven times the data capacity of the OTN, which is supporting our 5G rollout and providing our fixed and mobile networks with enough capacity to meet ongoing growth in data consumption.

We are also building our access and aggregation network which will provide diverse paths between our cell towers and our OTN 2.0, with its own self-healing capabilities to improve resilience further.

Additionally, we have three geographically diverse, highly resilient Spark network data centres providing core voice and mobile services located in Auckland, Porirua, and Christchurch.

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Connecting New Zealand with the world

During FY24, we completed the fourth upgrade of the Tasman Global Access Network (TGA) cable system through a consortium with Telstra and One NZ. This further increases capacity on the cable to service growing demand for connectivity between Australia and New Zealand.

Mobile network availability

Mobile network availability	FY23	FY24
Availability of 4G network due to site outages*	99.69%	99.87%

* Calculated as the total availability time of all sites minus outages / total availability time of all sites.

Connecting rural Aotearoa

Improving rural connectivity remains a key priority for Spark as we, alongside our industry partners, work to close the geographical digital divide. While our networks reach 98% of New Zealanders, there are significant challenges in providing coverage across mountainous, foliage-dense terrain, with highly dispersed populations.

The Rural Connectivity Group

We are a partner in the Rural Connectivity Group (RCG), a joint venture with One NZ and 2degrees that enables us to share the costs of building rural mobile infrastructure where it would otherwise not be commercially viable.

In June, the RCG connected its 500th rural cell site at Anawhata, serving a coastal community between Piha and Bethells Beach on Auckland's west coast. As a result of the connectivity provided by the RCG, 33,000 previously unconnected households across the country now have internet connectivity, and mobile coverage is available across thousands of kilometres of roads and 110 tourist hotspots.

Last year, Spark, One NZ, and 2degrees each committed an additional $24 million in funding to the RCG between 2023 and 2025, as part of an agreement with the Crown to expand mobile coverage further into rural New Zealand and reduce mobile black spots on state highways.

We have also accelerated our own deployment of 5G in the regions, with 5G connectivity now available in 103 towns with a population over 1,500 – which is 66% of our FY26 ambition.

Connecting rural marae

The Marae Digital Connectivity Programme aims to improve digital access in provincial and rural Aotearoa by connecting marae to reliable internet and providing iwi, hapū, and whānau with access to technology, including cloud storage, digital security networks, and state-of-the-art hardware. Spark is the key delivery partner working alongside Te Puni Kōkiri and Crown Infrastructure Partners.

One of the immediate benefits has been enabling whānau who lived elsewhere to stay connected to their hapū and join hui or wānanga virtually. The technology will also help marae to work with their rangatahi to support new skills development, while supporting local communities to innovate and create new business opportunities – such as hosting wānanga or conferences and collaborating virtually.

Comprehensive training on how to use the technology was rolled out around the country by Te Wānanga o Aotearoa as part of the initiative and a total of 659 marae have been connected through the programme at the end of FY24.

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Migrating customers off legacy technology onto future-proof alternatives

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

Retiring the Public Switched Telephone Network (PSTN)

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

The majority of New Zealanders have already made the switch to fibre or wireless proactively. In 2017, we had over a million customer lines on the PSTN, by the end of FY24 only 77,000 remained. Around 3,200 customer lines, on average, migrate off this technology every month. As customers move off the PSTN, we are able to decommission legacy PSTN equipment. To date, we have decommissioned almost 65% of our PSTN switches, which has resulted in a significant decrease in our power usage and carbon emissions.

Over the past year, we developed and implemented a solution for customers who rely on the legacy PSTN system for their voice services but have limited access to fibre or wireless alternatives. The solution, called MSAN (multi-service access nodes) enables our customers to maintain their copper line but instead of using the PSTN switch, it connects them to our new Access and Aggregation Network. This solution enables us to continue decommissioning PSTN switches while ensuring our customers remain connected until more advanced solutions become available in their region.

In a separate programme to Spark's PSTN shut down, Chorus is gradually withdrawing its copper network as it also reaches end-of-life. The copper network includes the physical lines carrying calls and data.

We have a dedicated customer service team for customers going through either a PSTN or copper migration and offer free in-home visits where required.

Closing our 3G network to make way for 5G in rural Aotearoa

In FY23 we confirmed that we will close down our legacy 3G network towards the end of 2025. The 3G network currently uses limited radio spectrum that is required to rollout 5G in rural areas, so closing it will enable us to re-farm that spectrum for use in our rural 5G rollout.

We recognise that this network closure may cause concern for the few rural communities where there is currently only 3G available, which is why we have continued to enhance our 4G network in these areas ahead of the closure.

At the same time, we are aware that some of our customers are still connecting to 3G in areas where 4G is available. Predominantly, this is due to customers using devices that can't make voice calls over 4G (mobile voice calls over 4G are technically known as VoLTE – Voice over LTE) and therefore still use 3G, so we have continued working with customers to make sure that these devices are replaced ahead of the 3G network closure.

Creating value for our environment

Natural capital

OUTCOMES

Protecting the environment and enabling positive environmental outcomes through our customers' use of technology

We rely upon natural capital through the diverse materials drawn from around the world to manufacture the physical assets that make up our networks and technology, and the devices our customers use. We also draw upon natural resources to power our technology and our broader business operations.

Our networks, distributed across New Zealand, are also impacted by changes in the environment, which has implications for the resilience of our infrastructure and the supporting services required to operate them.

Through the products and services we provide, our customers are able to live and work more sustainably and productively, enabling them to reduce their impact on the environment and use of natural resources.

We can reduce our draw on natural capital and shift towards circular and renewable operating models. And by being deliberate about our role in enabling emissions reductions and climate adaptation, we can ensure our customers and all of New Zealand can realise the benefits of digital technology in protecting natural capital and responding to environmental challenges.

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Our approach to environmental management

We have a focus on continuous improvement in our environmental management. Despite this, we saw a significant increase in our scope 1 and 2 emissions in FY24, putting us above our emissions reduction target pathway – our primary environmental KPI. See page 49 for more information on our performance.

Spark's Environmental Policy sets out our expectations for our people to consider environmental impacts when making decisions at work, including examining our business practices, understanding their impacts, and taking reasonable steps to reduce our environmental footprint. This is available at: **www.spark.co.nz/online/about/our-company/governance**

To help our people understand their role in creating a sustainable Spark, we have an online training module for all employees that provides information on our approach to sustainability and our expectation that our people consider environmental impacts in their day-to-day activities. We also communicate our progress to our employees through regular sustainability newsletters and direct engagement with teams across the business.

Working within Spark's agile operating model we have an established governance process to manage our most material environmental topics. This includes an Emissions Reduction Squad, led by our Environment Manager and comprising employees working in a variety of roles across the Spark Group. This squad is split into three workstreams, focussed on mobile networks, data centres, and fleet. Over the past year the squad worked to build energy costs and emissions considerations into our capital deployment and funding decision-making processes and templates.

We measure and report our energy use and emissions on a quarterly basis, alongside other broader sustainability KPIs, to our Leadership Squad. The Leadership Squad acts as a steering committee for sustainability across Spark through a standing agenda item at quarterly meetings. We believe sustainability is relevant to all areas of the business, so key updates and decisions are participated in by all members of our Leadership Squad. The Spark Board is provided a sustainability update on a quarterly basis, including as part of annual integrated reporting for year-end. In the past year these updates covered a range of topics, including performance against KPIs (including tracking emissions and energy use) and also on broader topics, such as climate risk.

Launching the Technology for Emissions Reduction report with Minister of Climate Change Simon Watts and NZTech.

Technology for emissions reduction

We believe technology has an important role to play in enabling emissions reductions across our economy. The role of digital technology in enabling decarbonisation is broad – it provides secure access to remote services, which helps people to reduce commuting; it can connect and monitor physical assets and natural environments, which creates insights that people and systems can then act on; it can influence behaviour; and it underpins the creation of low-carbon industries and jobs. To quantify this role, we undertook research with thinkstep-anz during our last financial year. Through this study we found that digital technologies can support annual emissions reductions of 7.2 Mt by 2030 – equivalent to 42% of the reductions required to meet Aotearoa's carbon budget targets. This highlights the opportunity for Spark to support our business customers to respond to climate change through our broad range of technology solutions.

7.2Mt

The annual emissions reduction digital technologies can support by 2030.

During the year we continued to advocate for technology to be integrated into the Government's next Emissions Reduction Plan, to ensure Aotearoa realises the full potential digital technology can bring to the climate challenge.

In partnership with NZTech, the Ministry of Business, Innovation, and Employment, and the Ministry for the Environment, we supported the development of a framework for New Zealand's first Climate Technology Roadmap. Climate Technology Roadmaps have been used in many offshore markets to integrate technology into national climate responses. The Technology for Emissions Reduction report is a first step towards developing such a Roadmap for New Zealand and draws on perspectives from hundreds of New Zealand businesses to provide actionable steps to integrate climate technology into business practices.

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Spark's SBTi-verified science-based emissions reduction target

The Science Based Targets initiative (SBTi) is established as the global standard for corporate emissions reduction targets. Over 5,000 organisations have set verified emissions reduction targets since it launched in 2015.

All SBTi targets must have a strict absolute reduction target for scope 1 and 2 emissions and also include a separate scope 3 target if these emissions are greater than 40% of the total footprint.

SBTi targets are set against sector-specific emissions trajectories. The ICT sector pathways were developed with the International Telecommunications Union (ITU) based on projected growth and efficiency gains.

The wording of SBTi targets are set and verified by the Science Based Targets initiative, and follow a common format requiring companies to 'commit' to the target that has been established. For Spark this is as follows:

Spark New Zealand commits to reduce absolute scope 1 and 2 GHG emissions 56% by 2030 from a FY2020 base year.

Spark New Zealand commits that 70% of its suppliers by spend covering purchased goods and services and capital goods, will have SBTi-aligned targets in place by 2026.

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

Spark climate-related disclosures

Our climate-related disclosures include climate risk reporting, which has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB). See page 90.

Spark's SBTi target covers our scope 1, 2, and 3 emissions sources

SCOPE 1

Direct emissions from sources owned or controlled by Spark

Emissions from the Spark Group fleet, as well as natural gas and diesel generators, which are used as alternative energy sources for Spark's data centres and mobile and fixed networks, and refrigerants (air conditioning and chillers), which are used for cooling in data centres.

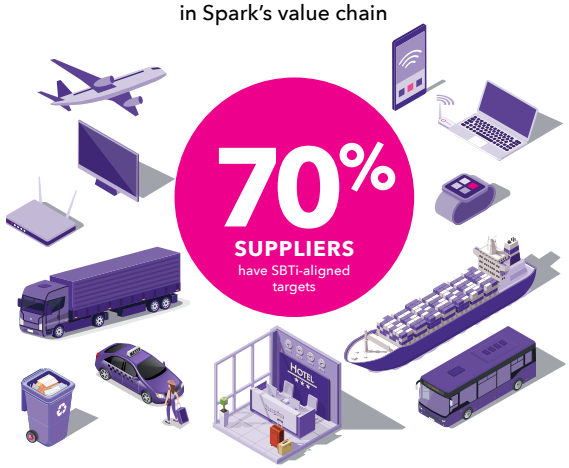
SCOPE 2

Indirect emissions from purchased electricity

Electricity purchased for corporate office, retail, data centres, mobile network, and fixed network.

SCOPE 3

Indirect emissions from other sources in Spark's value chain



Purchased goods and services, capital goods, fuel- and energy-related activities (not included in scope 1 or 2), transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets (emissions from the operation of assets leased by Spark that are not included in scope 1 or scope 2), use of sold products, downstream leased assets (customer on-charge for data centres), franchises, and investments.

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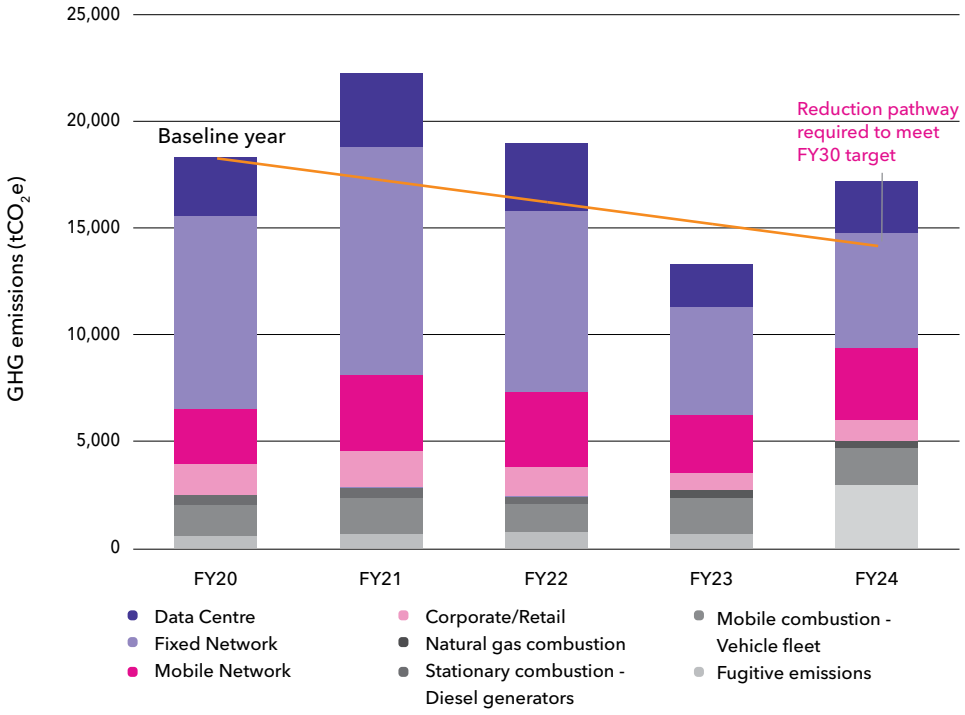


Performance against our scope 1 and 2 emissions reduction target

In the past year we saw our emissions increase, with our scope 1 and 2 emissions up 26.7%. This means we are tracking 18.6% above the SBTi pathway required to reach our 56% reduction target from FY20 to FY30.

The majority of this increase was driven by our scope 1 emissions, which rose by 73.4%. This significant rise was primarily due to a one-time event that led to higher fugitive emissions. Without this event we would be tracking 5.7% above our scope 1 and 2 SBTi pathway. See 'Fugitive emissions' on page 52 where we explain the reason for this increase.

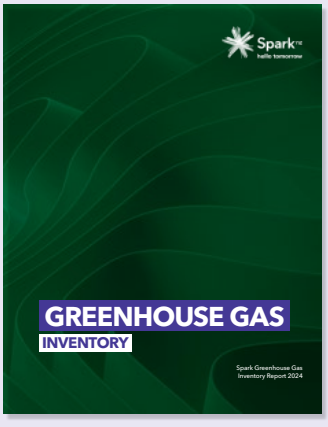
We also saw increases in our scope 2 emissions due to higher electricity usage and the higher emissions factor of the New Zealand grid. Our scope 2 electricity use, which powers our networks and infrastructure, remains our largest overall source of emissions related to our direct operations, at 72.3% of our total scope 1 and 2 emissions. The emissions intensity of the electricity we use is dependent on whether it is generated renewably or from fossil fuels, such as coal and gas. The mix of sources determines our emissions factor per unit of electricity.

Over the past year our scope 2 emissions increased 14.8%, driven by a 2.6% increase in electricity consumption and an 11.9% increase in the grid emissions factor. See 'Electricity consumption' on page 50 for more information.

Our scope 1 emissions associated with fleet also increased slightly, up 6.6% compared to FY23. This was due to more diesel consumption as a result of additional field service vehicles added to our Entelar Group fleet. We saw a decrease in reported stationary diesel combustion emissions (measured through diesel purchase records from the year) of 82 tonne of CO_2e, down 20.9% compared to FY23. This reduction was due to having no major diesel tank top-ups this year, in contrast to FY23 where a significant volume of diesel was purchased to fill tanks at our new data centre facilities.

Greenhouse Gas Inventory Report

We publish a standalone Greenhouse Gas Inventory Report alongside our Annual Report. It includes detailed reporting on our emissions and energy use. See **www.spark.co.nz/online/about/sustainability/environment** for more information.



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Electricity consumption

In the past year we have seen an increase in electricity consumption across the Spark Group, as we have continued to rollout our 5G network and invested to increase data centre capacity. Overall electricity consumption is up 2.6%, from 152.6 GWh[a] to 156.6 GWh.

The majority of the variance in our emissions since setting our target against our FY20 baseline has been in changes to annual hydrological conditions impacting hydroelectric generation. This saw a significant increase in non-renewable electricity generation on the New Zealand grid in FY21. In FY22 and FY23 this trend was reversed, with a cleaner electricity mix and underlying reductions in energy use delivering significant emissions reduction over the previous two years.

In FY24 we saw this trend reverse again, with a slight increase in the grid emissions factor, which is up from 0.0696 kg/kWh[b] to 0.0779 kg/kWh, an 11.9% increase.

"Our strategy is to decouple our business growth from emissions growth by working in partnership with our energy partner to utilise our electricity procurement to support the development of new renewable energy generation in New Zealand. "

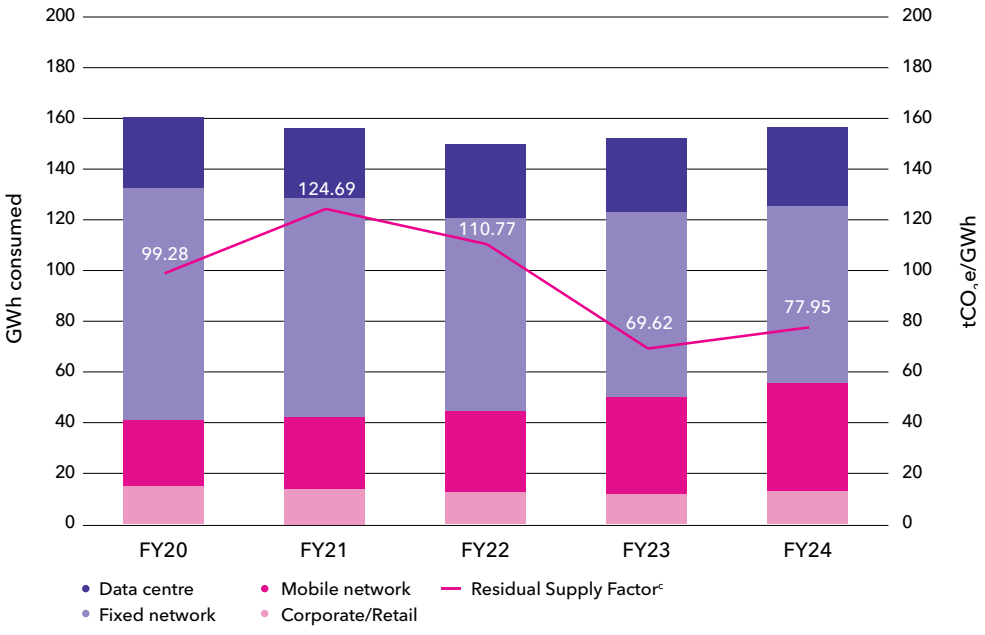
Long-term energy plan

A reliable and sustainable supply of energy is essential to power Spark's infrastructure and to enable future growth. The New Zealand energy system is facing a number of challenges from the impacts of climate change, the increased pressure put on generation through electrification of industrial processes, and the longer-term transition to 100% renewable electricity generation. Because of this, a focus on efficient use of energy is important.

The largest user of electricity across the Spark Group is our fixed networks, which includes our exchanges and legacy copper networks. We have a long-running programme of network simplification, including the decommissioning of legacy equipment, such as the public switched telephone network (PSTN), which has driven year-on-year reductions in electricity use across our business. Over the last year our fixed network energy consumption reduced 5.5%. We will continue to reduce electricity consumption through a focus on energy efficiency and removing old, inefficient equipment.

We expect our fixed network consumption to continue to decrease over time, with our data centres set to become our largest energy users over the medium term. In FY24, our electricity consumption associated with data centres increased by 8.2%. Our investment in expanded connectivity, network capacity, and data centre capacity is important to support innovation and enable emissions reductions across all sectors of the economy. However, we cannot pursue this growth without also reducing our own emissions against our SBTi target pathway.

Our strategy is to decouple our business growth from emissions growth by working in partnership with our energy partner to utilise our electricity procurement to support the development of new renewable energy generation in New Zealand. This creates additional generation capacity to meet growing demand and supports New Zealand's overarching climate goals. In May we announced a renewable energy partnership with Genesis Energy.



a. Gigawatt hours (GWh).
b. Kilowatt hour (kWh).
c. The Residual Supply Factor is the grid emission factor we use to calculate our market-based scope 2 emissions to measure performance against our emissions target. It is the amount of CO_2e per unit of electricity consumed.

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Renewable energy partnership with Genesis Energy

Through our existing energy supply agreement, dating back to 2021, Spark has been working with our energy partner, Genesis Energy, on opportunities to work together to achieve Spark's SBTi target. In May 2024 this culminated in the announcement of a new renewable energy partnership with Genesis.

Under a ten-year Power Purchase Agreement (PPA), we will purchase all of the electricity generated by Genesis' first solar farm in Lauriston Canterbury. The 63MW Lauriston solar farm is expected to generate enough electricity to meet 60% of our current annual requirements and will make a significant contribution towards our scope 1 and 2 emissions reduction target.

The energy generated by the Lauriston site will be zero-carbon and we will be able to count this renewable energy against our market-based scope 2 emissions target through the transfer of Renewable Energy Certificates. These certificates transfer the renewable attributes of the energy to Spark and enable transparent tracking and reporting.

In exploring renewable energy partnership opportunities, it was important to us to support investment in new renewable energy – rather than buying certificates for existing renewables that were added to the grid many years ago. It is only through the addition of new renewable sources that New Zealand's grid will further decarbonise and our country will reach its long-term climate goals. Long-term commercial commitments, delivered by PPAs, support new renewable generation to become operational faster by providing projects with commercial backing and increasing confidence to invest in further developments.

Under the agreement, the remaining 40% of our electricity needs will continue to be sourced by Genesis from the grid as occurs today. However, as we continue to grow our energy use, and we look beyond our FY30 emissions target to our long-term transition to net-zero, we will ultimately need to transition 100% of our electricity consumption to new renewable sources. The partnership with Genesis includes a commitment to explore additional renewable energy opportunities, supporting Genesis to achieve its target to have 95% renewable generation by 2035.

Fugitive emissions

In FY24 we worked closely with our refrigerant supplier to enhance our fugitive emissions reporting. Beginning in Q3, we now receive monthly refrigerant recharge data. This improvement has allowed us to transition from a screening method to a more accurate measurement of refrigerant recharges, enabling year-round monitoring. Through this improved methodology, we identified slow refrigerant leaks as the most common source of fugitive emissions.

During the last quarter of the year, an alarm triggered a fire suppressant gas flood response at one of our exchange sites. Due to the high global warming potential of the gas released, this incident resulted in emissions of 1,892 tonnes CO_2e. This contributed to a 311% increase in our fugitive emissions compared to FY23. In FY25 we plan to deploy IoT sensors across relevant assets and investigate low-carbon refrigerant alternatives to avoid similar events occurring in the future.

Our fleet

In FY24, Spark's fleet was responsible for 10.5% of our reported scope 1 and 2 emissions. Our FY24 fleet emissions were up 6.6% on the previous year, due to increased fuel use in the fleet of our subsidiary Entelar Group. Entelar Group provides services to all of New Zealand, including network and fibre build and maintenance. This work requires an extensive tool-of-trade fleet that is partially made up of diesel fuelled utes and vans. To keep pace with business demands, Entelar added 19 diesel vehicles to its field fleet in FY24, while also looking for opportunities to adopt more sustainable options, including 26 new hybrids to support non-field operations and the ongoing removal of petrol vehicles.

We introduced our 'Electric First' policy for the Spark corporate fleet in FY22, with all vehicles due for renewal to be replaced by an electric vehicle (EV). Over the past year we have made great progress in transitioning our Spark Corporate fleet to EV. However, we continue to face challenges across the Spark Group, particularly in areas where low-carbon alternatives for tool-of-trade vehicles are limited. We also have roles that require long-distance travel or involve areas with insufficient fast charging infrastructure, proving a barrier to the uptake of EV.

For those who have range and charging issues, we have looked to extend the leases on hybrid vehicles. Additionally, when a low-carbon vehicle is no longer needed in one part of the business, we reassign it to another driver who is operating a less efficient vehicle, improving the overall efficiency of our fleet. We are continually monitoring the New Zealand market for new electric vehicle options, focussing on models that offer extended range and field-service capabilities.

Spark New Zealand fleet composition

Vehicle type	Spark	Spark subsidiaries
EV	80 (+39)	4 (+2)
PHEV	13 (-8)	0 (-2)
Hybrid	85 (-47)	76 (+24)
Combustion engine	3 (N/C)	201 (+1)
Total	**181 (-16)**	**281 (+25)**

Bracketed figures represent the change from FY23.

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Our scope 3 emissions

Scope 3 emissions refer to the emissions that are created across a company's value chain. For example, the emissions created by the manufacturing of goods and delivery of services used to run a business, or through the use of the products and services customers buy from that business. At Spark this includes a wide variety of sources, including the production of purchased goods, transportation, business travel, and the way our customers use our products.

Performance against our scope 3 supplier engagement target

The percentage of our spend with suppliers with SBTi-aligned targets in place has increased to around 43%, up from 33% last year. A number of our largest suppliers by spend are our peers in the New Zealand telecommunications sector. One of our key local suppliers achieved SBTi verification of their science-based target in the past year, a second is finalising an SBTi-verified target, and a third has committed to set a target in the next two years. Across our global supply chain approximately 21% of our spend is with suppliers that have publicly committed to setting targets within the next two years.

As we have strengthened our ethical supply chain processes we have implemented a process to survey key suppliers on an annual basis. This provides an opportunity to gather more data on supplier environmental governance, compliance, and commitments, including emissions reduction targets and alignment and validation against SBTi methodology. For global suppliers our membership of the global industry group, the Joint Audit Cooperation (JAC) initiative, provides a platform to engage suppliers alongside other telecommunications companies with similar SBTi-verified supplier engagement targets. For more information on our approach to engaging suppliers on sustainability and ESG matters, refer to our Modern Slavery and Human Rights Statement: **www.spark.co.nz/online/about/our-company/governance**

Business travel

Flights and business travel are classed as scope 3 emissions, so are not included in our scope 1 and 2 SBTi emissions reduction target. However, business travel is a significant source of emissions that can be easily influenced by our policies and behaviour.

Following the post-Covid travel rebound we saw in FY23, emissions associated with business travel have reduced by 13% in FY24, which is 35.4% below our FY20 baseline. We saw a decrease across all business travel activities, and most notably a 32.1% reduction in domestic air travel emissions.

To contain growth in business travel we have implemented a new sign-off process for international travel. We have also built quarterly travel data into our sustainability dashboard to maintain greater oversight and determine whether any further action is required to manage business travel.

43%

The percentage of our spend with suppliers with SBTi-aligned targets.

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Reducing e-waste

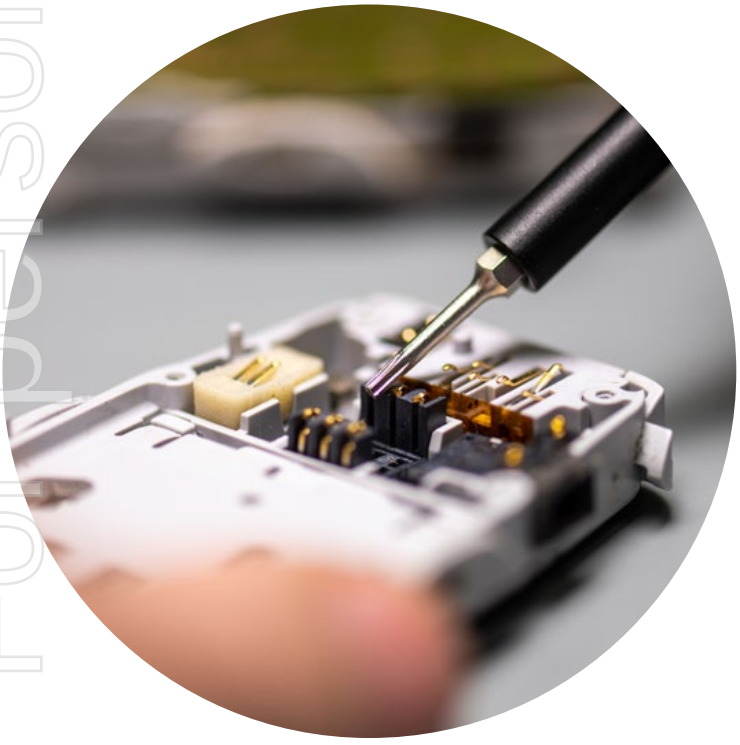
Electronic waste is our most significant waste impact. We produce a significant volume of electronic waste across our direct operations and indirectly through the downstream impacts of customer equipment at end-of-life. E-waste also includes valuable and potentially hazardous elements. It is therefore important for us to focus on circularity in our e-waste management, to enable materials to be recycled and to reduce environmental harm through improper disposal.

E-waste and network recycling

Spark has a long-standing programme to manage end-of-life network equipment and technology. Recovered equipment is separated into different waste streams – such as printed circuit boards, copper cables, lead batteries, and all types of metals. These materials are processed by our local recycling partners and then some components are sent overseas for recycling, reselling, or reusing.

In FY24 we recovered a total of 450 tonnes of e-waste, down from 559 tonnes in FY23. Of this, 138 tonnes were network e-waste (down 16 tonnes on FY23) and 312 tonnes were metals, cables, and batteries (down 101 tonnes). The reduction in recovered e-waste was the result of fewer PSTN switches being decommissioned in FY24 compared to FY23, as well as a number of smaller switches being removed compared to previous years. We continue to improve our recycling collections focussing on education within Spark and working with some of our larger customers to support them to responsibly recycle their surplus equipment.

Alongside the Spark Foundation, we also support the Recycle A Device (RAD) scheme through our subsidiary, Entelar Group, to provide logistics support towards the collection and refurbishment of used laptops for students and others in the community in need of a device. See page 60 for more information.



Mobile phone recycling and trade-ins

In FY24 Spark received 16,425 mobile devices for recycling and trade-in, up from 15,119 in FY23. This increase was due to a rise in trade-in numbers. Trade-ins are becoming more popular with our customers, allowing them to unlock value from their older devices. Most trade-in devices we receive go on to be refurbished and resold, extending their lifecycle and keeping them in circulation. When we receive devices that are unable to be redeployed, we recover essential materials and send them on to be reused in new products.

Product stewardship scheme development

Following the 2020 amendment to the Waste Minimisation Act 2008, electrical and electronic products have been designated as Priority Products. This designation mandates the implementation of product stewardship schemes, ensuring manufacturers, importers, and retailers take responsibility for the entire lifecycle of these products.

Spark is a member of the Telecommunication Forum's (TCF's) RE:MOBILE product stewardship scheme, one of the first industry schemes voluntarily accredited by the Ministry for the Environment (MfE) under the provisions of the 2008 Act. The RE:MOBILE scheme takes unused mobile phones, and either refurbishes and on-sells them in overseas markets or recycles them to recover the materials used. Profit from the scheme is donated to the charity Sustainable Coastlines.

The accreditation for RE:MOBILE lapsed in April 2021 and TCF is now seeking re-accreditation under the new provisions in the 2020 Act. MfE continues to recognise the scheme as TCF work through this process. Spark is a part of the TCF Product Stewardship working group contributing to the review of RE:MOBILE and the re-accreditation process.

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Proposed design for Spark's Takanini data centre expansion.

Our water usage

We practise water conservation across our data centre portfolio, using it only when necessary for maintaining humidity, equipment upkeep, and the evaporative cooling of outdoor chillers during hot weather. At sites with closed-loop cooling systems, water is recirculated, eliminating the need for ongoing consumption.

Water is also a key consideration in the design of our data centres. Our newest pod at the Takanini data centre uses a free air-cooling system, utilising the ambient outdoor air to cool servers and equipment. Our future data centres are being designed to use similar air-cooled methods or closed loop cooling systems to minimise reliance on municipal water supply.

In FY25 we plan to introduce new processes to measure our total water consumption across all business operations, including our data centres. We will also implement IoT water metering systems where we require further insights into our consumption, to enable more detailed reporting in the future.

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Creating value for our communities

Social + Human Capital

OUTCOMES

Connected and empowered communities

We work alongside New Zealand communities to harness the power of technology to create a positive digital future for all. Our products and services help our communities to stay connected and enable the provision of community services. Beyond the direct impacts of our products, we want to play a bigger role in building healthy, connected, and equitable communities.

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Championing digital equity

At Spark our commitment to digital equity starts with our purpose – to help all of New Zealand win big in a digital world.

Digital equity starts with having access to devices and a connection to the internet but it doesn't stop there. To close the digital divide our communities need the skills to use technology, trust in the digital world, and the motivation to participate.

Spark's investment into the community

In FY24 we committed nearly $10 million in free data and funding, as well as significant internal resources, to achieve our digital equity ambitions and contribute to our communities.

In FY24 Spark donated nearly $2 million to Spark Foundation, with $1.5 million designated specifically for community projects, and the remaining funding operational costs.

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

Spark's subsidised broadband service Skinny Jump has been designed to operate on a not-for-profit basis – with the revenue generated covering the costs of the free modems, community partner network, product development, and customer care and education. The commercial value of the data provided to households in need through Skinny Jump totalled over $7.7 million in FY24.

~$10m

Spark's investment into digital equity in FY24.

Zakir Ahmed, Waheed Ahmed and Amjad Mahmood after getting connected by Skinny Jump and Red Cross.

New Kiwis get connected online through Skinny Jump and New Zealand Red Cross

For many refugees who arrive in New Zealand, getting connected to the internet is vital for settling in a new country, learning a new language, and staying in touch with their families and friends. However, they often face barriers such as cost, language, and lack of knowledge about local processes.

That's why Spark Foundation and Digital Inclusion Alliance Aotearoa (DIAA) have partnered with New Zealand Red Cross to provide Awhi Matihiko, a digital inclusion programme that supports refugees to access and use the internet. Awhi Matihiko offers Skinny Jump, a low-cost wireless broadband service, as well as digital skills training and support.

Zakir Ahmed, Waheed Ahmed, and Amjad Mahmood are three refugees from Pakistan who arrived in Masterton in September 2023. They were assisted by the Red Cross team to get set up with Awhi Matihiko and connected the modem in their home.

"When I arrived here, I was worried about how we would contact our families in Pakistan. Getting connected through Skinny Jump allows us to stay in contact with them and tell them what our lives are like in New Zealand," Waheed says.

Amjad adds: "It helps us learn English, and to prepare for the theory test for our driver licences."

Zakir agrees: "Without internet many things would be difficult, including speaking to people here and to our families. Having the internet is a plus point for us."

Through Awhi Matihiko, Zakir, Waheed, and Amjad are not only able to access the internet but also to develop their digital skills and confidence.

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Seniors Connect

In FY23, Spark held an event called ALL IN, which brought our people together to learn more about the digital divide and to work together on solutions. As part of the event, our people brainstormed ways to tackle digital equity, with close to 1,000 ideas generated.

These ideas were filtered down to ten concepts for Spark to explore, taking into consideration the feasibility and desirability of each idea. The idea that was chosen as the first to pursue posed the following question: "How might we enable Spark people to use their volunteer time to close the digital divide for seniors in New Zealand?"

This complements the work of Skinny Jump, which is focussed on cost as a barrier to connectivity, and Spark Foundation, which is focussed on Māori and Pacific youth. And with an ageing population here in Aotearoa, supporting digital equity for our senior New Zealanders is a logical area of focus for Spark.

To explore this idea further, we established a squad called 'Seniors Connect', who kicked things off by engaging with key community organisations across the country, to understand what problems seniors are facing when it comes to using digital technology, what services already exist in the community, and what Spark can do to meaningfully support seniors to thrive in an increasingly digital world.

The Seniors Connect Squad is now designing a service framework that will equip our retail store teams to support seniors effectively, while also connecting our customers to broader digital equity services across the community. We are also exploring how our people can utilise their volunteering days to support this work.

Improving access and affordability through Skinny Jump

Skinny Jump is Spark's not-for-profit wireless broadband service for people who find cost a barrier to having an internet connection at home. The service is entirely prepaid, so there are no long-term contracts or credit checks needed, and all it takes to get set up is registering through a community partner and plugging in the modem.

Jump is delivered by a dedicated squad of Spark people alongside a community partner network, which is overseen by Digital Inclusion Alliance Aotearoa (DIAA) and includes nearly 300 local organisations nationwide, spanning community libraries and community hubs amongst others.

There are now over 31,776 households across the country who are actively using Skinny Jump.

For wireless broadband an active connection is defined as a customer having used their modem in the last 30 days. However, Skinny Jump customers are more likely to have infrequent internet use as they have to reprioritise their monthly spending when budgets are tight. This is why for Jump, we also measure customers who have used their modem in the last 90 days, and in FY24 this totalled more than 33,993 households.

Jump provides customers with 35GB of data for just $5, with the first 15GB of data each month free. Customers can purchase up to six top-ups a month, which means Jump customers can access 225GB of data for just $30 a month.

In FY24 Skinny Jump continued its key partnerships, including the 'Ciena Jump for Students Fund', which gives eligible students a free Skinny Jump connection until the end of the school year. There are now 1,160 students using the Ciena Jump for Students Fund.

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

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Members of the Spark Foundation team and Board met with Te Ao Matahiko representatives at Te Kuirau Marae.

Championing digital equity through Spark Foundation

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

Spark Foundation allocates funding for programmes through a strategic partnership approach, working with organisations whose objectives are aligned to improving digital equity for Aotearoa. Most partnerships focus on empowering and equipping the next generation of digital thinkers and creators, especially Māori and youth, who are disproportionately impacted by digital exclusion.

Last year, Spark Foundation refreshed its strategic direction for the next three years, recognising the significant progress already made improving digital access through Skinny Jump and programmes such as Recycle A Device (RAD).

While the Foundation's three focus areas remain, over the coming years the focus on building digital skills and pathways into technology for Māori and Pasifika will be upweighted. We believe that equitable participation in our sector is the ultimate expression of digital equity.

Spark Foundation investment

In FY24 Spark Foundation invested over $2 million into organisations and projects that accelerate digital equity. This includes funding received from Spark, in addition to proceeds from the sale of the Spark Foundation's art collection, which was completed in FY23. Around 80% of project funding supports nine multi-year partnerships, which span around two to five years. The rest is allocated to smaller, one-off grants.

During the year Spark Foundation launched a partner wellbeing initiative, Poipoia, in response to feedback from partners about mental health challenges their teams were experiencing.

As part of this initiative, Spark Foundation provided partners with funding to support wellbeing activities or resources for their people, as well as access to the 'Clearhead' app through Spark's own Mahi Tahi wellbeing programme. Clearhead offers a range of online tools in addition to six fully funded therapy sessions a year, to support mental health. Feedback from partners has been extremely positive and Poipoia will be continued in FY25.

Te Ao Matihiko receives $1 million investment from Spark Foundation

In December, Spark Foundation announced a $1 million investment over the next three years in Te Ao Matihiko, the newly formed national organisation for Māori in technology, which launched in October.

Māori participation in the technology sector remains low, with the latest NZTech report 'Digital Skills for Tomorrow, Today' indicating only 4.8% of the sector identifies as Māori.

Te ao Matihiko has an ambitious vision to change this, by becoming the strategic backbone organisation for Māori in technology. It will do this by building a community of Māori in technology and pathways into the sector; raising visibility of Māori in the sector; strengthening and safeguarding Māori culture within digital spaces; and advocating for policy and system change.

The support provided by Spark Foundation will allow Te Ao Matihiko to establish its Board and governance structures, create a longer-term 20-year roadmap, build operational capacity, and grow its membership base.

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Spark Foundation partnerships in FY24

Digital access

Recycle A Device: Recycle A Device (RAD) takes second-hand laptops donated by businesses and households, teaches local ākonga (students) to refurbish them, and then gets them into the hands of those who need them the most. The result is an end-to-end process of device collection, refurbishment, distribution, and disposal that enhances digital equity at every level – providing highly sought-after tools, access, and skills to rangatahi (young people) while also offering the added environmental benefit of diverting e-waste from landfill by giving these laptops a second life. Once devices have been refurbished, they are gifted to students within the school community itself or to other community organisations for distribution to people in need.

As well as Spark Foundation funding, Spark subsidiary Entelar Group partners with RAD to provide logistics support. In the last year, over 1,300 laptops were gifted to those in need, and RAD also ran 28 one-day workshops where over 420 rangatahi learned the tech engineering skills needed to repair laptops.

Porirua Access Connectivity and Education (PACE): Following a community talanoa in 2020 organised by Spark's Vaka Pasifika team, a community initiative, PACE, formed to specifically address the digital access, connectivity, and education divide in Porirua. In FY24, PACE ran a school-based community Wi-Fi pilot at three schools, which is now being rolled out to more schools across Porirua. PACE has also purchased devices that it is offering to families under a cost sharing model, which provides the option to split costs three ways between PACE, the school, and the family.

Spark Foundation partner hui 2024 at Ōrākei Marae.

Digital skills and pathways

Digital Natives Academy (DNA): DNA has been a Spark Foundation partner for nearly six years. A kaupapa Māori organisation, DNA Charitable Trust was established in 2014 to illuminate digital pathways and to inspire young people and their families to create, transform, shape, and develop their own digital tools. In April, 132 students came together to design the marae of the future for Te Ahi Orokohanga, a Minecraft Build event. In collaboration with Ngā Kura ā Iwi o Aotearoa, Local Gecko Productions, and Te Papatipu Matihiko Charitable Trust, DNA provided a culturally safe, empowering space for tamariki and rangatahi to explore the digital world and hosted and live-streamed the entire event in Te Reo Māori.

Fibre Fale: Founded by two young Pacific leaders, Julia Arnott-Neenee and Eteroa Lafaele, Fibre Fale creates pathways for Pacific people into the technology sector through education, advocacy, and facilitation. In FY24 Fibre Fale has focussed on showing up in places where their community is active, like social media. Here they have shared educational, relatable, and honest storytelling content. In June Nu'uali' Eteroa Lafaete was awarded joint Hi-Tech Young Achiever at the NZ Hi-Tech Awards.

P-Tech: A public education model designed by educators and the technology sector to address New Zealand's science, technology, engineering and mathematics (STEM) skills gap. Participating schools collaborate with private companies that provide students with mentorships, worksite visits, and paid internships. On completing the programme, students will have both their National Certificate of Educational Achievement (NCEA) qualifications and a New Zealand Diploma aligned to industry needs. In addition, successful graduates typically earn first-in-line consideration at affiliated industry partners when applying for jobs. In FY24 P-Tech recruited 120 students, bringing the total number of students to 350 across all five year levels of the programme.

Pūhoro STEMM Academy: A kaupapa Māori initiative that aims to improve representation of Māori in Science, Technology, Engineering, Maths, and Mātauranga. Working with schools, Pūhoro supports iwi-affiliated rangatahi Māori from NCEA level 1 through to higher education, helping to guide them into high-value careers. Spark Foundation is a funder of the Hawke's Bay regional programme, which supports eight schools.

In FY24, Spark Foundation supported the aspirations of Pūhoro to double down on digital technology skills by providing further funding investment to support the new Kaiarataki Matihiko, digital tech lead role.

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Hihiko Te Rawa Auahau: Delivered by Toi Kai Rawa, the Bay of Plenty's Māori economic development agency, Hihiko Te Rawa Auahau is focussed on delivering customised innovation plans to accelerate digital inclusion in the wider Bay of Plenty region, specifically tailored to the individual kura (schools) and communities they are working with. In FY24, Hihiko Te Rawa Auahau held three Hihiko STEAM (science, technology, engineering, arts and maths) Innovation Days at Te Whare Wānanga o Awanuiārangi campus in Whakatāne. These events provided opportunities for ākonga (students) to interact with a range of innovators from STEAM sectors across the region.

Take2: A programme that aims to break the cycle of crime through technology, Take2 teaches incarcerated individuals to code, enabling meaningful employment opportunities once they are released. Spark Foundation has supported Take2 for four years, with FY24 marking the final year of funding.

Digital wellbeing

Digital Discipline: A programme that offers support to young people dealing with social media addiction through education, awareness, and strategies to balance the online world with the real world. Digital Discipline is currently focussed on South and West Auckland communities with further collaborations across the country. Spark Foundation has funded Digital Discipline for three years, with FY24 marking the final year of funding.

Other partnerships and funding

In addition to multi-year partnerships, Spark Foundation also made smaller, one-off grants to a range of digital equity initiatives including The Light Project, Tāiki E!, Māori Tech leaders wānanga, Aquabots, Sticks 'n Stones, and AI Sandbox.

SAGE Engineering club

SAGE Engineering Club is a group of five girls aged between 13-17 who qualified to represent New Zealand at the International SeaPerch Competition (underwater robotics) in May. The team participated in four different robotics and engineering competitions throughout the year and placed second in the High School Division at the New Zealand Aquabots Competition, which qualified them to represent New Zealand internationally. SAGE Engineering Club was the only all-girls team to qualify.

SAGE Engineering Club needed $40,000 to make it to the international competition in the USA. In line with its mission to support youth who are disproportionately impacted by inequity to explore a future in technology, Spark Foundation contributed $5,000 to SAGE Engineering Club's Givealittle and rallied Spark people to donate. SAGE Engineering Club made it to the USA and ranked 17th out of 75 high school teams in the International SeaPerch Competition.

SAGE Engineering Club at the International SeaPerch Competition.

Connecting our people to our communities

Spark encourages our people to give back to the community through our Spark Give and Spark Volunteer programmes.

Spark Give

Our payroll giving programme, Spark Give, enables our people to donate to schools and charities via their pay. Spark matches donations towards our four key partners through Spark Give dollar-for-dollar (up to a cap of $250,000 per year).

Our people also have the option to donate to their personal causes, and Spark continued to match most registered charities (except schools and religious organisations) dollar-for-dollar (up to $500 per person per year, up to a total of $50,000 per year).

In FY24 Spark Give donations included:

Employee Donations:	$307,497 (FY23: $366,431)
Spark's Matching:	$47,622 (FY23: $59,239)
Number of employees participating:	342 (FY23: 205)

Spark Volunteer

Spark employees can take one volunteer day each year, for skills or mission-based volunteering. Skill-based volunteering means our people focus on opportunities to use their specialised skills and talents to assist not-for-profits. Mission-based volunteering means volunteering with organisations whose work aligns with digital equity.

Some of the organisations that our people volunteered for over the year include Pride, Lifeline, Sustainable Coastlines, Summer of Tech, Shadow Tech, Hatch, GirlBoss NZ, P-Tech, Trees that Count, and Take2.

In FY24 volunteer leave days were as follows:

Total staff eligible for volunteering:	5,291 (FY23: 4,259)
Total employee participation:	610 days by 633 people (FY23: 462 days)
% of employee participation:	12% (FY23: 11%)

Creating value for our people

Human + Intellectual Capital

OUTCOMES

High performing, engaged, and inclusive teams

Our success relies on our team of talented and diverse people. A career at Spark offers opportunities to learn, grow, and belong to a business that encourages leading-edge learning and development, holistic wellbeing support and services, and the chance to be part of a high-performing team that operates in an inclusive agile environment, that can unlock innovation.

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Employee engagement

We measure the engagement of our people using regular, confidential surveys and pulse checks that provide us with a comprehensive engagement assessment that reflects employee motivation, likelihood to remain with Spark, and how likely our people are to recommend Spark as an employer.

Feedback from these surveys is shared with our people, with improvement actions then co-created within teams to improve our ways of working and culture. As a business, this has led to a number of improvements over the last year, such as changes to our annual remuneration review, our Quarterly Business Review (QBR) processes, and the development of a new management development programme.

Participation in our surveys has remained strong, with 86% of our people taking part in our final FY24 survey, which ensures we have high quality and reliable insights to take action on.

In this end of year survey, our people engagement score was 67%, which is above the New Zealand median for large companies, but down 3% from a year ago. While we had tracked as high as 71% during FY24, our end of year survey was conducted after we made a range of changes across different teams, to align our operating model to our new strategy, and respond to challenging market conditions. Understandably, these organisational changes had an impact on how our people were feeling in those areas of the business. We remain focussed on our ambition to achieve top decile engagement by FY26.

67%

Spark people engagement in FY24.

The survey also showed that 80% of our people are proud to work for Spark and 84% feel comfortable bringing their whole selves to work, which indicates our inclusion initiatives continue to resonate with our people, and we are an employer who differentiates based on our culture and employee engagement.

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Establishing our new skilling centre – Te Awe

As the pace of technological advancement continues to accelerate, it is critical to upskill, reskill, and cross-skill our people to prepare for a future of work that is 'already here'.

Te Awe was created in response to the surge in demand for skills in new technologies, such as AI, data and analytics, and cloud. It is a skills acceleration programme within Spark that is building the 'hard to access' specialist digital skills we need to support our strategic ambitions.

'Te Awe' comes from the te reo Māori word, 'awe' – which refers to the white feathers of an albatross that are traditionally used to adorn kākahu (clothing), korowai (cloaks), and makawe (hair). In te ao Māori, the adornment of feathers symbolises strength, power, and influence, and in Pasifika cultures, feathers are also used to adorn fine mats to enhance value. So, the name Te Awe was chosen as a nod to Spark's commitment to Te Tiriti and our strategic ambition to increase Māori and Pasifika participation at Spark by 5 percentage points by the end of FY26.

During FY24 we kicked off our first two programmes in data analytics & visualisation and Generative AI, with 200 people progressing through this training.

As a company with a long-standing commitment to digital equity, we also want to ensure that the skills shift we are experiencing does not further entrench existing inequities within our sector and our society.

Our plan is to explore how we can now work with key partners to potentially open Te Awe up to broader community interest, to ensure we are intentionally growing a more inclusive high-tech workforce pipeline for the future.

Innovation culture

A key pillar of SPK-26 is creating an Innovation Culture that will fuel our future growth ambitions and differentiate Spark through top decile people engagement.

As part of this, we will continue to evolve our ways of working, invest in strategic skill development, attract, develop, and retain a diverse pipeline of future talent and use data and insights to co-create inclusive and differentiated employee experiences.

Investing in strategic skill development

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

We enable this through quality coaching, leading-edge learning and development programmes and with a deliberate focus on progressing our own people through new roles and learning experiences across our organisation.

Spark Cloud Academy

In FY24, we teamed up with one of our partners, AWS, to launch the Spark Cloud Academy – to upskill our people working in our cloud business and deepen their knowledge and understanding of cloud services and solutions. The cloud market is a key focus area for Spark, and this training offers our teams the opportunity to become cloud experts and better support our customers to find the best mix of different cloud solutions that match their needs.

Te Awe Skills Hub team and cohort.

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Spark Māori Development Lead Riki Hollings celebrating his Corporate Change Tōtara award at the Te Matihiko awards.

Leadership development

We continued to deliver our flagship Agile Leaders Programme (ALP), which supports our ambition to create an Innovation Culture at Spark, underpinned by high performance leadership skills and experiences. The programme is a significant investment in our key talent and runs over six months, with a focus on building the environments for people to thrive, innovate through design thinking, use leadership empathy for connection and belonging, and coach for sustainable high performance.

In FY24, a total of 38 leaders participated in the programme, with 67% of ALP alumni having progressed to other roles or expanded the scopes of their roles within Spark.

"For all of our leadership programmes we aim to meet our 40:40:20 gender commitments in addition to ensuring a diverse mix of people are participating when considering ethnicity, business unit, role, and stage in career."

In June we launched a new programme called Leadership Essentials. This has been designed to deliver consistent learning and development that unlocks the potential growth and movement of our leaders at the layer below Spark's Wider Leadership Group. It is focussed on resetting our standards for leadership across key capability growth areas, in alignment with our three-year strategy and both identifying and further investing in the development of top talent from this group. We are redirecting some of our prior investment in ALP to this important programme, to further accelerate performance and results. Our pilot cohort was launched in June 2024, and we have a roadmap for delivering further cohorts this calendar year, formed from new and existing leaders across the business who are committed to developing their own and their team members' skills and learning. Our ambition is to ensure all our middle-layer leaders attend the programme over time.

For all of our leadership programmes we aim to meet our 40:40:20 gender commitments in addition to ensuring a diverse mix of people are participating when considering ethnicity, business unit, role, and stage in career.

Compliance and mandatory training

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

Completion of these modules is monitored by people leaders and reported more formally on a quarterly basis. We use regular reporting to ensure there is ongoing visibility of completion for all our people.

As part of our ISO27001 accreditation there are additional modules required for completion prior to gaining access to systems and sensitive information, to maintain high quality standards when dealing with information, customer data, and security. These are closely monitored and audited to ensure compliance and the necessary governance. We undertake recertification every three years for ISO 27001, with the last certification issued in July 2023. Further surveillance audits are undertaken each year to ensure a high level of compliance.

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Health, safety, and wellbeing

Mahi Tahi – wellbeing

Wellbeing continues to remain a clear priority and focus at Spark, with Mahi Tahi, Spark's wellbeing programme, being a key component of our ways of working and Health, Safety, and Wellbeing system.

Mahi Tahi works in partnership with our people to support their goals at work and in life. The four pillars of the Mahi Tahi framework are closely aligned with Te Whare Tapa Wha (the four cornerstones of Māori health):

1. **Healthy work environment** – providing our people with a place to work that looks after more than just physical safety but also mental and social wellbeing
2. **Connection, collaboration, and community** – ensuring we have meaningful activities in place so our people can foster strong connections with those they work with and care about
3. **Mind health** – supporting strong mental health capacity and confidence and fostering a growth mindset
4. **Energy** – building a culture where we help our people keep their batteries charged, so they can perform at their best

As part of our Mahi Tahi offering, we have an online Wellbeing Hub that includes opportunities for our people to book sessions with our Spark-certified Mahi Tahi coaches, access support through our employee assistance provider (EAP), or book a one-on-one appointment with one of our qualified psychologists, who we have partnered with directly to provide specialist care to our people in critical need. To really integrate Mahi Tahi into our core business practices, our People and Culture partners work closely with our senior leaders to incorporate wellbeing objectives and KPIs into their quarterly planning.

During FY24 we launched a new partnership with Clearhead to facilitate our EAP services and offering. Clearhead is an app-based assistance service that gives our people access to knowledge and tools to support them with their mental wellbeing, as well as the ability to book six fully funded therapy sessions annually with trained psychologists and counsellors. This new partnership was a result of feedback from our people who told us that although our previous EAP was useful, many of our people were experiencing long wait times for professional help. Over 1,500 (28%) of our people have registered to use the service in the last year.

88%

of our people believe that their people leader genuinely cares about their wellbeing.

Our culture survey showed that 88% of our people believe that their people leader genuinely cares about their wellbeing and 78% of our people say that when they are unwell, they take the time off they need to recover.

Our people have also told us that anxiety is an important issue, so we have continued our partnership with Take a Breath – a breathing app designed to reduce stress and anxiety. Nearly half of our people have used this app so far, noting it has helped them to combat anxiety and improve their sleep. 10% of our people have also gifted the app to their friends and whānau.

A foundation of our Mahi Tahi programme are our Mahi Tahi coaches, with 20 additional coaches trained in FY24, bringing our total to 40 internally accredited wellbeing peer coaches. Our coaches, who are trained and supervised by our qualified psychologists, act as first-line support to our people when they're working day to day. This includes supporting leaders, teams, or individuals to help them with their energy, focus, or finding ways to seek different support options. In FY24, our Mahi Tahi coaches completed over 215 coaching sessions with Spark people.

In November 2023, Spark was awarded the 'New Horizon' award for an innovative approach to wellbeing, at the Southern Cross Wayfinder Awards, which celebrate leadership in workplace wellbeing.

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Entelar Group[1] team members completing an on site installation.

Health, Safety, and Wellbeing System at Spark

Spark has a well-established health and safety management system, focussed on continuous improvement. Our Health, Safety, and Wellbeing Strategy is built around four pillars:

- **Strategy and framework** – a strong health and safety management framework providing a platform for success
- **Hazard and risk management** – proactive 'owners' approach to health and safety and the management of critical hazards and associated risks
- **Leadership and ownership** – a culture of empowerment at every level
- **Resources and supporting activity** – a commitment by the business to ensuring the resources and capabilities are in place to deliver the health and safety strategy

Our system covers all of Sparks workers (employees and contractors) and workplaces, and aligns to the requirements of the health and safety at work act (2015) and other legal and regulatory requirements. During FY24 no Spark employee or contractor suffered serious injury or death over the year. Our TRIFR (Total Recordable Incident Frequency Rate) increased to 3.5 primarily due to an increase in the number of recordable soft tissue injuries. No notifiable events were reported under current New Zealand health and safety legislation, and Spark received no health and safety prosecutions or notices issued by WorkSafe.

Based on the experiences of the last few years, our planning and response activities now incorporate lessons from the pandemic and the impact severe weather events had on our people and places across New Zealand. We are always looking for continuous improvement in our practices based on what is happening in society and organisational environments. We continue to follow a risk-based approach for our activities and work collaboratively across the business to ensure we have the right response and resources in place to support emergency preparedness.

In FY24 we continued to work with our Wider Leadership Group to foster health and safety employee empowerment and participation as part of our Tribe, Unit, and Centre of Excellence (CoE) meetings and routine events. We continued our work with our wholly owned subsidiaries to identify the areas of greatest priority to support the development, application, and monitoring of a health and safety continuous improvement framework.

1. Entelar Group provides services such as fibre and mobile builds, service and field delivery, integrated supply chain, IT distribution and mobile repair, testing and service capabilities for Spark and other customers, including Connexa.

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Diversity, equity, and inclusion

Our commitment to diversity, equity, and inclusion is embedded into our day-to-day activities, standards, and business practices. It is a strategic business priority and key enabler of our performance and culture.

Our focus on diversity, equity, and inclusion, including our Blue Heart kaupapa, has helped us create an environment where our people feel comfortable bringing their whole selves to work, regardless of gender, ethnicity, orientation, age, experience, neurodivergence, or ability.

Spark's Blue Heart kaupapa in action

Our Blue Heart kaupapa sets the standards of behaviour, alongside our values, to foster a culture of connection and belonging. It is a visible icon of our heart-led approach to diversity and inclusion.

Blue Heart cultural celebrations and events remain an important part of bringing our people together and in FY24 we celebrated key moments, such as International Women's Day, Lunar New Year, Diwali, and Matariki events at our offices throughout the country.

During FY24, we also held our very first 'bring your Tamariki to work day' at Spark City in Auckland, where our people were invited to bring their children to work to experience a range of fun activities and digital experiences.

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Te Korowai Tupu

Our Māori strategy, Te Korowai Tupu (the cloak of growth), is a pillar of our SPK-26 strategy and applies a tangata whenua worldview across our strategies, actions, and values within Kora Aotearoa, also known as Spark New Zealand. Our kaiārahi (Māori ambassadors) provide guidance and support to ensure a kaupapa Māori-led delivery of the strategy throughout the business.

In FY24, we continued to embed both te reo Māori and tikanga Māori into our everyday practices to achieve a better understanding of our indigenous culture. This included te reo lessons (for beginners and intermediate levels) with either online or classroom options, tikanga learning and development programmes for leaders, and Te Tiriti o Waitangi workshops. Our cultural intelligence Māori app Tuia te Ao provides a tool for our people to use to kick-start their learning journey, and includes important aspects of te reo Māori me ōna tikanga. In the last year over 300 of our people chose to participate in one of the options available.

Key partnerships continue to enable us to deliver on our Te Korowai Tupu aspirations, including Te Wānanga o Aotearoa, Whāriki, Kiwa Digital, Education Perfect, and Te Pūtahitanga o te Waipounamu.

In June, we also celebrated Matariki across our corporate offices, with a range of activities, including performances, demonstrations, and lots of kai (food).

Vaka Pasifika

Vaka Pasifika is Spark's Pacific Canoe – a community of the 5% of Spark people who identify as Pasifika, formed in 2017 with a mission to empower, grow, and build the capability of Pasifika peoples at Spark.

During FY24 the Vaka Pasifika group continued to promote its strategy 'Folauga mo Taeao – A Journey to Tomorrow', to the business through engagement with senior leaders and people leaders.

The strategy sets out three key pillars over the next horizon to grow and support Pasifika aspirations at Spark, including growing the capability and leadership skills of the Vaka Pasifika team, growing Spark's cultural knowledge, and enabling Spark to become an industry champion for Pasifika.

Pride

Spark has been a long-time supporter of the rainbow community. In FY24 we celebrated Pride at Spark by launching a Blue Heart Pride pin (that was designed by one of our people) for our people to purchase, with proceeds from the sales donated to OutLine Aotearoa. We also held Pride celebrations across our offices around the country, including Drag Bingo events in Auckland, Wellington and Christchurch.

After consultation with Spark's Rainbow Committee during FY24, we want to upweight our focus on internal initiatives in FY25, to find more ways to support our rainbow community to feel a sense of belonging at Spark. With that ambition in mind, in June we launched our 'Allyship at Spark' programme – inviting our people to make a pledge to become an ally of the LGBTQIA+ community and help us foster a more inclusive environment at Spark. Everyone who makes the pledge receives a special Spark rainbow lanyard as a visual symbol of support for our rainbow community.

Over the last year, we have also continued to rollout our new email signatures, which enable our people to display their preferred pronouns.

These initiatives, led by our Spark Pride Committee, aim to recognise, nurture, and enhance belonging and connection throughout Spark for our LGBTQIA+ community.

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Our diversity performance

We believe in the idea that what gets measured matters and gets done. We take a data and insight-led approach to improving and delivering our diversity and inclusion practices and ambitions. Having a greater understanding of who we are will allow us to create experiences and provide support that is tailored to the diverse needs of our people.

Improving female representation

Over the past year we have continued to focus on improving female representation across the Group and achieving our ambition of 40:40:20 representation Spark-wide, which refers to 40% men, 40% women, and 20% of any gender (as well as gender diverse representatives).

We have not been able to achieve this ambition at a Group-wide level in FY24, with female representation remaining flat at 34%. Within the core Spark business, female representation is higher at 37%, while in our wholly owned subsidiaries (CCL, MATTR, Digital Island, and Entelar Group) representation is significantly lower at 22%.

This is reflective of what is an industry-wide challenge, particularly within some of our subsidiaries' sectors, and requires long term focus and action to continue to challenge the status quo and create change. We continue to work actively alongside our industry peers, external technology institutions, and other thought leaders to create meaningful opportunities for a New Zealand-wide pipeline of women in technology careers.

We remain committed to our 40:40:20 target as part of our SPK-26 strategy and will continue to report progress on this annually to our stakeholders and through our membership of Champions for Change.

Our People & Culture Partners continued to support our senior leaders across the business by providing resources, standards and guidelines, and data insights that help them to hire talented candidates with diversity in mind and track their progress against their goals and our Spark-wide ambitions. Each area has an action plan to achieve its representation goals in addition to maintaining recruitment standards such as 40:40:20 shortlists.

Within our Leadership Squad and Wider Leadership Group (senior roles outside Board and Leadership Squad), we maintained 40:40:20 representation, which is fundamental to reaching our broader diversity ambitions.

Our Board is 63% female and 37% male, with five female directors (including our CEO) and three male directors. One new female Director joined our Board in May, and one male Director retired at the Annual General Meeting in November.

For FY24, our Leadership Squad was 55% female and 45% male. At the end of FY24 one female leader resigned from our Leadership Squad, taking the female-to-male ratio to a 50% female and 50% male split for FY25.

Reducing our gender pay gap

Our ambition is to reduce our median gender pay gap by 10 percentage points from FY21 to 18% by the end of FY25. Our median gender pay gap for FY24 is unchanged from FY23 at 22%, but we did see improvement in our mean (average) gender pay gap from 13% to 12%. Achieving our pay gap ambitions is closely linked to our approach to improving female representation and progression in specialist skilled areas and roles, as outlined above.

Our Diversity and Inclusion Policy sets out our framework in this area: **www.spark.co.nz/online/about/our-company/governance**

Gender pay ratio

Category	Number of employees in category	Pay ratio: mean[1]	Pay ratio: median[2]
Leadership: Spark's wider leadership group, including the Leadership Squad	FY24: 83 (46 Male, 37 Female) FY23: 77 (44 Male, 33 Female)	FY24: -1% FY23: -4%	FY24: 19% FY23: 9%
Technology: employees who work in technology-focussed areas of the business	FY24: 2,728 (2081 Male, 647 Female) FY23: 2,717 (2101 Male, 604 Female)	FY24: 12% FY23: 12%	FY24: 20% FY23: 23%
Customer Channels: people primarily employed within our contact centres and retail operations	FY24: 820 (418 Male, 402 Female) FY23: 892 (446 Male, 441 Female)	FY24: 0% FY23: 1%	FY24: 0% FY23: 0%
Rest of Spark: including corporate, product, marketing, and customer units	FY24: 1,582 (890 Male, 692 Female) FY23: 1,746 (987 Male, 751 Female)	FY24: 16% FY23: 17%	FY24: 17% FY23: 23%
Total	**5,291**	FY24: 12% FY23: 13%	FY24: 22% FY23: 22%

1. Pay Ratio = (mean male salary – mean female salary)/mean male salary
2. Pay Ratio = (median male salary – median female salary)/median male salary

Calculated using hourly On Target Earnings or Total Base Remuneration plus Short-Term Incentive Target values as at 30 June 2024. Our previous reports presented negative pay gap values where median or mean earnings for women were less than those for men – we have aligned with other reporting practices so that a negative gap means women earn more.

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Demographics of our workforce

Including permanent and fixed-term employees of Spark and its directors, as of 30 June 2024.

		Gender[1]					Age		
	Number of people	Female %	Male %	Female #	Male #	Other/ gender not disclosed[6]	Under 30 years old	30 – 50 years old	Over 50 years old
Directors	**8**	**63%**	**37%**	FY24: 5	FY24: 3		**0%**	**14%**	**86%**
	0	+13%	-13%	FY23: 4	FY23: 4		no change	+14%	-14%
Leadership Squad[2]	**11**[3]	**55%**	**45%**	FY24: 6	FY24: 5		**0%**	**55%**	**45%**
	+2	-1%	+1%	FY23: 5	FY23: 4		no change	-1%	+1%
Other leadership roles[4]	**72**	**43%**	**57%**	FY24: 31	FY24: 41		**2%**	**58 %**	**40%**
	+4	+2%	-2%	FY23: 28	FY23: 40		+1%	-11%	+11%
Permanent starters	**844**	**39%**	**59%**	FY24: 330	FY24: 497		**33%**	**56%**	**11%**
	-430	-2%	no change	FY23: 518	FY23: 749		-2%	+4%	-1%
Permanent leavers	**975**	**38%**	**60%**	FY24: 369	FY24: 583		**28%**	**53%**	**18%**
	-169	no change	no change	FY23: 434	FY23: 687		-2%	-3%	+5%
Total[5]	**5,298**	**34%**	**66%**	FY24: 1,778	FY24: 3,435	FY24: 16	**17%**	**57%**	**26%**
				FY23: 1,832	FY23: 3,582	FY23: 10			
	-141	0%	0%				-2%	+1%	+2%

1. For the purposes of NZX Listing Rule 3.8.1(c) no directors or members of the Leadership Squad self-identify as gender diverse.
2. Includes the CEO who is also included as a Director in the line above.
3. The Leadership Squad was 10 people as at 1 July 2024 with Tessa Tierney leaving Spark on 30 June 2024. The Leadership Squad is considered 'senior managers' for the purposes of the Financial Markets Conduct Act 2013 and 'senior executives' for the purposes of the ASX Corporate Governance Council's Principles and Recommendations.
4. Substantive roles that report directly to members of the Leadership Squad.
5. Includes non-executive directors. Spark's employee headcount, including our CEO, is reported as 5,291.
6. Gender diverse totals only reported in total figures. There are an additional 61 people have not provided/prefer not to disclose their gender.

Employee types	Total		Auckland		Wellington		Christchurch		Other region			
Contract type	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Other / Gender not disclosed**	**Total**
Permanent full time	1,534	3,280	828	1,759	231	613	263	482	212	426	70	4,884
Permanent part time	227	136	62	49	24	18	64	21	77	48	6	369
Temporary full time	14	17	4	11	2	4	3	0	5	2	2	33
Temporary part time	3	2	2	1	0	0	1	0	0	1	0	5
Casual (non-guaranteed hours)	7	3	0	0	1	1	6	2	0	0	0	20
Total	**1,785**	**3,438**	**896**	**1,820**	**258**	**636**	**337**	**505**	**294**	**477**	**78**	**5,311**

Based on headcount. Casual contracts include any individuals on a non-guaranteed hours basis that were active as at 30 June 2024 and had received remuneration for hours worked in FY24.

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Improving ethnic representation across Spark

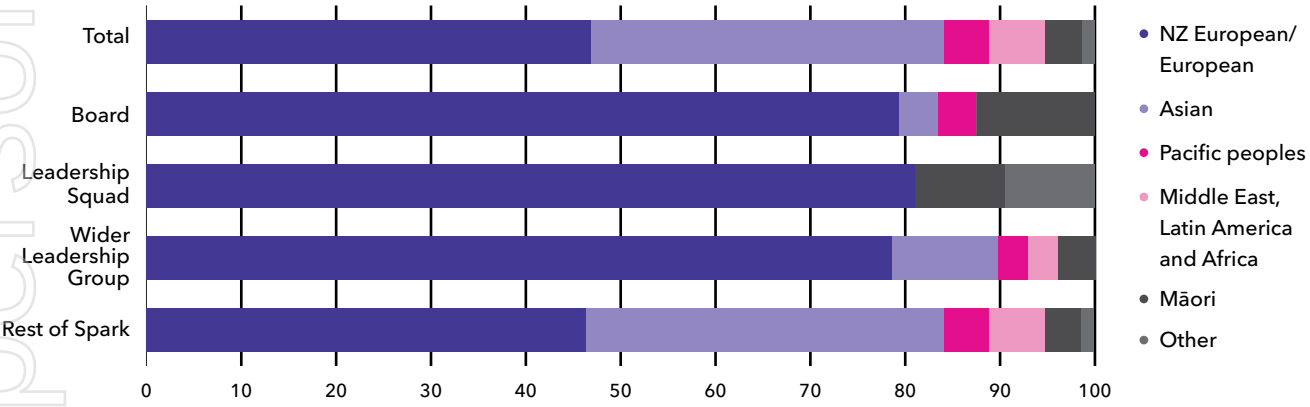
Diversity does not start and end with gender and we have increased our focus on ethnic diversity over the last few years. We achieved our ambition to capture the ethnicity data of 80% of our core Spark employees last year from a baseline of 19%. This year we focussed on capturing this data for our wider group, including Entelar, CCL, and MATTR. We were pleased to achieve a Group-wide figure of 78% by the end of FY24, with only Digital Island now excluded from this data set.

As at 30 June 2024, the available data on our people shows that 46% come from New Zealand European or European ethnic backgrounds; 36% report a diverse range of Asian ethnicities, with the largest groups being Indian (15% overall), Southeast Asian (8%), and Chinese (7%); 4% of our people are Māori; and 5% report Pacific ethnicities, most commonly Samoan (2%). A higher proportion of people from New Zealand European or European ethnicities are in leadership roles at Spark (including the Leadership Squad and Wider Leadership Group) at 79%, down slightly from 84% in FY23.

In FY24 we have continued our focus on attracting, retaining, and progressing a diverse range of people across our organisation, as well as sustaining an inclusive culture. As part of SPK-26 we have an ambition to lift Māori and Pasifika representation by a combined 5 percentage points by FY26. In FY24 we have held flat, with Māori and Pasifika representing 9% of our workforce. This remains a continued focus in the years ahead, and through our new internal skilling centre, Te Awe, and existing partnerships we plan to engage a diverse pipeline of future talent to be upskilled and reskilled for roles within Spark or the technology sector more broadly.

84%

The percentage of Spark people sharing their ethnicity data with us.



Percentages based on permanent and fixed-term employees at Spark; employees as of 30 June 2024 who had provided ethnicity data (n=4015). NZ European/European includes all European ethnicities (e.g. British, German) and Australian European. Excludes employees in Digital Island. Spark collects information on main and other ethnicity where an individual identifies with more than one ethnicity. Consistent with the Champions for Change methodology, where an individual reports more than one ethnicity these are represented equally (e.g. two ethnicities represented as 0.5 each).

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"Spark provides a parental leave policy for eligible employees, regardless of gender, sexuality, age or whether the employee is giving birth or adopting a child."

Parental leave

Spark provides a parental leave policy for eligible employees, regardless of gender, sexuality, age or whether the employee is giving birth or adopting a child.

As part of our parental offering, Whakapuāwai, Spark tops-up the Government's parental leave contributions so that primary carers receive 100% of their normal salary for 26 weeks, with continued employer KiwiSaver contributions of 3% during their parental leave period.

Secondary carers also receive four weeks' paid leave (increased from two), so they can be present to support their partner and whānau during those pivotal first few weeks of their baby's life.

The package also includes a phased return to work policy for primary carers, who can work 80% of their regular hours on 100% salary for the first three months of their return.

Eligibility for Parental Leave is in accordance with government legislation.

In FY24 we had 139 employees take parental leave, with 88% of parents due to return to work in FY24 coming back and 62% of returners in FY23 remaining with us for 12 months or more, up from 56% in FY23.

FY23 parental leave numbers	Female	Male[1]
Employees who took parental leave	136	3
Employees who returned to work after taking parental leave	75	1
Employees who returned to work after taking parental leave who remain employed 12 months after their return to work	38	1
Return to work rate[2]	88%	100%
Retention rate[3]	62%	100%

1. Males who took fewer than 30 days paternity leave have been excluded
2. Return to work rate = total number of employees who returned to work after parental leave, divided by the total number of employees due to return to work after taking parental leave
3. Retention rate = total number of employees retained 12 months after returning to work following a period of parental leave, divided by the total number of employees returning from parental leave in the prior reporting period.

Remuneration report

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Alison Barrass
Chair of the HRCC

A note from Alison Barrass, Chair of the HRCC

Tēnā koutou,

As the Chair of the Human Resources and Compensation Committee (HRCC), I am pleased to present Spark's Remuneration Report for FY24.

This year we have consolidated relevant annual report information into a single remuneration report, which outlines our commitment to transparent and equitable remuneration practices that align with our strategic objectives and foster a high-performance culture.

Throughout the year, the HRCC has reviewed and refined our remuneration framework and practices to ensure they remain competitive and fair, supporting the attraction, retention, and motivation of our talented workforce. Our approach is underpinned by robust governance and benchmarking against industry standards, ensuring that our policies reflect both market conditions and the long-term interests of our shareholders.

At Spark, we seek to remunerate our people with competitive salaries, so we can recruit and retain the best talent. In keeping with our focus on customer experience, we incorporate customer satisfaction measures alongside EBITDAI and key strategic initiatives into our short- term incentive (STI) measures each year.

Key highlights of our remuneration activities this year include:

- **A focus on fair pay**: as part of our FY24 Salary Review we ensured that we delivered higher than inflation adjustments to our lowest paid employees taking into consideration benchmarks such as the voluntary Living Wage standard, and that individuals earning less than $100,000 were a focus at this time, due to inflationary pressures in the market.
- **A rejuvenated Spark Share approach**: we endorsed a new partnership with Sharesies which delivered our largest employee Share Scheme participation since inception, with 1,200 participants and nearly 1,000,000 shares issued.
- **Inclusion of ESG measures in incentives**: we included environmental and diversity goals in our long-term incentive (LTI) for the second year running in FY24, and will see these continue in the FY25 LTI grant. I am proud that Spark is one of the first companies in New Zealand to link its LTI to its sustainability ambitions.

Looking ahead, the HRCC will continue to evaluate and enhance our remuneration practices, ensuring they remain fit for purpose in a dynamic and challenging business and talent environment. We are committed to maintaining a remuneration framework that not only rewards individual and collective success but also upholds our values and drives sustainable growth.

I would like to extend my gratitude to all our employees for their dedication and contributions over the past year. Together, we will continue to build a thriving and inclusive workplace where everyone can achieve their best.

Thank you for your continued support.

Ngā mihi nui,

Alison Barrass

Remuneration at Spark

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

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

In February 2024, the Board approved a salary review allocation for FY25 (salaries from 1 July 2024), which was based on our Contribution Models with additional allocations, including higher increases for our lowest paid employees, taking into consideration factors such as inflation and the (voluntary) Living Wage benchmark. As part of this process, we also reviewed some salary ranges to ensure that they were competitive against the market.

Fixed remuneration

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

Short-term incentive schemes

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

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

Eligibility to participate in the STI scheme on an annual basis is at the discretion of the company and is targeted at individuals in senior roles who play a significant role in driving the overall performance of Spark.

The STI scheme rules contain a clawback provision that allows Spark to clawback any payments made under the STI scheme, for a period of 12 months following the payment.

FY24 short-term incentive scheme outcomes

For FY24, substantively all STI participants shared the same Spark Group targets comprising of EBITDAI, customer experience measures, as well as additional measures based on our three-year strategy. The on-target percentages are provided in the table below. Where the result of a performance metric falls below a specified threshold, there is no payment for that proportion of the STI. Where results exceed the target, the payment can scale to up to twice the target percentage with a maximum overall payment of 200%.

The FY24 Group performance outcome, as approved by the Board, is summarised in the table below.

Performance metric	%	Target	Outcome	Result
Group EBITDAI	50%	$1,245m	0%	Did not meet threshold
Customer experience – iNPS and digital journey completion rate (JCR)	25%	+37 (iNPS) 55% (JCR)	28%	Exceeded target (iNPS) Achieved threshold (JCR)
High tech revenue (MATTR, Qrious, IoT, Spark Health)	25%	$196m	0%	Did not meet threshold
Total payment	**100%**		**0%**	No payment through STI scheme as EBITDAI threshold was not met

As the EBITDAI threshold was not met for FY24, no payments were approved for Spark STI this year.

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FY25 short-term incentive scheme target

The mechanics of the FY25 STI will be the same as those for FY24. Group results will be the main determinate of the STI pool, with substantively all participants sharing the same Group measures. The FY25 Group measures will be a combination of EBITDAI, customer experience, and our three-year strategy.

Measure	Weighting
EBITDAI	50%
Customer experience (iNPS and digital)	30%
Digital infrastructure	20%

Long-term incentive schemes

Spark believes that some senior leaders should have part of their remuneration linked to the long-term performance of the Company, so for the Leadership Squad and a select group of senior leaders, a long-term incentive forms part of their remuneration package. Spark's long-term incentive targets focus on total shareholder return as well as environment and social governance targets. In FY24, Spark operated one main scheme: the Spark New Zealand Long Term Incentive Scheme.

FY21 long-term incentive outcome

The FY21 long-term grant, issued in 2020, did not vest in FY24 (2023) as the absolute Total Shareholder Return hurdle was not achieved.

Grant year	Securities	Performance period	Performance measure	Vesting outcome
FY21	Options	September 2020 – September 2023	Absolute Total Shareholder Return (TSR), hurdle – Spark's annual cost of equity + 1% compounding	100% - 3 year TSR result was 20.35% compared with a 31.60% target

FY24 long-term incentive scheme performance measures

For FY24 members of the Leadership Squad (including the CEO) and selected senior leaders were granted options under the Spark Long-Term Incentive Scheme (LTI). Under the scheme, participants were granted options at the start of the three-year vesting period. The number of options granted equalled the gross LTI value divided by the volume weighted average price of Spark New Zealand shares for the 20 days prior to the grant date. Subject to satisfaction of each performance hurdle and continued employment, at vesting the portion of options associated with each achieved target convert to Spark shares based on a zero exercise price. Where a target is not met the associated portion of options simply lapse.

Vesting of the FY24 LTI grant (September 2023) is contingent on participants' continued employment with Spark through to September 2026 with vesting depending on meeting or exceeding set performance measures. 75% of the allocated shares will vest based on aTSR exceeding cost of equity +1.5% (compounding annually) over the vesting period and 25% will vest based on performance against environmental and diversity targets. aTSR is a measure of share price appreciation and dividends paid over the three-year period of the grant.

Measure	Target	Weighting
Absolute Total Shareholder Return	Cost of equity + 1.5% compounding	75%
Scope 1-3 Emissions	Reduce absolute scope 1 and scope 2 GHG emissions by at least 33.6% against baseline GHG performance. Scope 3 - at least 70% of suppliers by spend have established supplier science-based targets.	12.5%
Gender pay gap (median)	Reducing gender pay gap by six percentage points to 16%	12.5%

FY25 long-term incentive scheme

For FY25, members of the Leadership Squad, including the CEO, and selected senior leaders will be granted options under a similar scheme as FY24 with performance measures relating to Spark's ESG performance alongside an absolute Total Shareholder Return (aTSR) performance hurdle.

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Employee remuneration

The table below shows the number of employees and former employees, not being directors of Spark, who, in their capacity as employees, received remuneration and other benefits during FY24 totalling NZ$100,000 or more[1].

Range	Current	Former	Total	Range	Current	Former	Total
$100,000 – $110,000	303	22	325	$350,001 – $360,000	2	0	2
$110,001 – $120,000	307	35	342	$360,001 – $370,000	3	0	3
$120,001 – $130,000	303	16	319	$370,001 – $380,000	4	1	5
$130,001 – $140,000	275	19	294	$380,001 – $390,000	1	0	1
$140,001 – $150,000	298	17	315	$390,001 – $400,000	3	2	5
$150,001 – $160,000	279	19	298	$400,001 – $410,000	2	0	2
$160,001 – $170,000	211	18	229	$420,001 – $430,000	0	1	1
$170,001 – $180,000	136	8	144	$430,001 – $440,000	1	0	1
$180,001 – $190,000	114	7	121	$440,001 – $450,000	2	0	2
$190,001 – $200,000	103	8	111	$450,001 – $460,000	0	1	1
$200,001 – $210,000	55	9	64	$460,001 – $470,000	1	0	1
$210,001 – $220,000	57	3	60	$470,001 – $480,000	1	1	2
$220,001 – $230,000	42	5	47	$480,001 – $490,000	0	1	1
$230,001 – $240,000	39	5	44	$510,001 – $520,000	1	0	1
$240,001 – $250,000	20	6	26	$530,001 – $540,000	1	0	1
$250,001 – $260,000	13	1	14	$550,001 – $560,000	2	0	2
$260,001 – $270,000	12	1	13	$580,001 – $590,000	1	0	1
$270,001 – $280,000	10	2	12	$590,001 – $600,000	1	1	2
$280,001 – $290,000	5	1	6	$600,001 – $610,000	0	1	1
$290,001 – $300,000	11	0	11	$620,001 – $630,000	1	0	1
$300,001 – $310,000	12	1	13	$660,001 – $670,000	1	0	1
$310,001 – $320,000	17	2	19	$670,001 – $680,000	1	0	1
$320,001 – $330,000	4	1	5	$710,001 – $720,000	1	0	1
$330,001 – $340,000	5	0	5	$770,001 – $780,000	1	0	1
$340,001 – $350,000	5	0	5	$860,001 – $870,000	1	0	1
					2,668	**215**	**2,883**

1. The table includes base salaries, short-term incentives and vested long-term incentives. The table does not include: amounts paid after 30 June 2024 relating to FY24; long-term incentives that have been granted and have yet to vest (based on grant values, the total value of which was NZ$12.8 million as at 30 June 2024); product and service concessions received by employees; contributions paid towards health and other insurances; and contributions paid to the Government Superannuation Fund (a legacy benefit provided to a small number of employees). As a result of organisational changes in FY24 a significant number of employees with base salaries under $100,000 appear in this table due to redundancy payments.

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Employee benefits

The following table sets out benefits provided to employees during FY24 by employee group:[1]

	Full-time permanent employees	Part-time permanent employees	Fixed-term / casual employees
Parental leave	Yes	Yes	Yes[2]
Insurance cover: • Medical • Life and terminal illness • Income protection • Trauma	Yes	Yes[3]	No
Spark account credit[4]	Yes	Yes	No
Ability to participate in Spark Share[5]	Yes	Yes	No
Volunteer day[6]	Yes	Yes	No
Spark Give[7]	Yes	Yes	No[8]
Eligibility to join Marram[9]	Yes	Yes	No
Eligible for purchased leave[10]	Yes	Yes	No
Mahi Tahi – wellbeing support[11]	Yes	Yes	Yes

1. Excludes benefits offered to some subsidiaries, which differ from Spark's overall benefits suite.
2. Eligibility for Parental Leave is in accordance with government legislation.
3. Employees must work at least 15 hours a week to be eligible.
4. Employees with active Spark mobile or broadband accounts will receive monthly credits of $120, which can be used towards Spark products or services.
5. Spark's employee share purchase scheme provides a simple and cost effective way for Spark NZ employees to acquire discounted shares through an interest free loan paid off over three years, giving employees a real stake in the future success of the company.
6. The opportunity for Spark employees to take a day of paid volunteer leave.
7. For specific charities, Spark will match employee donations dollar-for-dollar, up to a $500 annual matching cap.
8. Casual employees are ineligible.
9. Marram Trust offers access to accommodation across New Zealand for discounted rates, as well as providing a basic level of healthcare cover.
10. The ability to purchase additional annual leave via a deduction of base salary.
11. Wellbeing support includes access to Clearhead including funded therapy sessions, specialist clinical support from our in-house psychotherapist and health psychologist, and subscription to the Take A Breath Platform.

Leadership Squad remuneration

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

A component of each executive's remuneration package is at risk in the form of a discretionary annual cash-based STI. Spark's STI scheme rewards executives for the achievement of annual performance objectives, which vary from year to year.

Executives are also granted options annually under the Spark LTI scheme. Under that scheme, participants are granted options at the start of a three-year vesting period with vesting subject to a performance hurdle or hurdles.

Remuneration mix

The table below shows the standard FY25 remuneration mix for the Leadership Squad expressed as a percentage of fixed remuneration. The Short-Term Incentive (STI) scheme is expressed at target, with payment range from no payment, where no target thresholds are met to a maximum payment of double the target value, where all stretch targets are met. The Long-Term Incentive scheme (LTI) values represent the maximum LTI value.

Leadership Squad remuneration

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

Performance evaluation

The CEO annually reviews the performance of her direct reports. The evaluation is undertaken using criteria set by the CEO, including the performance of the business, the accomplishment of strategic and operational objectives, and other non-quantitative objectives agreed with the HRCC at the beginning of each financial year. The last Leadership Squad evaluations were undertaken during June 2024. Spark undertakes appropriate checks before appointing someone onto the Leadership Squad.

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CEO remuneration

Remuneration policy, strategy, and governance

CEO Jolie Hodson's remuneration package reflects the scope, risk, and complexity of her role and is set by the Board with reference to the remuneration of CEOs of similarly sized organisations. The Board reviewed the CEO remuneration package and it remains unchanged at 1 July 2024.

CEO remuneration FY24

For FY24 the CEO's remuneration package comprised a fixed cash component, an at-risk short-term incentive, and an at-risk long-term incentive, to be awarded under the Spark Long-Term Incentive Scheme. The targets and operation of the CEO's STI and LTI is the same as described under *Short-term incentive schemes* and *Long-term incentive scheme* at pages 75 – 76. The construct of the CEO's remuneration package is such that 60% of her remuneration package is at risk. The table below shows the target remuneration mix:

Long-term incentive	75% of base
Short-term incentive	75% of base
Salary	Base

The CEO is also expected to maintain a holding of Spark shares as set out on page 80 of this report.

Remuneration components

Short-term incentive scheme

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

The FY24 Group performance outcome, as approved by the Board and applicable to the CEO, is summarised as follows:

Performance metric	%	Target	Outcome	Result
Group EBITDAI	50%	$1,245m	0%	Did not meet threshold
Customer experience - iNPS and digital journey completion rate (JCR)	25%	+37 (iNPS) 55% (JCR)	28%	Exceeded target (iNPS) Achieved threshold (JCR)
High tech revenue (MATTR, Qrious, IoT, Spark Health)	25%	$196m	0%	Did not meet threshold
Total	**100%**		**0%**	No payment through STI scheme as EBITDAI threshold was not met

Long-term incentive scheme

For FY24 the CEO's annual LTI was granted as share options under the Spark Long Term Incentive Scheme. This is covered in more detail in the LTI scheme section. The LTI component of the CEO's remuneration package is designed to link part of her remuneration to the long-term performance of Spark, and align her interests with those of shareholders, through the grant of options with a post-allocation performance hurdles.

Performance hurdles

Performance hurdles apply to long-term incentives made to the CEO. The hurdles are agreed by the Board and set a minimum level of performance that is required to be achieved over the period of each grant, for the LTI to be eligible to vest. For FY24, the targets were Spark's aTSR over the period to meet or exceed Spark's cost of equity plus 1.5% compounding annually (75% of grant) and three ESG targets (25% of grant).

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

CEO termination

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

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

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

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CEO remuneration

The total remuneration earned or paid in FY24, and anticipated target remuneration expected to be earned or paid in FY25, by and to the CEO, Jolie Hodson is as follows:

Period	Base salary[1]	Short-term incentive[2]	Long-term incentive[3]
FY24 actual remuneration	NZ$1,266,900	NZ$0	NZ$950,175, in the form of share options
FY25 anticipated target remuneration	NZ$1,266,900	NZ$950,175	NZ$950,175 in the form of share options

1. Base salary excludes employer contributions towards KiwiSaver and is not at risk.
2. The gross amount earned in FY23 and paid in FY24 was $501,692.
3. FY24 long-term incentive was granted in 2023 and, subject to performance hurdles, will vest in September 2026.

The CEO's FY21 long-term grant, issued in 2020, did not vest in FY24 (2023) as the Absolute TSR hurdle was not achieved:

Grant year	Securities	Performance period	Performance measure	Vesting outcome	Shares lapsed	Value transferred
FY21	Options	September 2020 – September 2023	Absolute Total Shareholder Return (aTSR), hurdle – Spark's annual cost of equity + 1% compounding	100% - 3-year TSR result was 20.35% compared with a 31.60% target	187,430	NZ$0

The CEO is expected to acquire and hold shares that are at least equivalent in value to 25% of the CEO's base salary but ideally would increase this shareholding to 100% of base salary subject to the vesting of shares under any long-term incentive schemes. To fulfil this expectation, shares are to be acquired within a four-year period from 1 July 2019. As at 30 June 2024 the CEO holds 311,830 ordinary shares which exceeds the ideal shareholding requirement to hold shares that are at least equivalent in value to 100% of the CEO's base salary.

Board remuneration

Director remuneration

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

Apart from the CEO, no Director of Spark receives compensation in the form of share options or restricted shares, nor do they participate in any bonus or profit-sharing plan. Non-executive directors are, however, expected to maintain a holding of Spark shares as set out on page 160 of this report. As is the case for employees, directors are required to comply with the Insider Trading Policy when buying or selling Spark shares and any such transactions are disclosed to the market.

Remuneration components

No superannuation or retirement allowance was paid to any Spark Director during FY24. Spark does not have service contracts with any Director, apart from the CEO, that provide for any benefits or remuneration in the event that a Director's service with Spark is terminated. New Zealand-based non-executive directors are eligible for Spark-funded medical insurance, and all non-executive directors are also eligible for Spark-funded life insurance.

FY24 Director remuneration

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

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The fees payable to non-executive directors during FY24 were:

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

1. All non-executive directors are members of the Nominations and Corporate Governance Committee (NOMs) and receive no additional fees for this role.
2. Committee chair and member fees were not payable to the Chair of the Board. Committee member fees were not payable to committee chairs.
3. Member fees were payable for each Committee.

There is no increase to non-executive Director fees for FY25. Fees will continue to be paid out of the current shareholder-approved annual remuneration limit of $1,630,000.

Committee membership as at 30 June 2024 was as follows:

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

The total remuneration received by non-executive directors of Spark during FY24 was as follows:[1]

Name of Director	Board fees[2]	Audit & Risk Management Committee fees	Human Resources and Compensation Committee fees	Total remuneration[3]
Justine Smyth	$381,700	–	–	$381,700
Alison Barrass	$150,300	–	$34,700	$185,000
Warwick Bray	$150,300	$19,700		$170,000
Sheridan Broadbent	$150,300	$19,700	$17,400	$187,400
David Havercroft	$150,300	–	$17,400	$167,700
Gordon MacLeod[4]	$150,300	$33,378	–	$183,678
Lisa Nelson[5]	$22,297	$2,922	$2,581	$30,025[6]
Charles Sitch[7]	$51,869	$13,976	–	$65,845
Total	**$1,207,366**	**$89,676**	**$72,081**	**$1,371,348**

1. The figures shown are gross amounts and exclude GST (where applicable) and are rounded to the nearest dollar.
2. All non-executive directors are members of the Nominations and Corporate Governance Committee (NOMs) and receive no additional fees for this role.
3. This table excludes contributions towards medical and life insurance of a total of $17,154. Spark meets costs incurred by directors that are incidental to the performance of their duties. This includes providing New Zealand-based directors with mobile phones and $120 per month which can be used towards Spark products or services and overseas-based directors with $400 per month phone allowances. Spark also meets the costs of directors' Spark-related travel. As these costs are incurred by Spark to enable directors to perform their duties, no value is attributable to them as benefits to directors for the purposes of the above table.
4. Mr MacLeod was appointed Chair of the ARMC from 3 November 2023.
5. Ms Nelson was appointed a Director and a member of the ARMC and HRCC from 8 May 2024.
6. This figure includes the additional $2,225 Ms Nelson earned as a member of the MATTR Investment Committee during FY24 (as a pro-rata payment based on her time served on the Committee). Prior to joining the Board, Ms Nelson earned US$36,000 as a consultant to MATTR during FY24.
7. Mr Sitch resigned as a Director from 3 November 2023.

Other directors' fees

Mr Richard Quince received a Director's fee of NZ$10,000 (excluding GST) for acting as a Director of Teleco Insurance (NZ) Limited.

Our governance and ESG management

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To achieve our purpose, Spark must successfully execute our business strategy while maintaining high standards of operational performance and corporate governance.

Our Sustainability Framework focusses our ESG (Environmental, Social, Governance) activities in the areas we can make the most meaningful impact – New Zealand's economic transformation, digital equity, and our own sustainable business practices. To realise these ambitions ESG is integrated into our ways of operating and governance, as outlined in this section.

Maintaining high standards of corporate governance

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

Spark has complied with the recommendations of the NZX Corporate Governance Code and substantially complied with the principles and recommendations of the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) for the FY24 reporting period. You can read about how we have complied with these recommendations and principles in Spark's Annual Corporate Governance Statement FY24: **www.spark.co.nz/online/about/our-company/governance**

Copies of, and details about, Spark's corporate governance policies, practices, and processes can be found on our website at: **www.spark.co.nz/online/about/our-company/governance**

Our Sustainability Framework

Toitū Sustainability at Spark is integrated into SPK-26 and outlines our approach to ESG at Spark. Our Framework includes three key focus areas – Economic Transformation, Digital Equity, and a Sustainable Spark. These commitments sit alongside our Māori Strategy, Te Korowai Tupu, which informs how we develop strong connections with Māori and builds our understanding of Te Ao Māori.

The framework is informed by our materiality assessment (see page 163). While the three focus areas are enduring, the activities within them will evolve over time to ensure we are responsive to our changing operating environment and the needs of our stakeholders.

ESG reporting

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

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

A detailed appendix to this report (see pages 163 – 174) includes a summary of our approach to materiality, our GRI Index, and information on our stakeholders and memberships of organisations.

Climate change and emissions reporting

Our FY24 report incorporates climate-related disclosures, which have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB). Our climate-related disclosures are on page 90.

Spark's standalone Greenhouse Gas Inventory Report provides a detailed account of our emissions. Deloitte provides limited assurance of the emissions included in the report, which is available here: **www.spark.co.nz/online/about/our-company/governance**

In the past we have chosen to participate in voluntary disclosures to the Carbon Disclosure Project (CDP). However, with the introduction of mandatory climate disclosures in New Zealand we have chosen to focus our attention on our expanded disclosures against the new local reporting standards, meaning we will not submit a CDP response in FY24. We will review this position in future years.

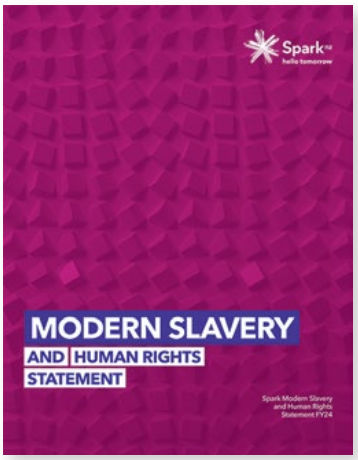
Modern slavery and human rights reporting

Spark publishes a dedicated annual Modern Slavery and Human Rights Statement.

We report how we are identifying, mitigating, and remedying modern slavery risks in our business and our supply chain, including actions taken over the past year to strengthen our systems and processes and audit and engage our suppliers.

This statement provides a detailed summary of our approach to upholding our Human Rights Policy within our business, including our approach to human rights due diligence and how we are approaching the acceleration of technologies, such as AI and Generative AI.

You can find this at: **www.spark.co.nz/online/about/our-company/governance**



TOITŪ SUSTAINABILITY AT SPARK

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	Our commitment	KPIs	Sustainable Development Goals
Economic Transformation Empower New Zealand to transform to a high productivity, low carbon economy	**Emerging technology:** we will invest in the digital technologies and infrastructure Aotearoa needs to transform	• Deliver 5G Standalone nationwide by FY26 to enable innovation	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
	Digital infrastructure: we will expand connectivity to more of the places New Zealanders live and work	• Increase 5G connectivity to all towns with a population >1,500 by end FY26	
	Business digitisation: we will support businesses to harness the power of technology to become more sustainable	• Champion the integration of digital technology into Aotearoa's climate change planning	
Digital Equity Champion digital equity so all New Zealanders can thrive in a digital future	**Products and services:** we will increase accessibility and maintain the highest security and privacy standards	• Maintain top quartile position in the Worldwide Benchmarking Alliance's annual Digital Inclusion Benchmark	1 NO POVERTY 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Skills and pathways: we will focus Spark and Spark Foundation investment on increasing Māori and Pasifika participation in the technology sector	• Increase Māori and Pasifika participation within Spark by 5 percentage points by end FY26[1]	
	Affordability: we will support low income households to participate in the digital world	• Extend the reach of our not-for-profit broadband service Skinny Jump, with YoY growth	
Sustainable Spark Be bold in our business to have a positive impact on our people, the environment and our communities	**Our people:** we will invest in the capabilities and wellbeing of our people and champion diversity and inclusion	• Achieve 40:40:20 gender representation across Spark • Spark has a top decile innovation culture by FY26	4 QUALITY EDUCATION 5 GENDER EQUALITY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION
	Our environment: we will reduce our impact on the natural environment	• Science-based target (SBTi): reduce Scope 1 and 2 emissions 56% from FY20-FY30 and ensure 70% of our suppliers by spend[2] have SBTi-aligned targets in place by 2026	
	Governance: we will operate a responsible and ethical business and supply chain	• Maintain top quartile benchmark in the annual Corporate Sustainability Assessment • Complete five JAC[3] aligned supplier location audits annually	

TŪHONO: we connect WHAKAMANA: we empower MATOMATO: we succeed together MĀIA: we are bold

1. Excluding subsidiaries 2. Covering purchased goods and services and capital goods 3. Joint Audit Cooperation

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Sustainability Governance

Our sustainability governance structure helps us ensure sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.

Spark New Zealand Board of Directors	Approval of business strategy and Sustainability Framework, including key policies and KPIs. Reviews sustainability progress quarterly. Reviews climate change and modern slavery risks.
Leadership Squad	Sets three-year business strategy and approves Sustainability Framework, including key policies and KPIs. Reviews sustainability progress quarterly. Reviews climate change and modern slavery risks.
Corporate Relations and Sustainability Director and Sustainability Team	Corporate Relations and Sustainability Director has overarching responsibility for the Sustainability Framework and Spark's progress against it. Sustainability Lead and Environment and Sustainability Manager lead execution through squads and reporting.
Steering Committees and Governance Forums: Human Rights and Supply Chain, Data Ethics, Climate Disclosures	Steering Committees and Governance Forums established to ensure Leadership Squad and subject matter expert oversight of progress against material sustainability focus areas and risks, where appropriate.
Governance and Reporting Squad; Emissions Reduction Squads; Human Rights and Supply Chain Squad; Spark Foundation / Skinny Jump Squad	Cross-functional squads established to improve sustainability performance and integrate it across Spark. Spark Foundation has a sole focus on digital equity and is governed by a Board of Trustees. Skinny Jump is operated by a dedicated squad. Spark's new Digital Equity Lead will report into the Corporate Relations and Sustainability Director, and have overarching responsibility for Spark's digital equity investments.
Sustainability Framework Economic Transformation; Digital Equity; Sustainable Spark	Identifies most material focus areas to guide activity and resource allocation.
Quarterly Business Review (QBR)	Spark's business strategy is executed through a Quarterly Business Review (QBR) process, with priorities agreed every three months. Sustainability is a standing priority on the QBR.
All Spark people	Support execution of Sustainability Framework priorities and consider sustainability impacts in decision making.

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Integrating ESG into our governance processes

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

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

In the past year we have evolved the structure of our squads that support our ESG performance. Our long-standing ESG Squad has been split into a Governance and Reporting Squad and a Human Rights and Supply Chain Squad. The Governance and Reporting Squad is an evolution of the ESG Squad, a cross-functional group accountable for our performance, reporting, and risk management, including representatives from Spark's financial, risk, legal, investor relations, regulatory affairs, people and culture, and corporate relations functions. The squad is led by Spark's Sustainability Lead.

The newly established Human Rights and Supply Chain Squad is focussed on actions to further embed these topics into Spark's day-to-day operations. The squad is also led by Spark's Sustainability Lead, and includes representative from our value management (supply chain), legal, digital trust, and Entelar Group teams. This Squad reports to a dedicated Steering Committee including Leadership Squad representation from the Corporate Relations and Sustainability, Network and Operations, and People and Culture directors.

Our Emissions Reduction Squad is led by Spark's Environment Manager and comprises 20 employees working across the Spark Group. This Squad is split into three workstreams, focussed on mobile networks, data centres, and fleet. We measure and report our energy use and emissions on a quarterly basis to the Leadership Squad. For more information see the Our Environment section on page 47.

In the past year we established a new Data Ethics Committee, which replaces our Data Governance Risk Committee. The Committee includes representatives from the Leadership Squad and provides oversight of our Artificial Intelligence Principles and how they are embedded into our ways of working, processes, and systems. For more information see our section on AI Governance on page 34.

With the incoming Aotearoa New Zealand Climate Standards, the Board and Leadership Squad also adopted a formal due diligence process for Spark's climate disclosures, including the creation of a Due Diligence Committee. The Committee includes representatives from the Leadership Squad who reviewed the disclosures against the requirements and principles of the Climate Standards. For more information see our section on climate-related disclosures on page 90.

We publish a summary of our approach to sustainability at Spark on our website: **www.spark.co.nz/online/about/sustainability**

Benchmarking our ESG performance

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

Our approach to ESG management has seen our score, and relative ranking against global industry peers, increase year-on-year in the CSA benchmark into the top quartile of all global telecommunications companies. As a result, and in recognition of our progress and regional leadership, Spark is a member of the DJSI Australia Index, first joining in FY23 and maintaining our place on the index in FY24.

We also participate in the Worldwide Benchmarking Alliance's annual Digital Inclusion Benchmark. This includes an assessment of our broader social responsibility governance alongside a detailed assessment of our digital inclusion programmes. Spark is currently ranked in the top quartile of this benchmark.

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Public policy and lobbying commitment

Spark publishes a Public Policy and Lobbying Commitment that sets clear rules and processes for us to follow as we seek to engage on public policy, either directly or via government relations agencies. This is available on our website here: **www.spark.co.nz/online/about/our-company/governance**

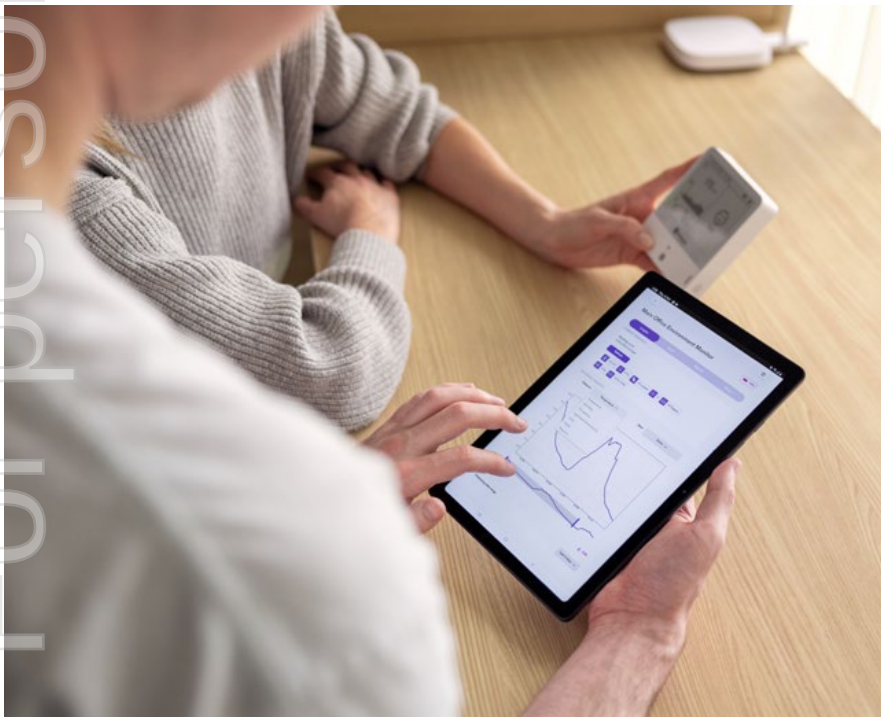
This Commitment includes our policy to not make donations to political parties in New Zealand or any other jurisdictions.

We also committed to disclosing our engagement with lobbying services providers. In the past year we have retained the services of government relations agency Thompson Lewis. As one of New Zealand's largest businesses and a lifeline utility, we have an important role to play in the development of policies relevant to our sector and operations. We use this agency to provide additional resource that enables us to effectively fulfil this role.

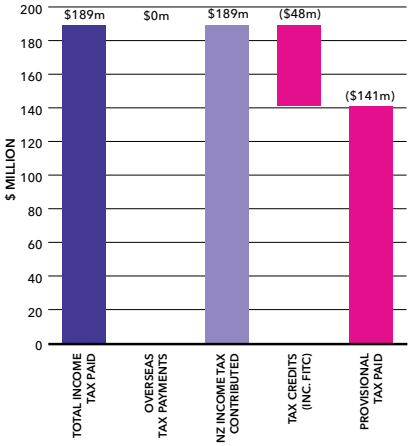
Our approach to tax

The Spark Group Tax Strategy reflects our responsible and transparent approach to tax. We recognise that the taxes we pay help underpin Aotearoa's economy in the same way that our ongoing investment in digital infrastructure will underpin Aotearoa's digital economy. As a New Zealand-based company we believe that it is important to clearly articulate our tax contribution to provide certainty and confidence to all stakeholders. As a large business, we make a significant contribution to New Zealand's tax base, including $189 million of New Zealand income taxes during FY24 (before any tax credits were applied).

In FY24 Spark's effective tax rate was 38.5%, which is higher than the New Zealand domestic tax rate of 28%, primarily due to the one-off tax impact arising from the removal of tax depreciation on commercial buildings that formed part of the New Zealand Government's 2024 Budget announcements.

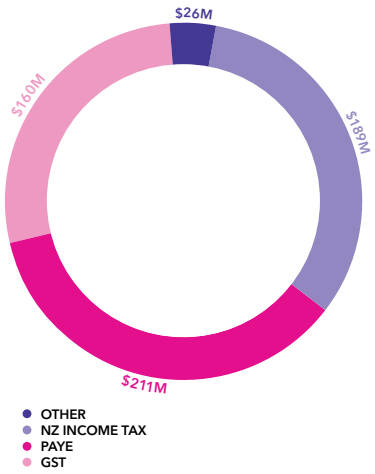


Breakdown of income tax payments FY24



In addition to income tax paid by Spark, the Spark Group has payment and collection obligations across a wide range of tax types resulting in an excess of $586 million of taxes under management during FY24.

Taxes under management



The full tax strategy is available online: **www.spark.co.nz/online/about/our-company/governance**

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Our risk management

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Managing risk

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

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

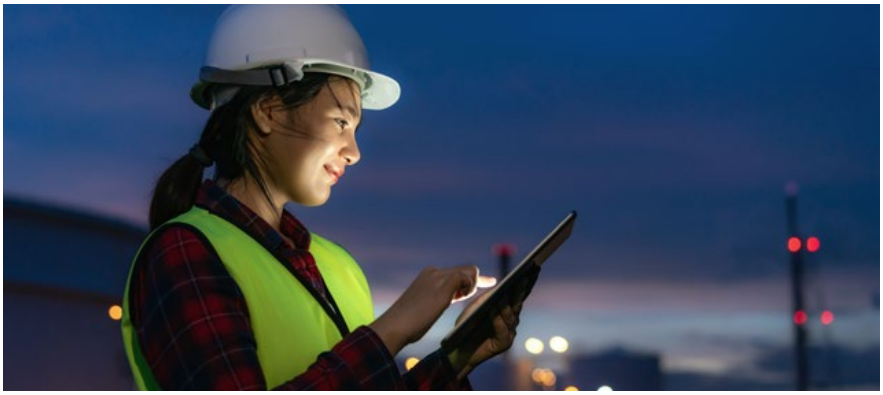
Spark's framework is structured into five risk management domains that all work together to enable a robust system for risk management. Below is a description of each domain and some examples of activities by domain to help understand the framework in more depth. These five domains are embedded in Spark's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

Governance and culture

This domain reinforces the importance of risk management and influences how people apply the framework. Managing risk is embedded in our organisational structure, our functional activities, and is supported by specialist resources from the Risk team. Examples include the risk policy and the defined governance structure that supports its application across Spark. More information on the roles and responsibilities are included in the table on page 162.

Strategy and objective setting

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



Performance

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

Review and revision

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

Information, reporting, and communication

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

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

Spark's principal business risks

Principal risk profiles are updated twice yearly. The last update was finalised in May 2024. The principal risk themes identified were:

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

Evolving external threats, changing legislation, and high expectations from customers and stakeholders mean robust security and privacy roadmaps, and strong governance through the Information Security Risk Management Committee (which includes five members from the Leadership Squad is needed to ensure that significant risks are managed. The Cyber Security tribe is responsible for critical operational controls to ensure standards and compliance are upheld. Our Digital Trust team sets privacy frameworks and standards that Agile units need to apply to maintain appropriate operational controls for privacy. Spark also has a data retention policy, that sets out considerations and, in some cases, rules for data retention. Adherence audits for compliance with the data retention policy are performed by the Internal Audit team.

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External reviews and certifications help to ensure that comprehensive security measures exist for the critical elements of our cyber security framework. These reviews include security maturity assessments and security device configuration audits to ensure our processes meet expected standards.

Maintaining a resilient network and delivering technology and network leadership

The use of established and proven delivery methods for large-scale network and technology projects (such as our 5G rollout) will help us to manage potential risks created by the delivery of new technologies and will also sustain our existing technology. This also includes long-term physical risk to infrastructure from climate change. With a high share of operational cost, Spark's technology units also continue to execute net-cost reduction while maintaining operational standards. In addition to cost optimisation mitigations, technology units have robust operational risk management processes, which provide visibility and enable a coordinated response to risk.

Estimating economic environment impacts and responding with balanced judgement

The economic environment remains challenging, characterised by high costs, elevated interest rates, and rising unemployment, which is having a significant impact on customer behaviour. As a result, customers across all business segments are increasingly looking for ways to reduce their spending. The SME sector, in particular, is experiencing a higher rate of business closures, while the enterprise and government sector is experiencing the impact of government agency spending reductions and reduced private sector investment. Although Spark has been impacted less than some parts of the economy, Management continues to monitor this risk closely by adapting its strategies to ensure resilience and sustainability in our operations.

Delivering planned artificial intelligence (AI) and business system transformation objectives

Delivering planned AI and business system investments is a key enabler of SPK-26.

A dedicated Transformation Lead and Programme has been established to lead these investments and ensure they are deployed in a complementary manner. Dedicated squads have been established to ensure deployment by teams with the required skills.

Spark has identified key use cases for Generative AI to support growth and improved efficiency across the business. As Generative AI is developing rapidly, Spark's Data and AI Governance approach has evolved during the year, to build on existing policies and practices that ensure a safe and ethical deployment of AI within the business. This is detailed on page 34.

Migrating large corporate customers from legacy technologies and products, whilst balancing customer experience and churn remains a challenge when implementing business system transformation. This is managed through high levels of collaboration from internal resources and tools that model and support decision-making.

Achieving revenue growth

As Spark strives to achieve revenue growth, there is inherent risks associated with both our traditional and emerging revenue streams. Growth in our traditional revenue sources, such as mobile and broadband services, continue to face challenges from increased competition and market saturation. Meanwhile, our new revenue streams, including data centres, cloud, and high-tech, are subject to rapid technological changes, competition, and market acceptance risk. To mitigate these risks and ensure sustainable growth, our Leadership Squad continuously monitors and manages business strategies. This involves proactive intervention to address any issues and staying up to date with industry trends and technological advancements. Our aim is to strike a balance between risk and opportunity, and to steer Spark towards a future of innovation, while creating diverse and long-term revenue growth.

Cost optimisation while maintaining operational standards and resilient service

Executing net cost reduction is a strength for Spark, and we do it in a way that ensures operational delivery standards for customers are maintained. The recent redesign of the operating model, AI and automation, ongoing simplification, and digitising customer journeys help to provide Spark with a more sustainable operating model and cost base moving forward. To mitigate unintended risks (for example, customer service disruptions), the Leadership Squad has established a strong governance structure, coupled with a formal delivery methodology to ensure all initiatives are robustly tested. Trajectory toward targets is measured, which enables intervention and course corrections when required.

Business continuity and crisis management

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

Spark's framework is benchmarked to ISO 22301 and ISO 22313, which are acknowledged as leading practice standards for business continuity. It is overseen by the ARMC in a similar way to the Managing Risk Policy and Framework. An internal Governance Committee consisting of tribe leads from across Spark, oversees and supports the implementation and maintenance of Business Continuity programme activities across the Spark Group. Regular reviews of the framework are performed by the Service Resilience and Risk and Internal Audit teams to ensure it is effective. External reviews and testing of key elements of the framework such as the Level One Crisis Management Plan and Team are also done to validate the effectiveness of Spark's business continuity framework. Our continued investment in network resiliency, as outlined on page 42, also demonstrates application of the framework in practice.

Spark climate-related disclosures

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Introduction

Climate change has the potential to cause significant disruption to all New Zealand businesses, including Spark. This includes risks to our business due to changing economic conditions, disruption to our supply chain, operations, and infrastructure, and to our customers. Climate change also creates opportunities for Spark to support our customers to reduce their emissions and adapt to the potential impacts of a warming climate.

Compliance with Climate Standards

Spark introduced climate risk reporting, aligned to the international Task Force on Climate-related Financial Disclosures (TCFD) framework, in our FY21 Annual Report. This year's report marks the first time we have reported under the new mandatory disclosure regime, which builds on the foundations of the voluntary TCFD standards.

These climate statements have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB). Climate Standard NZ CS 2 provides a number of adoption provisions, which reporters may elect to use. Spark New Zealand has elected to apply the following adoption provisions in our first mandatory reporting period:

- Adoption provision 1 (related to current financial impacts)
- Adoption provision 2 (related to anticipated financial impacts)
- Adoption provision 3 (related to transition plan). We have included details of the transition plan aspects of our strategy in this report, however intend to refine these disclosures in FY25 once anticipated regulatory guidance has been released.
- Adoption provision 5 (related to comparatives for Scope 3 GHG emissions)
- Adoption provision 6 (related to comparatives for metrics)
- Adoption provision 7 (related to analysis of trends)

Important notice, challenges, and uncertainties

Our climate-related disclosures and the conclusions we make in these disclosures reflect our current understanding as at August 2024. This includes current and forward-looking information regarding climate change, its impact on Spark, and our response to it. Climate change, and the impacts it will have on individual businesses, is subject to significant uncertainty. The information in this report is based on estimates, judgements, assumptions, and incomplete data that we consider to be appropriate under current circumstances. As such, we caution reliance being placed on information that is subject to significant uncertainty and data limitations.

This report includes forward-looking statements, including in relation to climate-related scenarios, targets, risks and opportunities, anticipated impacts, and transition plans. Such forward-looking statements are based on the beliefs of, and assumptions made by, our Management, along with information currently available at the time such statements were made. These forward-looking statements are not guarantees or predictions of future performance. Any statements in these climate statements that are not historical facts are forward looking statements.

Spark New Zealand Limited is a climate-reporting entity under Part 7A of the Financial Markets Conduct Act 2013 (FMA). These climate statements relate to the Spark Group, which consists of Spark New Zealand Limited and its subsidiaries. While Spark Finance Limited (a subsidiary of Spark New Zealand Limited) also meets the definition of a climate-reporting entity under the FMA, the Financial Markets Conduct (Climate Statements – Spark Finance Limited) Exemption Notice 2024 (available at **www.fma.govt.nz/assets/Exemption/Financial-Markets-Conduct-Climate-Statements-Spark-Finance-Limited-Exemption-Notice-2024.pdf**) exempts it from the requirement to prepare climate statements.

This section of our Annual Report is structured around the four themes of climate governance, strategy, risk management, and metrics and targets. However, in some instances, information is included in these climate statements by cross-reference to other sections of our Annual Report or to our stand-alone Greenhouse Gas Inventory Report. Deloitte provides limited assurance of the emissions included in the report, which is available here: **https://investors.sparknz.co.nz/investor-centre/?page=annual-reports**. A table showing the location of each of our disclosures referenced against the requirements of the Aotearoa New Zealand Climate Standards is included on page 167.

Approved on behalf of the Board on 22 August 2024.

Justine Smyth CNZM
Chair

Gordon MacLeod
Chair Audit and Risk Management Committee

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Flooding caused by Cyclone Gabrielle.

Climate governance

Governance body oversight of climate risk and opportunities

The Spark Board is the governance body responsible for oversight of climate-related risks and opportunities. The Board is informed and engaged on climate change through a number of regular processes:

- through oversight of Spark's overarching enterprise risk management system (via the ARMC), which incorporates our most material climate risks
- through approval of, and engagement in, Spark's climate scenario risk analysis processes and annual climate risk reporting
- through quarterly sustainability updates from the Corporate Relations and Sustainability Director, and non-cyclical Board papers which include climate related risks or opportunities

The Audit and Risk Management Committee (ARMC), a subcommittee of the Spark Board, assists the Board in relation to the oversight of the risk management framework and monitoring compliance with that framework. The ARMC meets at least four times each year and receives regular updates on all principal business risks, including regular updates on the key risk 'Maintaining a resilient network', which includes physical adaptation risk to our networks, and risk in our network supply chain (see detailed climate risk tables on pages 97). The papers from ARMC meetings are available to the Board and all directors may attend meetings of the ARMC.

The Board is also responsible for Spark's external climate reporting published with our annual financial disclosures. This includes review and approval of the climate risks and opportunities identified, which is published alongside our emissions metrics and performance against our climate targets. For this year's disclosures the Board was engaged in our refreshed climate scenario analysis, to pressure test the climate scenario narratives and validate the identified effects on Spark.

The Board is provided a sustainability update on a quarterly basis, including as part of annual integrated reporting for year-end. In FY24, these updates covered a range of topics, including performance against KPIs (including tracking emissions and energy use) and also on broader topics, such as climate risk. This, together with additional papers that contain climate-related content, mean that climate-related risks and opportunities are discussed regularly at Spark Board meetings.

As the governance body for significant sustainability and climate-related decisions, the Board approves Spark's sustainability framework, policies, and targets (such as Spark's science-based emissions reduction target, approved in FY21), and approval of key initiatives, such as our renewable energy partnership with Genesis Energy (see page 51).

Our directors are expected to continuously educate themselves to ensure that they have the appropriate expertise and can effectively perform their duties. Sustainability, together with risk management and regulatory, is one of the competencies assessed in our Board Skills Matrix (see page 21). The Board has been provided with briefings and sessions during FY24 to support further development of skills relating to the oversight and management of climate risk and to foster its climate expertise. Expertise is also gained by directors who have directorships in industries with related climate risks. Jolie Hodson, Spark CEO and Board member, is also a member of the Climate Leaders Coalition's Steering Committee.

A description of how the Board considers climate-related opportunities when developing and overseeing Spark's strategy, and the way in which resiliency (related to physical risk) is integrated into our business, is set out on page 93.

The Board is also responsible for remuneration policies. For our Leadership Squad and a select group of senior leaders, a long-term incentive (LTI) forms part of their remuneration package. This scheme is tied to performance measures relating to Spark's ESG performance, including performance against our emissions reduction target, which constitutes 12.5% of the LTI performance assessment weighting.

An overview of the climate-related risks and opportunities responsibilities as between the Spark Board and Management is described on page 92.

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Management's role in climate risk and opportunities

Climate-related responsibilities are assigned across a number of the Spark Leadership Squad (direct reports to the CEO) and supported by a number of internal governance groups and processes:

- The Finance Director is responsible for management of our overarching risk management system
- The Corporate Relations and Sustainability Director is responsible for Spark's overall sustainability strategy
- The Network and Operations Director is responsible for our most material climate change risks, which are integrated into the key risk 'Maintaining a resilient network' in our enterprise risk management system, and progress against our emissions reduction target

For the preparation of these climate statements in FY24, the Board and Leadership Squad established a formal due diligence process and approved the establishment of a Due Diligence Committee to oversee the preparation of the climate statements. This Committee is comprised of the Leadership Squad members identified above, as well as the Spark General Counsel.

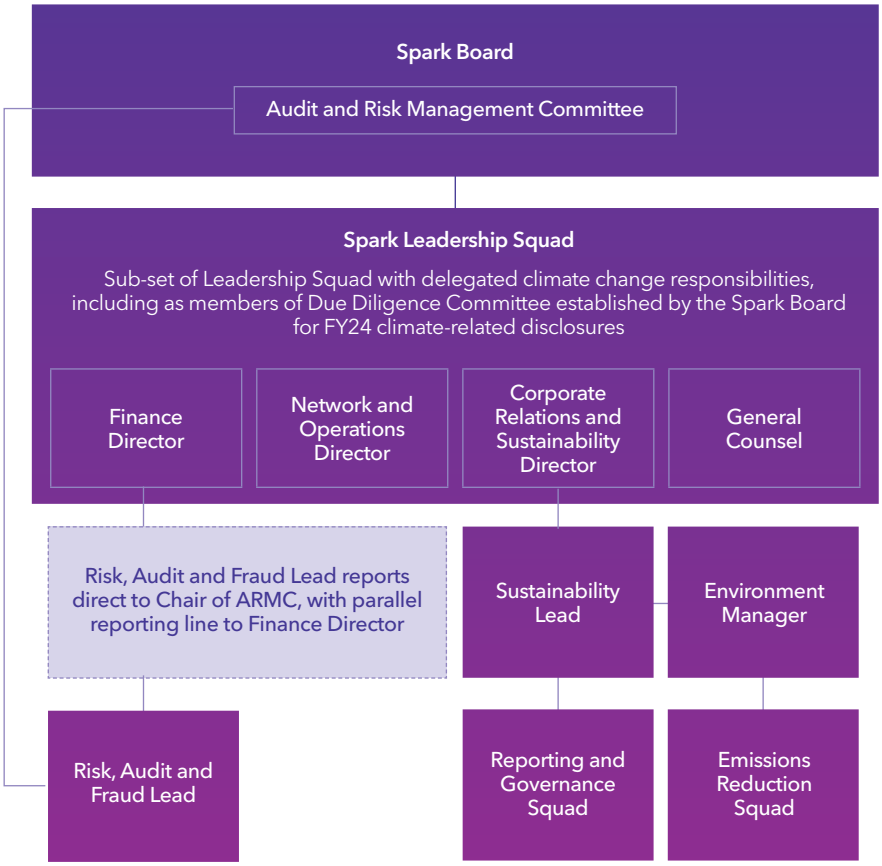
For broader issues the full Leadership Squad serves as Spark's sustainability steering group, with a standing agenda item each quarter to review performance against sustainability KPIs, discuss risks and opportunities and make decisions related to climate change and our broader sustainability work. The Corporate Relations and Sustainability Director then provides a quarterly sustainability update to the Spark Board. The key sustainability KPI that relates to climate change is our emissions reduction target – see page 105 for more information.

In FY24, the Leadership Squad was also engaged in our refreshed climate scenario analysis, supporting the development of our climate scenario narratives and exploring the identified effects on Spark. The Leadership Squad is also engaged in the annual preparation and review of our Annual Report, meaning all Leadership Squad members are informed about climate-related risks and opportunities on an annual basis.

The Leadership Squad is also regularly updated on risks identified in our Enterprise Risk Management System. Spark's Risk, Audit and Fraud Lead provides a quarterly update to the ARMC, a subcommittee of the Board. Our risk management system helps our people to manage uncertainty and adapt to challenges as they pursue our strategy.

A number of supporting squads are led by Spark's Sustainability Lead and Environment Manager. This includes our Governance and Reporting Squad and Emissions Reduction Squad. These squads report progress to the Leadership Squad and Board through the quarterly sustainability updates.

The Governance and Reporting squad is an evolution of the ESG Squad, a cross-functional group accountable for our performance, reporting, and risk management, including representatives from Spark's financial, risk, legal, investor relations, regulatory affairs, people and culture, and corporate relations functions. The squad is led by Spark's Sustainability Lead. The Emissions Reduction Squad is led by Spark's Environment Manager and comprises 20 employees working across the Spark Group, mostly in Network and Operations. This squad is split into three workstreams, focussed on mobile networks, data centres, and fleet.



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Strategy and climate change

Integration of climate change and transition planning into strategy

Spark does not have a stand-alone climate transition plan. Our climate strategy and transition plan actions are integrated into our overarching strategy and business processes. Because of this interconnectedness we have chosen to integrate our climate disclosures within our integrated annual report. Our climate-related risk and opportunity tables (see pages 97 to 101) report the actions we are taking against each of the climate change risks and opportunities we have identified.

As an infrastructure provider with assets distributed across New Zealand, we have robust processes established to manage physical risk across our business, which includes resilience to climate change alongside other hazards such as earthquake risk. We focus on ensuring that these existing business processes are prepared for the increase in frequency and severity of climate incidents, and that our investment in the resilience of our infrastructure is informed by the latest climate science. Resiliency (related to physical risk) is a key input into our network capital deployment and funding. For information on our investment into resilience see page 42.

The Board and Leadership Squad considered opportunities from climate change when setting Spark's three-year strategy launched in FY23. A key focus of the strategy is enabling New Zealand businesses to grow and become more productive and sustainable through technology, which explains how we will support New Zealand's transformation to a high-productivity, low-carbon economy.

The aspects of our strategy aligned to transition planning inform our capital deployment and funding decision-making process. For example, in October we acquired Adroit, a leading IoT provider that specialises in technology solutions for real-time environmental monitoring, with solutions that are used across worksites, construction, agriculture, aquaculture, councils, and infrastructure sectors. In the past year we have also added formal climate and emissions considerations into our capital deployment and funding decision-making processes.

The sustainability elements of our strategy are expanded in our Toitū Sustainability at Spark framework, published on page 84 of this report. We include a description of our business model and strategy, using the <IR> Integrated Reporting capitals model, on page 6 of this report.

Digital equity is a pillar of our sustainability framework. We know that as our economy decarbonises digital skills and access will become increasingly important for participation in society and the workplace, meaning digital equity is a key element of a socially just transition. See the Our Community section on pages 56 – 61 to learn more about our digital equity work.

Another commitment, under the Sustainable Spark pillar of our sustainability framework, is to reduce our impact on the natural environment. This includes our plans to transition our operations towards a lower emissions future. We have set an emissions reduction target with the Science Based Targets Initiative (SBTi) to reduce our scope 1 and 2 emissions by 2030, as explained further on page 105.

As the majority of our scope 1 and 2 emissions are from electricity, supporting investment in new renewable energy generation is our strategy to decouple our business growth from emissions growth, alongside other energy efficiency initiatives.

Our SBTi target also includes a supplier engagement target that 70% of our suppliers by spend, covering purchased goods and services and capital goods, will have SBTi-aligned targets in place by 2026. To achieve this, we are engaging with suppliers to support and encourage them to establish their own science-based emissions reduction targets.

Current impacts of climate change

When considering physical impacts of climate change, over the last year we experienced no specific climate-related incidents beyond normal weather-related outages. In the previous year, the impact of Cyclone Gabrielle was significant. The cyclone caused significant and sustained power outages and destroyed many roads and bridges that hold fibre backhaul, which connects mobile towers to mobile exchanges. As a result of this, more than 600 mobile towers (across Spark, One New Zealand, and 2degrees) went offline during the storm. Within our network, only one of our cell sites sustained physical damage – all our outages were caused by power outages or fibre cuts. The Telecommunications Emergency Forum, a working party made up of key network operators and retailers, coordinated by the Telecommunications Forum (TCF), was activated immediately and worked alongside the National Emergency Management Agency (NEMA) to coordinate an urgent industry response. Generators and satellite units were flown into the affected areas via helicopter, and our teams were on the ground to restore connectivity as soon as it was safe to do so. As a result of these efforts, within 96 hours, more than 90% of impacted towers were back online.

When considering transition opportunities, we continue to see growth in our high-tech revenues, which includes our IoT business. Much of this is driven by monitoring, including energy, water, and environmental monitoring. Although this is not driven by specific climate regulation, it is indicative of an increased focus among our customer base on investing in technology solutions for sustainability issues. We also continue to see interest from investors and customers in our climate change performance, including our emissions reduction target and reporting. This includes an increase in customer requests for scope 3 emissions data related to the products and services we supply. The role of satellite-enabled services is also evolving, both for fixed-broadband and direct to mobile services. Although resilience to weather events is one driver for early adoption, much of this market shift is driven by non-climate-related factors, such as coverage in rural areas.

Entelar Group loading helicopter with power generators for our cell sites in Gisborne during Cyclone Gabrielle.

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Our climate risk tables outline all climate impacts and opportunities identified through our scenario analysis and internal risk processes. These include current impacts, which may increase over time, and potential future impacts.

Climate scenario analysis

Spark has undertaken climate scenario analysis to help it to identify its climate-related risks and opportunities and develop a better understanding of the resilience of our business model and strategy.

Climate scenarios provide an opportunity for organisations to develop their internal capacity to better understand and prepare for the uncertain future impacts of climate change. They are plausible, challenging descriptions of how the future may develop based on a coherent and consistent set of assumptions about physical and transition risks:

- **Physical risks**: risks relating to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns, such as sea level rise
- **Transition risks**: risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Over the past year Spark co-led a sector-wide approach to scenario development. A shared sector approach is recommended by the XRB. The sector scenarios were developed through a series of workshops, facilitated by environmental consultancy Tonkin + Taylor and our industry body The Telecommunications Forum (TCF). The process was guided by a focal question:

"How could climate change plausibly disrupt the telecommunications sector over the short (5 years), medium (15 years), and long-term (30+ years)?"

The sector-wide approach to climate risk supports collective engagement with other sectors and stakeholders. This is particularly important to inform long-term collaboration and planning and will be an important input to New Zealand's next National Climate Change Risk assessment due to be published by the Climate Change Commission in 2026. Throughout the process the sector consulted with the Ministry for the Environment, the Climate Change Commission, and representatives from the energy sector who were integrated into the TCF process.

Our three climate scenarios

The three climate scenarios the telecommunications sector selected are outlined in the tables on pages 97–101. These scenarios align to the requirements in NZ CS 1 for entities to analyse three scenarios, and each draw from a range of widely used global and local scenario archetypes, for example the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSPs), the National Institute of Water and Atmospheric Research (NIWA) representative concentration pathways (RCP) and the New Zealand Climate Change Commission decarbonisation pathways. They are also based on scenario archetypes that are consistent with those used by other infrastructure sectors in New Zealand to develop sector scenarios. The scenarios were designed and agreed in consultation across the sector. Given the broad range of inputs and alignment to recognised scenario archetypes we believe the scenarios capture a broad set of possible outcomes that are relevant and appropriate to assessing the resilience of our business model and strategy to climate-related risks and opportunities.

A full report of the sector climate scenarios is published on the TCF and Spark websites.

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This includes detailed descriptions of the emissions reduction pathways in each scenario and the assumptions underlying pathway development over time, including the policy and socioeconomic assumptions and macroeconomic trends.[1] It also includes full descriptions of the relevant scenario narratives, and an outline of the process followed to develop the scenarios. The report is available here: **https://s.spark.co.nz/4fXRsoH**.

These three scenarios have driven Spark's internal climate scenario analysis, which applied the detailed scenarios to our business and strategy, to identify risks and opportunities specific to Spark. This was a stand-alone process, independent of our existing risk governance. The scope of our climate scenario analysis covers all of Spark's operations and the entire value chain, from upstream supply chain impacts to downstream impacts on our customers and the broader economy. It covers all business activities, operating companies, and subsidiaries. The scenario analysis builds upon our previous scenario analysis and climate risk reporting, which mapped against scenarios equivalent to the 'disorderly' (RCP 4.5) and 'hothouse' (RCP 8.5) scenarios. While external stakeholders and partners were involved in the sector-based scenario development, Spark's internal process did not involve any external partners or stakeholders.

The Spark Board and Leadership Squad were engaged in the scenario analysis, developing and pressure testing the potential effects on Spark across each of the three scenarios against a number of categories:

- Economic
- Business-to-business customers
- Consumer customers
- Government and policy
- Infrastructure
- Supply chain
- Investors
- Managed retreat
- Social

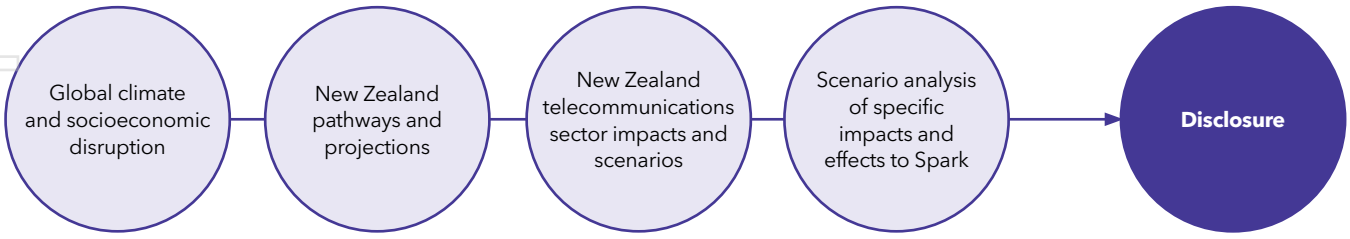
As noted on page 90, the Board has approved the climate-related risks and opportunities identified as a result of the scenario analysis process.

Physical risk analysis

As part of our scenario analysis process in FY24, we also updated our physical risk analysis against updated data and climate models newly released by the Ministry for the Environment in July 2024. This analysed risk to our infrastructure and assets against the risks of sea level rise/coastal flooding, temperature, wind and rain pattern changes. This modelling provides information on the number and location of sites that may be of greater risk, and enables us to quantify the scale of potential impact and the investment required to mitigate risk, for example by strengthening or relocating vulnerable sites. Through the analysis we identified a small number of assets vulnerable to direct physical risks. This includes 24 mobile sites and one regional exchange vulnerable to coastal flooding under a 20cm sea level rise scenario. This is less than 2% of our infrastructure sites. We acknowledge the limitations and uncertainty of this mapping approach, including the lack of localised information on interconnected physical risk.

We will continue to update our physical risk analysis as new data becomes available, particularly data on supporting infrastructure. This will be an important input into our disclosure of anticipated financial impacts in future years.

Stages of scenario analysis



1 See Section 4 and Appendix A of the sector climate scenarios. The assumptions used to create the sector scenarios were those that were considered to be most relevant to the sector. Specific assumptions were not included relating to energy pathways, carbon sequestration from afforestation, climate technology such as negative emissions technology, and nature-based solutions.

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Our climate scenarios

	Scenario #1: Orderly transition	Scenario #2: Disorderly transition	Scenario #3: Hothouse
Brief description of scenario narrative (further detail included in sector scenarios)	New Zealand and the world transitions to net zero by 2050 with strong policy and market changes clearly signalled by the government. Physical impacts from climate change are limited and align with the SSP1-1.9 scenario. Average global temperatures are limited to 1.5 degrees above pre-industrial levels by 2050.	New Zealand and the developed world are delayed in their transition to net zero. This results in a steady increase in temperature and physical impacts in alignment with SSP2-4.5 (2 degrees by mid-century). By 2030, prompted by a number of significant weather events, New Zealand and the developed world realise that urgent action is needed to reach net zero, which results in poorly signalled policy and market changes coinciding with increased adaptation and recovery costs creating significant medium-term challenges.	New Zealand and the world abandon net zero targets, and there is no national or global movement to reduce emissions. Existing policies are reversed, and fossil fuel use continues. Physical impacts from climate change are severe with annual average global temperatures rising to 2 degrees above pre-industrial levels by 2050 and 3.6 degrees by 2100 (in alignment with SSP3-7.0).
Scenario datasets	• Intergovernmental Panel on Climate Change: SSP1-1.9 • NIWA: RCP 2.6 • Climate Change Commission: Tailwinds pathway	• Intergovernmental Panel on Climate Change: SSP2-4.5 • NIWA: RCP 4.5 • Climate Change Commission: Headwinds pathway	• Intergovernmental Panel on Climate Change: SSP3-7.0 • NIWA: RCP 8.5 • Climate Change Commission: Current policy
Global temperature change	1.5˚C	2˚C	>3˚C
Transition risk	Highest	Medium	Lowest
Physical risk	Lowest	Medium	Highest
Policy response	Early and strategic	Slow until 2030, then reactive and significant	Slow, market-led, focussed on adaptation
Economic impact	Highest in 5-year horizon, lowest over 30+ years	Highest over 15-year horizon	Highest over 30+ year horizon

Time horizons for scenario analysis

	Short term	Medium term	Long term
Time horizon	5 years	15 years	30 + years*
Year relative to 2024	2030	2040	2055+
Rationale for selection and link to strategic planning horizons and capital deployment plans	Aligns with emissions reduction target and with future-facing investment horizon	Aligned with typical life of technology assets	Aligned with further materialisation of physical risks, particularly on infrastructure

* For risk analysis we used a timebound 30-year horizon. The 30+ year time horizon was used for long-term scenario development.

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Climate-related risks and opportunities

The tables below outline the climate-related risks and opportunities that Spark has identified over the short, medium and long-term, together with the anticipated impacts of those climate-related risks and opportunities. As many of the risks and opportunities identified are present across all time horizons, we have explained the trend that these risks and opportunities follow across time horizons, identifying the horizon in which the risk or opportunity is most significant.

Physical risks

	Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Physical risk	**Damage to Spark infrastructure** Increased weather events result in increased damage to Spark sites. This includes mobile network equipment, exchanges, data centres, data transport networks	Present in all scenarios, but most significant under the Hothouse scenario	Increasing in severity over time, most significant in the **30+ year** time horizon	Increased reactive maintenance costs (labour, fleet, contractors, and parts) Increased customer disruptions impact revenue, brand, and reputation One-off adaptation costs for site strengthening and/or relocation Increased costs of new infrastructure builds to meet higher climate resilience standards, e.g. data centres Increased insurance cost or withdrawal of insurance	Our physical risk analysis against the latest climate models shows only a small number of Spark sites are likely to face significant risk of direct physical damage, with a small number of mobile sites, and one regional exchange, in locations vulnerable to coastal inundation and flooding over a 30-year horizon. Adaptation cost to reinforce or relocate these sites is unlikely to be material over a 30-year time horizon. Exchange buildings and data centres are carefully located considering physical hazards. New data centre builds account for future climate scenarios. Our three geographically diverse, highly resilient network data centres provide core voice and mobile services, with each core able to operate independently. We already make significant investments into network resilience annually and continue to introduce new resilience initiatives. This sustained investment will lessen the impact of any future resilience standards Government may choose to introduce. See mitigations below for further detail or refer to the *Enhancing the resilience of our network section* on page 42
	Disruption to supporting infrastructure Increased weather events result in more outages and disruption to infrastructure that supports Spark's operations	Present in all scenarios, but most significant under the Hothouse scenario	Increasing in severity over time, most significant in the **30+ year** time horizon	**Passive tower infrastructure**: increase in damage to passive tower infrastructure (e.g. tower masts) causes outages or creates damage to Spark's active infrastructure	We make significant investments into network resiliency annually and will continue to invest in new initiatives to adapt to our warming climate. This includes plans to extend battery life on major, critical mobile sites to ensure they can withstand power outages for longer periods of time, alongside improvements to cell tower management during outages to prioritise connectivity for essential communications functions, such as calls and texts.

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Physical risk (continued)

Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Disruption to supporting infrastructure (continued)			**Electricity**: increase in frequency and duration of grid outages results in increased network outages **Fibre backhaul**: increased frequency of backhaul (fibre) outages caused by flooding, landslips, and road and/or bridge damage along transport corridors **Road transport**: road transport network damage limits ability to reach sites to perform maintenance and upgrades or address outages, e.g. installing and/or fuelling generators, restoring backhaul connectivity	For prolonged outages portable generators are used to provide power to mobile sites. Large-scale fixed generators are in place at critical exchange and data centre sites, which can operate continuously without grid power. To improve backhaul resiliency we have established a network of satellite-connected temporary small cells throughout the country for use in emergencies. We are also implementing backup satellite backhaul at a number of permanent cell towers. We are providing business grade Starlink satellite services to our business customers, while trialling direct satellite-to-mobile technology with our partner Lynk Global, before offering the service to Spark customers at scale as more satellites are deployed. Ongoing investment in our Optical Transport Network (OTN) provides multiple redundancy paths and 'self-healing' capabilities. Our access and aggregation network will provide diverse and self-healing pathways between our cell towers and our networks. We also have plans to continue to work alongside our industry peers through the TCF to prepare for future events cohesively across our sector. Over the last year, mobile network operators have identified critical sites offering widespread coverage so they can be prioritised for restoration. For more detail refer to the *Enhancing the resilience of our network* section on page 42
Supply chain disruption Physical climate impacts (e.g. factory fire/ flooding) disrupt global supply for critical inputs, including network equipment and customer devices. Increased global weather events increase competition and demand for network spares.	Present in all scenarios, but most significant under the **Hothouse** scenario	Increasing in severity over time, most significant in the **30+ year** time horizon	Constrained supply of network equipment increases costs, limits ability to respond to reactive maintenance needs, and slows opportunities for investment in new technologies Disruption to supply chain for customer devices (e.g. mobile handsets, modems etc.) limits ability to serve customers, impacting revenue, brand, and reputation	We are engaging with our suppliers to understand their climate risk processes and critical failure points. For critical inventory items and spares we continually review our working capital levels to hold appropriate levels of stock in-country.

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Transition risks

	Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Transition risk	**Telecommunications market disruption** Customers in rural or vulnerable locations shift to satellite or alternative technologies	Present in all scenarios	Already happening to a degree, likely to increase to be most material in the **15-year** time horizon	Loss of customers in rural and/or vulnerable locations to satellite providers	Technology evolution will continue to influence the market. Over the short/ medium term it is clear that satellite can complement telecommunications, enabling customers to be served in areas where it is uneconomic to provide mobile connectivity or there is greater risk of service disruption due to climate-related events. Many people in remote locations have already adopted satellite broadband for non-climate reasons. We are working in partnership with satellite providers to provide satellite-enabled services to our customers. Over the long-term 30+ year horizon there is lower certainty on the impact of technology evolution on Spark.
	Regulation and government intervention Regulation of network resilience standards, coordination of managed retreat	Most likely under the **Orderly** scenario	Most likely in the short-term **5-year** horizon	Inflexible regulation could mandate inefficient investment and reduce ability to innovate and adapt to evolving technologies, e.g. satellite	We are engaging with local and central Government to advocate for a coordinated approach to adaptation and resilience with clear cost benefit analysis supporting any new standards. For more detail refer to the *Enhancing the resilience of our network* section on page 42
		Most likely under the **Disorderly** scenario	Most likely in the **15-year** time horizon	Uncoordinated approach to managed retreat may lead to investment uncertainty	
	Supply chain disruption Rapid adoption of low-emissions technologies disrupts supply of input materials to digital technologies	Most likely under the **Orderly** scenario	Most likely in the short-term **5-year** horizon	Constrained supply of network equipment increases costs and limits ability to respond to reactive maintenance needs, also slowing opportunities for investment in new technologies	We are engaging with our suppliers to understand their climate risk processes and critical failure points. For critical inventory items and spares we work with our suppliers and partners to ensure we hold appropriate levels of stock in-country.
		Most likely under the **Disorderly** scenario	Most likely in the **15-year** time horizon	Disruption to supply chain for customer devices (e.g. mobile handsets, modems etc.) limits ability to serve customers, impacting revenue, brand and reputation	

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Transition risk (continued)

Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Economic disruption GDP reduction caused by economic transformation and climate events	Present across all scenarios and time horizons, but most material across the following:		Reduced revenue caused by reduced economic activity that is unevenly distributed across customer sectors	We maintain a flexible business plan and can adjust to shifting economic conditions. We are planning for long-term climate impacts across our customer base by understanding exposure to high-risk sectors and regions.
	Disorderly due to combined transition and physical impacts	**15-year**		
	Hothouse due to significant long-term physical impacts	**30+ year**		
Meeting stakeholder expectations Increased investor, customer, and community expectations drive behaviour change and impact investment opportunities	Most likely under the **Orderly** scenario	Most likely in the short-term **5-year** horizon	**Investors**: shifting capital to low-carbon, low-risk organisations that are well-positioned for climate transition and other ESG risks	ESG is integrated into our business strategy. We have a Sustainability Framework that guides continual improvement, and clearly established governance frameworks with oversight at the highest level, through our Board. We have established a near-term science-based emissions reduction target for our scope 1 and 2 emissions, which has been verified by the SBTi. This establishes our own internal decarbonisation pathway, which we are making progress against, including our 10-year Power Purchase Agreement with Genesis Energy that supports the generation of new renewable energy in New Zealand. We benchmark our performance via the Corporate Sustainability Assessment, which informs the Dow Jones Sustainability Index. For more detail refer to our *governance and ESG management* section on page 82.
			Customers: consumers and business customers shifting spend to organisations aligned to their climate expectations and broader sustainability concerns	
			Renewable energy: risk that insufficient new renewable energy generation capacity limits data centre growth opportunities due to customer requirements and national decarbonisation expectations	

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	Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Transition risk (continued)	**Access to capital** Disruption to global markets limits access to capital	Most significant under the **Hothouse** scenario	Not a short-term risk. Most significant in the **30+ year** time horizon	Limited access to capital for future investment	We are not a heavy emitting business, and as outlined above, we have an approach to ESG that drives continual improvement. As a digital services company, we enable climate mitigation and adaptation through the services we provide. We maintain a Capital Management Framework that emphasises financial strength and flexibility of the balance sheet through an investment grade credit rating.

Climate-related opportunities

	Risk description	Scenario where risk is greatest	Time horizon(s)	Potential impacts (anticipated impacts pre-mitigation)	Mitigations (transition plan actions integrated into strategy)
Climate-related opportunities	**Opportunity for climate mitigation services** Innovation and provision of digital and high-tech services that support customers to become more productive, efficient, and sustainable.	Most significant under the **Orderly** scenario	Most significant in the **5** and **15-year** horizons	Increased revenue from advanced and / or converged digital solutions	This opportunity is integrated into our FY26 strategy. We have converged technology use cases in trial with customers. Our IoT business provides solutions to customers that deliver environmental benefits, with connections and revenues continuing to grow year-on-year. We have completed research on the key sectors where the greatest emissions reduction opportunities lie. We have partnered with NZTech to explore how to integrate these opportunities into New Zealand's second Emissions Reduction Plan.
	Opportunities for climate adaptation services Providing services to enable customers to adapt to climate change, including environmental monitoring to track physical risks such as flooding, wind, fire etc.	Present across all scenarios and time horizons, but most material across the following: **Disorderly** — **15-year** **Hothouse** — **30+ year**		Increased revenue from IoT and monitoring services, which monitor climate risks	Our IoT business provides solutions to customers that deliver environmental benefits, with connections and revenues continuing to grow year-on-year. In FY24 we bolstered our capability with the acquisition of environmental IoT company Adroit, which now forms part of Spark IoT.

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Climate risk management

Processes and tools for identifying, assessing, and managing climate-related risks and integration into overall risk management processes

Our climate scenario analysis is our primary process for identifying new and emerging risks and opportunities from climate change. We completed our first climate scenario analysis in FY21, the results of which were published in our FY21 Annual Report. The risks and opportunities identified through this process have been reviewed and approved annually by our Board and Leadership Squad as part of annual reporting processes. For FY24 we refreshed our scenario analysis – see the Climate Scenario Analysis section on page 94 for more information on the processes we have followed to identify and assess risk, and the time horizons considered by our analysis. Our analysis included physical risk analysis and a high-level quantification of potential financial risks. As noted in the Strategy section of these climate statements, the scenario analysis process undertaken in FY24 considered Spark's entire value chain.

Our climate scenario analysis is an input into our overarching risk governance. Our risk policy and framework are benchmarked to COSO ERM 2017 (COSO), a leading practice risk management standard. We also use other leading risk management standards like ISO31000:2018 and specific standards and guidance, where available, to benchmark and inform our risk management practices.

Within our overarching risk framework, we update our principal risk profiles twice a year. Our risk framework is how we prioritise different types of risks across the organisation. This considers risks to Spark delivering against its three-year strategy. The materiality of risks is considered against the likelihood of occurrence and the scale of financial impact. 'Maintaining a resilient network' is one of the principal risks, which includes physical adaptation risk to our networks, and risk in our network supply chain, aligned to the physical risks identified through our climate scenario analysis. See our managing risk section (page 88) for more detailed information on how Spark manages principal risks.

To ensure linkage between all of our sustainability/ESG risks (including climate change) we include a summary of sustainability risks in quarterly risk reporting to our Board and Leadership Squad. This lists our most material sustainability topics, identified through our sustainability materiality processes and our climate scenario analysis. We also map these topics across to our principal risks to show how we have integrated emerging and longer-term issues into our enterprise risk management approach.

The timeframes for our climate scenario analysis (5, 15 and 30+ years) extend beyond the time horizons considered by our principal risk assessment which is aligned to our three-year strategy horizon.

For emerging risks that fall outside of the principal risks described above, we identify actions for managing those risks outside the enterprise risk system. An example of an action from previous climate risk assessment is the research published into the role of digital technology in supporting emissions reductions (see page 47 for more information).

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Climate metrics and targets

Climate-related metrics

The table below sets out our key climate-related metrics for FY24, by reference to the relevant paragraph of NZ CS 1. Outside of the metrics below, Spark does not use any industry-based metrics or key performance indicators to measure and manage climate-related risks and opportunities. We have included information relating to the methods, assumptions and uncertainties associated with the below metrics within the table, with further detail of the methods, assumptions and uncertainties relating to our GHG emissions outlined in our GHG Inventory Report. Deloitte provides limited assurance of the emissions included in the report, which is available here: **https://investors.sparknz.co.nz/investor-centre/?page=annual-reports**

	Metric category	Metric	Notes
22(a)(i)	Scope 1 emissions (including comparatives and analysis of trends)	FY24: 4,670 tCO_2e FY23: 2,694 tCO_2e FY22: 2,372 tCO_2e	See our GHG Inventory Report for breakdown of scope 1 emissions (page 15) and comparatives/ analysis of trends (pages 9, 10)
22(a)(ii)	Scope 2 emissions (location-based) (including comparatives and analysis of trends)	FY24: 11,684 tCO_2e FY23: 10,301 tCO_2e FY22: 16,318 tCO_2e	Using location-based method required by NZ CS 1. See our GHG Inventory Report for breakdown of scope 2 emissions (page 15) and comparatives/ analysis of trends (pages 9, 11)
	Scope 2 emissions (market-based) (including comparatives and analysis of trends)	FY24: 12,204 tCO_2e FY23: 10,624 tCO_2e FY22: 16,609 tCO_2e	Using market-based approach aligned to our existing GHG reporting against our SBTi target. See our GHG Inventory Report for breakdown of scope 2 emissions (page 15) and comparatives/analysis of trends (pages 9, 11)
22(a)(iii)	Scope 3 emissions	FY24: 397,290 tCO_2e	See our GHG Inventory Report for breakdown of scope 3 emissions (page 16) and comparatives/ analysis of trends for selected categories (page 13)
22(b)	GHG emissions intensity	0.107 $kgCO_2e$ / $ revenue.	Calculated as total scope 1, 2 (market-based) and 3 emissions divided by revenue.
22(c)	Transition risks – amount or percentage of assets or business activities vulnerable to transition risks	Not quantifiable for individual assets or activities.	We have identified enterprise-wide transition risks, with the most material risks related to medium/ long-term economy-wide economic impacts of climate change. As such, these relate to the entire Spark business rather than to an identifiable amount or percentage of assets or business activities.
22(d)	Physical risks – amount or percentage of assets or business activities vulnerable to physical risks	<2% of all sites identified in physical risk analysis.	Refer to the Physical risk analysis section on page 95.
22(e)	Climate-related opportunities: amount of percentage of assets or business activities aligned with climate related opportunities	Not quantifiable for individual assets or activities.	It is not possible to distinguish climate-related opportunities from broader telecommunications and digital service assets and activities. Our infrastructure, (e.g. mobile networks, data centres) supports solutions aligned to climate-related opportunities, as they enable technologies and services that deliver climate mitigation and adaptation.

	Metric category	Metric	Notes
22(f)	Capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	Not quantifiable	Due to the nature of our business the majority of Spark's capital expenditure is to build capacity, coverage, or resilience of our infrastructure – all of which contribute towards to both climate risk and opportunity. For example, our investment in network resilience, expanded mobile networks and data centres.
22(g)	Internal emissions price: price per metric tonne of CO_2e used	Range considered, escalating over time: $72.1-88.3 (2024)… $100.0-144.0 (2030)…	We use a range of escalating emissions prices, including an emissions price aligned to the Climate Change Commission's demonstration pathway, to assess emissions reduction opportunities. We have built indirect carbon cost into energy costs models for investment analysis, incorporating Renewable Energy Certificate (REC) costs into lifecycle energy cost.
22(h)	Management remuneration linked to climate-related risks and opportunities		Refer to the Climate Governance section on page 91.
24(a)	GHG measurement / reporting standards		Our GHG Inventory report has been prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) ('the GHG Protocol').
24(b)	GHG consolidation approach	Operational control approach	A detailed description of consolidation approach is available in on page 18 of our GHG Inventory Report: 'Appendix A: Organisational boundary'
24(c)	Source of emissions factors and GWP rates		A detailed list of emissions factor and greenhouse warming potential (GWP) rate sources is available on page 24 of our GHG Inventory Report: 'Guidance documents used in the preparation of Carbon Footprint'.
24(d)	Summary of specific exclusions from emissions reporting		A detailed description of our reporting methodology and approach is available in on pages 21–24 of our GHG Inventory Report: 'Appendix B: Operational boundary'.

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Our emissions reduction target

Spark's emissions reduction target received verification by the Science Based Targets initiative (SBTi) in 2021. SBTi targets must have a strict absolute reduction target for scope 1 and 2 emissions, and also include a separate scope 3 target if these emissions are greater than 40% of the total footprint.

SBTi targets are set against sector-specific emissions trajectories. The ICT sector pathways were developed with the International Telecommunications Union (ITU) based on projected growth and efficiency gains. The wording of SBTi targets are set and verified by the Science Based Targets initiative, and follow a common format requiring companies to 'commit' to the target that has been established. For Spark this is as follows:

- Spark New Zealand commits to reduce absolute scope 1 and 2 GHG emissions 56% by 2030 from a FY2020 base year.
- Spark New Zealand commits that 70% of its suppliers by spend covering purchased goods and services and capital goods, will have SBTi-aligned targets in place by 2026.

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

Our scope 1 and 2 target has been verified by SBTi as in line with a 1.5 degree pathway. Our supplier target is an engagement target, which means that it does not directly require us to reduce our emissions, but indirectly contributes to limiting global warming to 1.5 degrees by requiring us to engage with our suppliers in relation to setting their own science-based targets.

To achieve our target, we are pursuing emissions reductions within our direct value chain. Spark does not intend to use carbon offsets to achieve our target. This approach aligns to SBTi rules which do not allow carbon offsets to be counted against emission targets. This target is a near-term target to FY30, and a first step towards establishing a long-term target contributing to New Zealand's net-zero ambition to 2050, which we plan to explore in the coming year. Further information on our SBTi target is available on page 48 of this report, together with a description of our performance against the target.

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Statement of profit or loss and other comprehensive income

YEAR ENDED 30 JUNE

	NOTES	2024 $M	2023 $M
Operating revenues and other gains[1]	2.2	3,861	4,491
Operating expenses[1]	2.3	(2,698)	(2,769)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	2.5	1,163	1,722
Finance income	2.4	30	32
Finance expense	2.4	(144)	(99)
Depreciation and amortisation	2.4	(527)	(504)
Net investment income[1]	2.4	(8)	1
Net earnings before income tax		514	1,152
Income tax expense[1]	6.1	(198)	(17)
Net earnings		**316**	**1,135**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of long-term investments designated at fair value through other comprehensive income	3.3	(20)	(44)
Items that may be reclassified to profit or loss:			
Translation of foreign operations		(1)	–
Change in hedge reserves net of tax	5.1	1	2
Other comprehensive income		(20)	(42)
Total comprehensive income		**296**	**1,093**
Earnings per share			
Basic earnings per share (cents)[1]		17.3	60.7
Diluted earnings per share (cents)[1]		17.3	60.6
Weighted average ordinary shares (millions) – used for basic earning per share		1,825	1,870
Dilutive potential ordinary share (options)		–	3
Weighted average ordinary shares (millions) – used for diluted earnings per share		1,825	1,873

See accompanying notes to the financial statements.

1 The 2023 comparative items were materially impacted by the Connexa transactions and the Spark Sport provision, see note 2.5 for further details.

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Statement of financial position

	NOTES	AS AT 30 JUNE 2024 $M	AS AT 30 JUNE 2023 $M
Current assets			
Cash		59	100
Short-term receivables and prepayments	3.1	915	899
Short-term derivative assets	5.1	1	1
Inventories	3.2	89	79
Taxation recoverable		6	–
Total current assets		**1,070**	**1,079**
Non-current assets			
Long-term receivables and prepayments	3.1	515	432
Long-term derivative assets	5.1	25	27
Long-term investments	3.3	206	254
Deferred tax assets	6.1	17	55
Right-of-use assets	3.4	487	488
Leased customer equipment assets	3.5	70	77
Property, plant and equipment	3.6	1,394	1,264
Intangible assets	3.7	851	806
Total non-current assets		**3,565**	**3,403**
Total assets		**4,635**	**4,482**
Current liabilities			
Short-term payables, accruals and provisions	4.1	550	507
Taxation payable		–	25
Short-term derivative liabilities	5.1	–	4
Short-term lease liabilities	4.2	96	78
Debt due within one year	4.3	414	236
Total current liabilities		**1,060**	**850**
Non-current liabilities			
Long-term payables, accruals and provisions	4.1	56	82
Long-term derivative liabilities	5.1	78	94
Long-term lease liabilities	4.2	646	700
Long-term debt	4.3	1,205	816
Total non-current liabilities		**1,985**	**1,692**
Total liabilities		**3,045**	**2,542**
Equity			
Share capital		810	965
Reserves		(414)	(396)
Retained earnings		1,194	1,371
Total equity		**1,590**	**1,940**
Total liabilities and equity		**4,635**	**4,482**

See accompanying notes to the financial statements.

On behalf of the Board

Justine Smyth, CNZM
Chair

Jolie Hodson, MNZM
Chief Executive

Authorised for issue on 23 August 2024

Legislation requires financial statements to be audited

Statement of changes in equity

YEAR ENDED 30 JUNE 2024	NOTES	SHARE CAPITAL $M	RETAINED EARNINGS $M	HEDGE RESERVES $M	SHARE-BASED COMPEN-SATION RESERVE $M	REVALUATION RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	TOTAL $M
Balance at 1 July 2023		**965**	**1,371**	**11**	**2**	**(387)**	**(22)**	**1,940**
Net earnings		–	316	–	–	–	–	316
Other comprehensive income		–	–	1	–	(20)	(1)	(20)
Total comprehensive income		**–**	**316**	**1**	**–**	**(20)**	**(1)**	**296**
Contributions by, and distributions to, owners:								
Dividends	1.3, 4.5	–	(494)	–	–	–	–	(494)
Supplementary dividends		–	(48)	–	–	–	–	(48)
Tax credit on supplementary dividends		–	48	–	–	–	–	48
Share buy-back	1.3	(159)	–	–	–	–	–	(159)
Issuance of shares under share schemes		4	–	–	3	–	–	7
Other transfers		–	1	–	(1)	–	–	–
Total transactions with owners		**(155)**	**(493)**	**–**	**2**	**–**	**–**	**(646)**
Balance at 30 June 2024		**810**	**1,194**	**12**	**4**	**(407)**	**(23)**	**1,590**

YEAR ENDED 30 JUNE 2023	NOTES	SHARE CAPITAL $M	RETAINED EARNINGS $M	HEDGE RESERVES $M	SHARE-BASED COMPEN-SATION RESERVE $M	REVALUATION RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	TOTAL $M
Balance at 1 July 2022		**1,105**	**722**	**8**	**5**	**(343)**	**(22)**	**1,475**
Net earnings		–	1,135	–	–	–	–	1,135
Other comprehensive income		–	–	2	–	(44)	–	(42)
Total comprehensive income		**–**	**1,135**	**2**	**–**	**(44)**	**–**	**1,093**
Contributions by, and distributions to, owners:								
Dividends	4.5	–	(486)	–	–	–	–	(486)
Supplementary dividends		–	(50)	–	–	–	–	(50)
Tax credit on supplementary dividends		–	50	–	–	–	–	50
Share buy-back	1.3, 4.5	(146)	–	–	–	–	–	(146)
Issuance of shares under share schemes		4	–	–	(3)	–	–	1
Other transfers		2	–	1	–	–	–	3
Total transactions with owners		**(140)**	**(486)**	**1**	**(3)**	**–**	**–**	**(628)**
Balance at 30 June 2023		**965**	**1,371**	**11**	**2**	**(387)**	**(22)**	**1,940**

See accompanying notes to the financial statements.

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Statement of cash flows

YEAR ENDED 30 JUNE

	NOTES	2024 $M	2023 $M
Cash flows from operating activities			
Receipts from customers		3,711	3,790
Receipts from interest		28	29
Payments to suppliers and employees		(2,653)	(2,730)
Payments for income tax		(189)	(190)
Payments for interest on debt		(80)	(55)
Payments for interest on leases		(46)	(37)
Payments for interest on leased customer equipment assets		(7)	(7)
Net cash flows from operating activities	6.5	**764**	**800**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		34	11
Proceeds from sale of business[1]		4	893
Proceeds from long-term investments		7	–
Receipts from finance leases		1	3
Receipts from loans receivable		10	11
Payments for purchase of business, net of cash acquired		(5)	–
Payments for, and advances to, long-term investments		(1)	(3)
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum) and capacity		(582)	(475)
Payments for purchase of spectrum intangible assets		(8)	(6)
Payments for capitalised interest		(10)	(9)
Net cash flows from investing activities		**(550)**	**425**
Cash flows from financing activities			
Net proceeds from/(repayments of) debt	4.4	510	(463)
Payments for dividends	4.5	(494)	(486)
Payments for share buy-back	1.3	(159)	(146)
Payments for leases		(78)	(64)
Payments for leased customer equipment assets		(34)	(37)
Net cash flows from financing activities		**(255)**	**(1,196)**
Net cash flows		**(41)**	**29**
Opening cash position		100	71
Closing cash position		**59**	**100**

See accompanying notes to the financial statements.

1 The 2023 comparative was the net cash flow on the sale of Connexa.

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Section 1 General information

1.1 About this report

Reporting entity

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

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

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX) and the address of its registered office is Spark City, 167 Victoria Street West, Auckland 1010, New Zealand.

Basis of preparation

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

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

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

New and amended standards

NZ IFRS 17 *Insurance Contracts* (NZ IFRS 17), is effective for FY24 and while Spark does have subsidiaries which provide insurance, this is not material to the Group, therefore there is no material impact on these financial statements from the adoption of NZ IFRS 17.

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

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

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

1.2 Key estimates and assumptions

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS: GENERAL INFORMATION

1.3 Significant transactions and events

The following significant transactions and events affected the financial performance and financial position of Spark for the year ended 30 June 2024 or subsequent to balance date:

Share buy-back (see note 4.5)

- On 6 April 2023, Spark commenced an on-market share buy-back, which was further extended on 8 April 2024. The shares were acquired on the NZX and ASX, at prices in line with the prevailing market price from time to time during the period of the buy-back. As at 30 June 2024, 60 million shares with a value of $305 million had been repurchased and cancelled under the scheme. In the year ended 30 June 2024, 32 million shares with a value of $159 million were repurchased. The last purchase was made in December 2023. The on-market share buy-back programme has now been withdrawn.

Dividends (see note 4.5)

- Dividends paid during the year ended 30 June 2024 in relation to the H2 FY23 second-half dividend (ordinary dividend of 13.5 cents per share) and H1 FY24 first-half dividend (ordinary dividend of 13.5 cents per share) totalled $494 million or 27.0 cents per share.

Debt programme (see note 4.3)

- On 27 October 2023, Spark extended the term of its $200 million committed revolving Sustainability-Linked Loan facility with Westpac New Zealand Limited by three years, to mature on 30 November 2026.
- On 7 March 2024, $125 million of unsecured, unsubordinated fixed-rate bonds with a coupon rate of 3.37% matured.
- On 18 March 2024 Spark issued two series of unsecured, unsubordinated fixed-rate bonds; $125 million with a coupon rate of 5.21%, maturing on 18 September 2029, and $175 million with a coupon rate of 5.45%, maturing on 18 September 2031.
- On 29 April 2024, Spark extended the term of its $200 million committed standby revolving credit facility provided through participating Australasian and global banks by one year, to mature on 30 April 2027.
- On 30 May 2024, Spark established a $100 million committed revolving facility with Bank of New Zealand, maturing on 30 May 2025.

Long-term investments (see note 3.3)

- The fair value of Spark's investment in Hutchinson Telecommunications Australia Limited decreased by $20 million during the year due to a decrease in its quoted share price from AU$0.042 to AU$0.028. The change in fair value is recognised within other comprehensive income.
- Spark contributed no further equity to its Southern Cross investment during FY24. Southern Cross has now fully repaid its shareholder loan, with $10 million received in FY24, and Spark received an additional $7 million in FY24 in the form of a capital reduction.

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

- Spark's additions to property, plant and equipment, intangible assets (excluding spectrum) and capacity right-of-use assets were $518 million, details of which are provided in notes 2.5, 3.4, 3.6 and 3.7 and on page 17 of this Annual Report.

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Section 2 Financial performance information

2.1 Segment information

The segment results disclosed are based on those reported to the Chief Executive and are how Spark reviews its performance.

Spark's segments are measured based on product margin, which includes product operating revenues and direct product costs. The segment results exclude other gains, labour, other operating expenses, finance income and expense, depreciation and amortisation, net investment income and income tax expense, as these are assessed at an overall Group level by the Chief Executive.

Comparative segment results

Spark has reclassified the comparative segment results to:

- Redistribute certain revenues between two new categories IT products (previously cloud, collaboration, managed data and networks) and IT services (previously service management and security)
- Move Qrious, Internet of Things, and MATTR from other products into a new high-tech category
- Split data centres out from cloud, and split co-location out from other products to create a combined data centres category.

There is no change to the overall Spark reported result because of these changes.

	2024			2023		
YEAR ENDED 30 JUNE	OPERATING REVENUES $M	PRODUCT COSTS $M	PRODUCT MARGIN $M	OPERATING REVENUES $M	PRODUCT COSTS $M	PRODUCT MARGIN $M
Mobile	1,474	(484)	990	1,470	(486)	984
Procurement and partners	548	(483)	65	584	(517)	67
Broadband	613	(325)	288	626	(328)	298
IT products	527	(252)	275	509	(230)	279
Voice	180	(81)	99	231	(98)	133
IT services	165	(43)	122	194	(33)	161
High-tech	79	(34)	45	65	(19)	46
Data centres	37	(2)	35	24	(2)	22
Other products[1]	136	(45)	91	172	(89)	83
Segment results	**3,759**	**(1,749)**	**2,010**	**3,875**	**(1,802)**	**2,073**

1 See note 2.2 for a description of other products.

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

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Segment product margin	2,010	2,073
Other gains	102	616
Labour	(512)	(511)
Other operating expenses[2]	(437)	(456)
Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)	1,163	1,722
Finance income	30	32
Finance expense	(144)	(99)
Depreciation and amortisation	(527)	(504)
Net investment income	(8)	1
Net earnings before income tax	**514**	**1,152**

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

NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

2.2 Operating revenues and other gains

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

Contracts with customers

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

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

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

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

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

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

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

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2.2 Operating revenues and other gains (continued)

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Operating revenues		
Mobile	1,474	1,470
Procurement and partners	548	584
Broadband	613	626
IT products	527	509
Voice	180	231
IT services	165	194
High-tech	79	65
Data centres	37	24
Other products	136	172
	3,759	**3,875**
Other gains		
Net gain on sale of Connexa	–	583
Gain on sale and acquisition of property, plant and equipment	62	20
Gain on lease modifications and terminations	36	13
Gain on sale of long-term business	4	–
	102	**616**
Total operating revenues and other gains	**3,861**	**4,491**

Other products

Included in other products is revenue from mobile infrastructure, exchange building sharing arrangements and Spark Sport (in the comparative).

Other gains

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

In the year ended 30 June 2023, other gains included the net gain on sale of Connexa of $583 million, gain on the sale and acquisition of property, plant and equipment (primarily in relation to mobile and data centre network equipment and other assets of $20 million), and gains from lease modifications and terminations of $13 million.

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NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

2.2 Operating revenues and other gains (continued)

Key estimates and assumptions

Determining the transaction price

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

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

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

Distinct goods and services

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

Timing of satisfaction of performance obligations

We make judgements in determining whether performance obligations are satisfied over time or at a point in time, as well as the methods used for measuring progress towards completed satisfaction of performance obligations. Refer to page 114 for Spark's accounting policy on timing of satisfaction of performance obligations.

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2.3 Operating expenses

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Product costs	1,749	1,802
Labour	512	511
Other operating expenses		
Network support costs	73	65
Computer costs	115	109
Accommodation costs	96	83
Advertising, promotions and communication	54	56
Bad debts	15	9
Spark Sport provision	1	54
Other	83	80
Total other operating expenses	437	456
Total operating expenses	**2,698**	**2,769**

Cost of inventories recognised as an expense

The cost of inventories recognised as an expense in relation to broadband modems, mobile devices and other accessories was $354 million (30 June 2023: $376 million). In the prior year, before Spark Sport was withdrawn from service, a content rights amortisation charge of $26 million was recognised in operating expenses.

Lease expenses

Expenses relating to short-term leases and leases of low-value assets were $7 million (30 June 2023: $6 million).

Donations

Donations for the year ended 30 June 2024 were $2,181,000 and comprised Spark's donation to Spark Foundation of $2,099,000 and payroll giving and other donations of $82,000 (30 June 2023: $1,767,000, comprised Spark's donation to the Spark Foundation of $1,635,000 and other donations of $132,000). Spark made no donations to political parties in the years ended 30 June 2024 or 30 June 2023.

Auditor's remuneration

YEAR ENDED 30 JUNE	2024 $'000	2023 $'000
Audit of financial statements		
Audit and review of financial statements[1]	1,283	1,142
Other services		
Regulatory audit work[2]	62	58
Other assurance services[3]	44	35
Other non–assurance services[4]	17	17
Total fees paid to auditor	**1,406**	**1,252**

1 The audit fee includes fees for both the annual audit of the financial statements and the review of the interim financial statements.
2 Regulatory audit work consists of the audit of telecommunications-related regulatory disclosures and reporting on solvency returns.
3 Other assurance services relate to assurance over the Group's greenhouse gas emissions.
4 Other non-assurance services relate to administrative and other advisory services for the Corporate Taxpayer Group of which Spark, alongside a number of organisations, is a member.

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NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

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

YEAR ENDED 30 JUNE	NOTES	2024 $M	2023 $M
Finance income			
Finance lease interest income		8	8
Other interest income		22	24
		30	**32**
Finance expense			
Finance expense on debt		(75)	(50)
Lease interest expense	4.2	(48)	(39)
Leased customer equipment interest expense		(8)	(7)
Other interest and finance expenses		(23)	(12)
		(154)	**(108)**
Plus: interest capitalised[1]		10	9
		(144)	**(99)**
Depreciation and amortisation expense			
Depreciation – property, plant and equipment	3.6	(235)	(227)
Depreciation – right-of-use assets	3.4	(89)	(75)
Depreciation – leased customer equipment assets	3.5	(33)	(36)
Amortisation – intangible assets	3.7	(170)	(166)
		(527)	**(504)**
Net investment income			
Share of associates' and joint ventures' net losses[2]	3.3	(17)	(16)
Interest income on loans receivable from associates and joint ventures		12	8
Impairment of investments		(2)	-
Net disposal and remeasurement of equity-accounted investments[2]		(1)	9
		(8)	**1**

1 Interest was capitalised on property, plant and equipment and intangible assets under development for the year ended 30 June 2024 at an annualised rate of 5.7% (30 June 2023: 4.3%).

2 Included within share of associates' and joint ventures' net losses in the 2023 comparative is $4 million of transaction costs incurred by Connexa in relation to the 2degrees transaction which diluted Spark's investment in the Connexa group. Therefore, this and the net gain on remeasurement of equity accounted investments represent the net gain on dilution of the investment in the Connexa group which is excluded from the comparative adjusted result in note 2.5.

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2.5 Non-GAAP measures

Spark uses non-GAAP financial measures that are not prepared in accordance with NZ IFRS. Spark believes that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the financial performance, financial position or returns of Spark. These measures are also used internally to evaluate performance of products, to analyse trends in cash-based expenses, to establish operational goals and allocate resources. However, they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS, as they are not uniformly defined or utilised by all companies in New Zealand or the telecommunications industry.

Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI)

Spark calculates EBITDAI by adding back finance expense, depreciation and amortisation and income tax expense, subtracting finance income and adjusting for net investment income (which includes Spark's share of net profits or losses from associates and joint ventures, interest income on loans receivable from associates and joint ventures, net gain on remeasurement of equity accounted investments and dividend income) to net earnings. A reconciliation of Spark's EBITDAI is provided below and based on amounts taken from, and consistent with, those presented in these financial statements.

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Net earnings reported under NZ IFRS	316	1,135
Less: finance income	(30)	(32)
Add back: finance expense	144	99
Add back: depreciation and amortisation	527	504
Add/(Less): net investment income	8	(1)
Add back: income tax expense	198	17
EBITDAI	**1,163**	**1,722**

Adjusted EBITDAI and adjusted net earnings

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 2024, the tax effects resulting from the zero-rating of tax depreciation on buildings effective for Spark from 1 July 2024 of $26 million was deemed a significant item to adjust. In the year ended 30 June 2023, the net gain on sale of Connexa 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.

YEAR ENDED 30 JUNE	2024 $M	2023 $M
EBITDAI	1,163	1,722
Less: net gain on sale of Connexa	–	(583)
Add: Spark Sport provision	–	54
Adjusted EBITDAI	**1,163**	**1,193**
Net earnings reported under NZ IFRS	316	1,135
Less: net gain on sale of Connexa	–	(583)
Add: Spark Sport provision	–	54
Less: net gain on dilution of the investment in the Connexa group[1]	–	(5)
Less: tax effect of net gain on sale of Connexa, Spark Sport provision and dilution of the investment in the Connexa group	–	(168)
Add: tax effects resulting from the zero-rating of tax depreciation on buildings effective for Spark from 1 July 2024	26	–
Adjusted net earnings	**342**	**433**

1 This includes the net gain on remeasurement of equity accounted investments, less costs associated with the transaction recognised in share of associates' and joint ventures' net losses. See note 2.4 for more details.

NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL PERFORMANCE INFORMATION

2.5 Non-GAAP measures (continued)

Capital expenditure

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

YEAR ENDED 30 JUNE	NOTES	2024 $M	2023 $M
Additions to property, plant and equipment	3.6	387	379
Additions to intangible assets	3.7	213	133
Additions to capacity right-of-use assets	3.4	10	25
Total additions		**610**	**537**
Less: assets fully funded by customers or vendors	3.6, 3.7	(50)	(22)
Less: spectrum additions	3.7	(23)	–
Less: addition to intangible assets on acquisition[1]	3.7	(11)	–
Less: other		(8)	–
Capital expenditure		**518**	**515**

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

Net debt

Net debt at hedged rates, the primary net debt measure Spark monitors, includes long-term debt at the value of hedged cash flows due to arise on maturity, plus debt due within one year, less any cash. Net debt at carrying value includes the non-cash impact of fair value hedge adjustments and any unamortised discount.

Net debt at hedged rates is a non-GAAP measure and is not defined in accordance with NZ IFRS but is a measure used by management. A reconciliation of net debt at hedged rates and net debt at carrying value is provided in note 4.4.

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Section 3 Assets

3.1 Receivables and prepayments

AS AT 30 JUNE	2024 $M	2023 $M
Short-term receivables and prepayments		
Trade receivables	431	410
Short-term prepayments	135	154
Short-term unbilled revenue	276	261
Short-term contract assets	2	2
Short-term contract costs	47	42
Short-term finance lease receivables	6	9
Other short-term receivables	18	21
	915	**899**
Long-term receivables and prepayments		
Long-term unbilled revenue	111	95
Long-term prepayments	66	6
Long-term contract costs	91	98
Long-term finance lease receivables	75	74
Long-term loans receivable	166	159
Other long-term receivables	6	–
	515	**432**

Amounts are stated at their net carrying value, including expected credit loss allowance provisions. The fair value of finance lease receivables is estimated to be $72 million (30 June 2023: $75 million) and the carrying amount of all other receivables, measured at amortised cost, are approximately equivalent to their fair value.

Contract assets

Contract assets primarily relate to Spark's rights to consideration for performance obligations delivered but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

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NOTES TO THE FINANCIAL STATEMENTS: ASSETS

3.1 Receivables and prepayments (continued)

Contract costs

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

		2024			2023		
YEAR ENDED 30 JUNE	NOTES	COSTS TO OBTAIN A CONTRACT $M	COSTS TO FULFIL A CONTRACT $M	TOTAL $M	COSTS TO OBTAIN A CONTRACT $M	COSTS TO FULFIL A CONTRACT $M	TOTAL $M
Opening balance as at 1 July		21	119	140	17	91	108
Additions		13	52	65	10	61	71
Transferred to leased customer equipment assets	3.5	–	(4)	(4)	–	–	–
Transferred to intangible assets	3.7	–	(4)	(4)	–	–	–
Transferred to property, plant and equipment	3.6	–	(1)	(1)	–	–	–
Amortisation recognised in operating expenses		(8)	(50)	(58)	(6)	(33)	(39)
Closing balance as at 30 June		**26**	**112**	**138**	**21**	**119**	**140**
Short-term contract costs		6	41	47	4	38	42
Long-term contract costs		20	71	91	17	81	98

Key estimates and assumptions

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

Expected credit loss allowance provision

Movements in the loss allowance provision are as follows:

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Opening balance as at 1 July	17	15
Charged to costs and expenses	17	11
Bad debts recovered	(2)	(2)
Utilised	(12)	(7)
Closing balance as at 30 June	**20**	**17**

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3.1 Receivables and prepayments (continued)

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

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

AS AT 30 JUNE 2024	CURRENT $M	≤ 1 MONTH $M	> 1 MONTH $M	TOTAL $M
Expected loss rate	1.2%	1.4%	8.8%	1.6%
Gross carrying amount	1,107	74	68	1,249
Expected credit loss allowance provision	**13**	**1**	**6**	**20**
Short-term loss allowance provision	8	1	6	15
Long-term loss allowance provision	5	–	–	5

AS AT 30 JUNE 2023	$M	$M	$M	$M
Expected loss rate	1.1%	1.7%	9.5%	1.4%
Gross carrying amount	1,087	59	42	1,188
Expected credit loss allowance provision	**12**	**1**	**4**	**17**
Short-term loss allowance provision	8	1	4	13
Long-term loss allowance provision	4	–	–	4

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

AS AT 30 JUNE	2024 $M	2023 $M
Trade receivables	8	7
Unbilled revenue	7	6
Contract assets and contract costs	3	2
Finance lease receivables	1	1
Loans receivable	1	1
Expected credit loss allowance provision	**20**	**17**

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

Key estimates and assumptions

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

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NOTES TO THE FINANCIAL STATEMENTS: ASSETS

3.1 Receivables and prepayments (continued)

Finance lease receivables

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

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

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

The profile of lease net receipts is set out below:

	2024		2023	
AS AT 30 JUNE	UNDISCOUNTED $M	DISCOUNTED $M	UNDISCOUNTED $M	DISCOUNTED $M
Less than one year[1]	11	4	14	7
Between one and five years	30	5	31	5
More than five years	135	71	141	69
Net finance lease receivables	**176**	**80**	**186**	**81**
Plus short-term portion of finance lease receivables in liability position	–	1	–	2
Total finance lease receivables	**176**	**81**	**186**	**83**
Less unearned finance income	(95)	–	(103)	–
Present value of finance lease receivables	**81**	**81**	**83**	**83**
Short-term finance lease receivables		6		9
Long-term finance lease receivables		75		74

1 Included within the discounted balance as at 30 June 2024 are $5 million sublease receivable assets, offset by a $1 million liability relating to the Chorus finance lease receivable (30 June 2023: $9 million sublease receivable asset, offset by a $2 million liability relating to the Chorus finance lease receivable).

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

3.2 Inventories

AS AT 30 JUNE	2024 $M	2023 $M
Goods held for resale	89	79
Total inventories	**89**	**79**

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3.3 Long-term investments

AS AT 30 JUNE	MEASUREMENT BASIS	2024 $M	2023 $M
Shares in Hutchison	Fair value through other comprehensive income	41	61
Investment in associates and joint ventures	Equity method	161	187
Other long-term investments	Cost	4	6
		206	**254**

Spark holds a 10% interest in Hutchison Telecommunications Australia Limited (Hutchison), which is quoted on the Australian Securities Exchange (ASX) and its fair value is measured using the observable bid share price as quoted on the ASX, classified as being within Level 1 of the fair value hierarchy. As at 30 June 2024 the quoted price of Hutchison's shares on the ASX was AU$0.028 (30 June 2023: AU$0.042). The decrease in fair value of $20 million is recognised in other comprehensive income (30 June 2023: $44 million decrease).

Included within investment in associates and joint ventures is $71 million (30 June 2023: $85 million) for Spark's investment in the Connexa group.

Investment in associates and joint ventures

Spark's investment in associates and joint ventures at 30 June 2024 consists of the following:

NAME	TYPE	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Flok Limited	Associate	New Zealand	38%	Hardware and software development
FrodoCo Holdings Limited	Associate	New Zealand	17%	A holding company for Connexa
Hourua Limited	Joint Venture	New Zealand	50%	Delivering the Public Safety Network
Pacific Carriage Holdings Limited, Inc.	Associate	United States	41%	A holding company
Rural Connectivity Group Limited	Joint Venture	New Zealand	33%	Rural broadband
Southern Cross Cables Holdings Limited	Associate	Bermuda	41%	A holding company
TNAS Limited	Joint Venture	New Zealand	50%	Telecommunications development

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

	2024			2023		
YEAR ENDED 30 JUNE	ASSOCIATES $M	JOINT VENTURES $M	TOTAL $M	ASSOCIATES $M	JOINT VENTURES $M	TOTAL $M
Opening balance as at 1 July	168	19	187	82	19	101
Additional investments during the year	–	1	1	92	1	93
Disposals	(3)	–	(3)	–	–	–
Return of capital	(7)	–	(7)	–	–	–
Share of net losses	(15)	(2)	(17)	(15)	(1)	(16)
Remeasurement on dilution	–	–	–	9	–	9
Closing balance as at 30 June	**143**	**18**	**161**	**168**	**19**	**187**

Spark has suspended equity accounting for Pacific Carriage Holdings Limited Inc and Southern Cross Cables Holdings Limited (together 'Southern Cross') as their carrying values were reduced to nil. Spark has no obligation to fund Southern Cross deficits or repay dividends. For the year ended 30 June 2024, Spark's share of Southern Cross profits was not recognised because of the existence of historic cumulative Southern Cross deficits. In the current year Southern Cross profit was $46 million (30 June 2023: $34 million).

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NOTES TO THE FINANCIAL STATEMENTS: ASSETS

3.4 Right-of-use assets

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

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

YEAR ENDED 30 JUNE 2024	NOTES	PROPERTY $M	CAPACITY $M	MOBILE SITES $M	MOTOR VEHICLES $M	OTHER $M	TOTAL $M
Opening net book value		186	212	65	3	22	488
Additions and acquisitions		10	10	13	4	60	102
Transferred from leased customer equipment assets	3.5	–	–	–	–	8	8
Disposals		(3)	–	–	–	–	(3)
Remeasurements[1]	4.2	(29)	–	7	1	7	(19)
Depreciation charge		(32)	(25)	(7)	(3)	(22)	(89)
Closing net book value		**132**	**197**	**78**	**5**	**75**	**487**

YEAR ENDED 30 JUNE 2023	PROPERTY $M	CAPACITY $M	MOBILE SITES $M	MOTOR VEHICLES $M	OTHER $M	TOTAL $M
Opening net book value	250	211	19	3	25	508
Additions	9	25	42	2	8	86
Assets transferred back from held for sale[2]	–	–	7	–	–	7
Assets classified as held for sale and other disposals	(3)	–	(3)	–	–	(6)
Remeasurements[1]	(39)	–	5	–	2	(32)
Depreciation charge	(31)	(24)	(5)	(2)	(13)	(75)
Closing net book value	**186**	**212**	**65**	**3**	**22**	**488**

1 Remeasurements to property in FY24 and FY23 primarily relate to modifications for corporate property leases. The reduction in property right-of-use assets for corporate property leases is substantially offset by a reduction in property lease liabilities (see note 4.2).
2 Relates to right-of-use assets that were held for sale as at 30 June 2022 but not sold as part of the Connexa transaction and therefore transferred back to right-of-use assets.

All capacity additions for the years ended 30 June 2024 and 30 June 2023 were fully paid on control being obtained and therefore deemed capital expenditure as defined and reconciled in note 2.5.

Income from subleasing right-of-use assets for the year ended 30 June 2024 was $2 million (30 June 2023: $2 million).

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3.4 Right-of-use assets (continued)

Key estimates and assumptions

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

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

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

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

3.5 Leased customer equipment assets

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

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

YEAR ENDED 30 JUNE	NOTES	2024 $M	2023 $M
Opening net book value		77	90
Additions		32	32
Transferred to right-of-use assets	3.4	(8)	–
Transferred from contract costs	3.1	4	–
Disposals		(2)	(9)
Depreciation charge		(33)	(36)
Closing net book value		**70**	**77**
AS AT 30 JUNE			
Cost		205	216
Accumulated depreciation and impairment losses		(135)	(139)
Closing net book value		**70**	**77**

Leased customer equipment assets are leased to customers under operating leases. Revenue received from these arrangements and other operating leases for the year ended 30 June 2024 were $50 million (30 June 2023: $50 million).

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NOTES TO THE FINANCIAL STATEMENTS: ASSETS

3.6 Property, plant and equipment

YEAR ENDED 30 JUNE 2024	NOTE	TELECOMMUNI-CATIONS EQUIPMENT AND PLANT $M	FREEHOLD LAND $M	BUILDINGS $M	OTHER ASSETS $M	WORK IN PROGRESS $M	TOTAL $M
Opening net book value		730	61	254	65	154	1,264
Additions and acquisitions[1]		1	–	1	26	359	387
Transfers		243	(2)	28	47	(316)	–
Disposals		(5)	–	–	(18)	–	(23)
Transfer from contract costs	3.1	–	–	–	–	1	1
Depreciation charge		(179)	–	(25)	(31)	–	(235)
Closing net book value		**790**	**59**	**258**	**89**	**198**	**1,394**
AS AT 30 JUNE 2024							
Cost		3,470	59	619	520	198	4,866
Accumulated depreciation and impairment losses		(2,680)	–	(361)	(431)	–	(3,472)
Closing net book value		**790**	**59**	**258**	**89**	**198**	**1,394**

YEAR ENDED 30 JUNE 2023	TELECOMMUNI-CATIONS EQUIPMENT AND PLANT $M	FREEHOLD LAND $M	BUILDINGS $M	OTHER ASSETS $M	WORK IN PROGRESS $M	TOTAL $M
Opening net book value	631	61	213	73	131	1,109
Additions[1]	2	–	–	5	372	379
Transfers	265	–	63	21	(349)	–
Assets transferred back from held for sale[2]	–	–	2	–	–	2
Depreciation charge	(169)	–	(24)	(34)	–	(227)
Foreign exchange movement	1	–	–	–	–	1
Closing net book value	**730**	**61**	**254**	**65**	**154**	**1,264**
AS AT 30 JUNE 2023						
Cost	3,614	61	598	523	154	4,950
Accumulated depreciation and impairment losses	(2,884)	–	(344)	(458)	–	(3,686)
Closing net book value	**730**	**61**	**254**	**65**	**154**	**1,264**

1 Included in additions is $42 million (30 June 2023: $22 million) of assets fully funded by customers or vendors.
2 Relates to assets that were held for sale as at 30 June 2022, but not sold as part of the Connexa transaction and therefore transferred back to property, plant and equipment.

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3.6 Property, plant and equipment (continued)

Joint arrangement

Spark has a joint arrangement relating to the construction and operation of the Tasman Global Access fibre-optic submarine cable between Australia and New Zealand. As at 30 June 2024, the carrying value of Spark's share of property, plant and equipment, intangible assets and capacity right-of-use assets in the joint operation was $31 million (30 June 2023: $30 million).

Key estimates and assumptions

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

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

Telecommunications equipment	
Links and cables	9 - 50 years
Network transport	2 - 15 years
Mobile radio access network	5 - 25 years
Customer premises equipment	3 - 5 years
International cable and satellite	10 - 15 years
Buildings	
Buildings	15 - 53 years
Furniture and fittings	3 - 20 years
Air conditioning	5 - 20 years
Power systems	3 - 25 years
Batteries	5 - 15 years
Other	
Motor vehicles	6 years
Computer equipment	2 - 8 years
Internal IT system assets	3 - 15 years

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

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NOTES TO THE FINANCIAL STATEMENTS: ASSETS

3.7 Intangible assets

YEAR ENDED 30 JUNE 2024	NOTE	SOFTWARE $M	SPECTRUM LICENCES $M	OTHER INTANGIBLES $M	GOODWILL $M	WORK IN PROGRESS $M	TOTAL $M
Opening net book value		310	158	16	234	88	806
Additions and acquisitions[1]		32	23	11	10	137	213
Transfers		152	–	2	–	(154)	–
Transfer from contract costs	3.1	–	–	–	–	4	4
Disposals		(2)	–	–	–	–	(2)
Amortisation charge		(144)	(18)	(8)	–	–	(170)
Closing net book value		**348**	**163**	**21**	**244**	**75**	**851**
AS AT 30 JUNE 2024							
Cost		1,750	355	116	292	75	2,588
Accumulated amortisation and impairment losses		(1,402)	(192)	(95)	(48)	–	(1,737)
Closing net book value		**348**	**163**	**21**	**244**	**75**	**851**

1 Included in additions is $8 million (30 June 2023: nil) of assets fully funded by customers or vendors.

YEAR ENDED 30 JUNE 2023	SOFTWARE $M	SPECTRUM LICENCES $M	OTHER INTANGIBLES $M	GOODWILL $M	WORK IN PROGRESS $M	TOTAL $M
Opening net book value	326	175	21	234	83	839
Additions[1]	–	–	–	–	133	133
Transfers	128	–	–	–	(128)	–
Amortisation charge	(144)	(17)	(5)	–	–	(166)
Closing net book value	**310**	**158**	**16**	**234**	**88**	**806**
AS AT 30 JUNE 2023						
Cost	2,022	334	103	282	88	2,829
Accumulated amortisation and impairment losses	(1,712)	(176)	(87)	(48)	–	(2,023)
Closing net book value	**310**	**158**	**16**	**234**	**88**	**806**

1 Total software capitalised in the year ended 30 June 2024 includes $84 million (30 June 2023: $69 million) of internally generated assets. Other software capitalised in the year includes software licences and externally supplied labour.

Key estimates and assumptions

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

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

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

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3.7 Intangible assets (continued)

Goodwill

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

AS AT 30 JUNE	2024 $M	2023[1] $M
Mobile	34	34
Broadband	3	3
IT Products	117	117
IT Services	53	53
High-tech	20	14
Digital Island	17	13
	244	**234**

1 Spark changed its cash-generating units from 1 July 2023 in line with the changes in Spark's segment reporting as outlined in note 2.1, the 2023 comparative has been restated to align with the updated CGUs.

On 19 October 2023, Spark increased its holding in its investment in associate, Adroit Holdings Limited, an environmental IoT solutions company, from 47% to 100% making it a wholly owned subsidiary. Goodwill recognised from the acquisition of $6 million has been allocated to the High-tech CGU as this is the CGU that is expected to benefit from the synergies of the transaction.

In addition, on 31 January 2024, Spark's subsidiary, Digital Island purchased 100% of the ordinary share capital of Circle Investments Limited, goodwill of $4 million was recognised on acquisition and has been allocated to the Digital Island CGU.

During the years ended 30 June 2024 and 30 June 2023 no impairment arose as a result of the assessment of the carrying value of goodwill. Headroom currently exists in each CGU and, based on the sensitivity analysis performed, no reasonably possible changes in the assumptions would cause the carrying amount of the CGUs to exceed their recoverable amounts.

Key estimates and assumptions

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

Nil terminal growth was applied to all CGUs and a pre-tax discount rate of 11.3% was utilised for the year ended 30 June 2024 (30 June 2023: 11.7%).

3.8 Net tangible assets

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

AS AT 30 JUNE	2024 $M	2023 $M
Total assets	4,635	4,482
Less: intangible assets	(851)	(806)
Less: total liabilities	(3,045)	(2,542)
Net tangible assets	**739**	**1,134**
Number of shares outstanding (in millions)	1,814	1,845
Net tangible assets per share	**$0.41**	**$0.61**

Net tangible assets per share is a non-GAAP financial measure that is not defined in NZ IFRS. Total assets include assets held for sale and right-of-use assets. Total liabilities include lease liabilities. Net tangible assets per share declined by $0.20 per share from 30 June 2023 as the prior year calculation was high due to lower debt levels following the sale of the Connexa business. The FY24 calculation was more aligned to the FY22 net tangible assets per share calculation of $0.34.

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NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

Section 4 Liabilities and equity

4.1 Payables, accruals and provisions

AS AT 30 JUNE	2024 $M	2023 $M
Short-term payables, accruals and provisions		
Trade accounts payable and accruals	299	290
Revenue billed in advance	112	96
Accrued personnel costs	36	39
Accrued interest	6	3
GST payable	51	21
Short-term sale and leaseback liabilities	26	30
Short-term provisions	12	19
Other short-term payables and accruals	8	9
	550	**507**
Long-term payables, accruals and provisions		
Long-term sale and leaseback liabilities	34	45
Long-term provisions	15	32
Other long-term payables and accruals	7	5
	56	**82**

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

Provisions

The following table summarises movements in provisions in the year:

YEAR ENDED 30 JUNE 2024	SPARK SPORT PROVISION $M	MAKE-GOOD PROVISIONS $M	TOTAL $M
Opening balance as at 1 July	46	5	51
Additional provisions made in the year	1	-	1
Amounts utilised during the year	(27)	(1)	(28)
Unwinding of discount	3	-	3
Closing balance at 30 June	**23**	**4**	**27**
Short-term provisions	11	1	12
Long-term provisions	12	3	15

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4.2 Lease liabilities

YEAR ENDED 30 JUNE 2024	PROPERTY $M	CAPACITY $M	MOBILE SITES $M	MOTOR VEHICLES $M	OTHER $M	TOTAL $M
Opening lease liability balance	220	2	529	3	22	776
Leases entered into during the year	10	–	13	4	61	88
Transferred from sale and leaseback liabilities	–	–	–	–	8	8
Disposals	(3)	–	(1)	–	–	(4)
Interest expense	8	–	36	–	4	48
Principal repayments	(45)	(1)	(60)	(3)	(19)	(128)
Remeasurements[1]	(28)	1	(29)	1	8	(47)
Balance at the end of the year	**162**	**2**	**488**	**5**	**84**	**741**
Short-term portion of finance lease receivable	1	–	–	–	–	1
Total lease liability balance	**163**	**2**	**488**	**5**	**84**	**742**
Short-term lease liabilities	37	–	30	2	27	96
Long-term lease liabilities	126	2	458	3	57	646
Lease liabilities - non-cancellable commitments[2]	**277**	**2**	**496**	**5**	**90**	**870**

YEAR ENDED 30 JUNE 2023	PROPERTY $M	CAPACITY $M	MOBILE SITES $M	MOTOR VEHICLES $M	OTHER $M	TOTAL $M
Opening lease liability balance	290	3	20	3	26	342
Leases entered into during the year	9	–	492	2	8	511
Transferred back from held for sale[3]	–	–	34	–	–	34
Liabilities classified as held for sale and other disposals	(4)	–	(2)	–	–	(6)
Interest expense	11	–	27	–	1	39
Principal repayments	(45)	(1)	(41)	(2)	(13)	(102)
Remeasurements[1]	(41)	–	(1)	–	–	(42)
Balance at the end of the year	**220**	**2**	**529**	**3**	**22**	**776**
Short-term portion of finance lease receivable	2	–	–	–	–	2
Total lease liability balance	**222**	**2**	**529**	**3**	**22**	**778**
Short-term lease liabilities	40	–	28	2	8	78
Long-term lease liabilities	182	2	501	1	14	700
Lease liabilities - non-cancellable commitments[2]	**296**	**2**	**524**	**3**	**22**	**847**

1 Remeasurements in FY24 and FY23 primarily relate to modifications for corporate property leases and mobile sites. For corporate properties, the reduction in lease liabilities is substantially offset by a reduction in property right-of-use assets (see note 3.4). For mobile site remeasurements there is not a corresponding adjustment in right-of-use assets as the majority of these adjustments relate to Connexa leases which have a smaller right-of-use asset due to the sale and leaseback transaction.
2 Relates to the discounted lease liability for future minimum rental commitments for non-cancellable periods of leases, excluding rights of renewal, which are at Spark's option, including leases committed to that have not yet commenced.
3 Relates to lease liabilities that were held for sale as at 30 June 2022, but either assigned or, not sold as part of the Connexa transaction and therefore transferred back to lease liabilities.

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NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

4.2 Lease liabilities (continued)

Key estimates and assumptions

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

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

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

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

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

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

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4.3 Debt

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

AS AT 30 JUNE	NOTE	FACILITY	COUPON RATE	MATURITY	2024 $M	2023 $M
Debt due within one year						
Commercial paper			Variable	< 3 months	208	90
					208	**90**
Supplier financing arrangements[1]			Variable	< 31/01/2029	21	9
					21	**9**
Bank funding						
Westpac New Zealand Limited[2]		200 million NZD	Variable	30/11/2023	–	15
Commonwealth Bank of Australia[2]		100 million NZD	Variable	30/11/2024	100	–
Bank of New Zealand		100 million NZD	Variable	30/05/2025	85	–
					185	**15**
Domestic notes						
125 million NZD			3.37%	07/03/2024	–	122
					–	**122**
Total debt due within one year	4.4				**414**	**236**
Long-term debt						
Supplier financing arrangements[1]			Variable	< 31/01/2029	49	–
					49	–
Bank funding						
Westpac New Zealand Limited[2]		200 million NZD	Variable	30/11/2026	–	–
Commonwealth Bank of Australia[2]		100 million NZD	Variable	30/11/2025	–	100
MUFG Bank Ltd.[2]		125 million NZD	Variable	30/11/2025	125	–
					125	**100**
Domestic notes						
125 million NZD			3.94%	07/09/2026	117	116
100 million NZD[3]			4.37%	29/09/2028	100	100
125 million NZD			5.21%	18/09/2029	124	–
175 million NZD			5.45%	18/09/2031	174	–
					515	**216**
Foreign currency Medium Term Notes						
Australian Medium Term Notes – 100 million AUD			1.90%	05/06/2026	102	97
Australian Medium Term Notes – 150 million AUD			4.00%	20/10/2027	156	154
Australian Medium Term Notes – 125 million AUD			2.60%	18/03/2030	116	112
Norwegian Medium Term Notes – 1 billion NOK[4]			3.07%	19/03/2029	142	137
					516	**500**
Total long-term debt	4.4				**1,205**	**816**
Total debt					**1,619**	**1,052**

1 With respect to arrangements with outstanding liabilities at 30 June 2024, including those entered into in prior years, financing providers have paid suppliers a total of $124 million and Spark has made payments against these arrangements of $54 million, resulting in a closing liability of $70 million as at 30 June 2024. Amounts paid under these arrangements are presented in the statement of cash flows within financing activities. (30 June 2023: financers have paid suppliers $30 million, payments of $21 million have been made by Spark, resulting in a closing liability of $9 million).
2 These facilities are Sustainability-Linked Loans. Spark will receive lower interest rates if it achieves sustainability targets or pay higher rates on the loans if it falls short of these targets.
3 This bond is a Sustainability-Linked Bond. The bond includes an interest rate step up depending on the achievement of a sustainability target as at 30 June 2026.
4 Norwegian krone.

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NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

4.3 Debt (continued)

None of Spark's debt is secured and all debt ranks equally with other liabilities. There are no financial covenants over Spark's debt, however, there are certain triggers in the event of default, as defined in the various debt agreements. There have been no events of default over Spark's debt in the years ended 30 June 2024 and 30 June 2023.

The fair value of total debt based on market observable prices was $1,635 million compared to a carrying value of $1,619 million as at 30 June 2024 (30 June 2023: fair value of $1,063 million compared to a carrying value of $1,052 million).

4.4 Capital risk management

Spark manages its capital considering shareholders' interests, the value of Spark's assets and the Company's credit rating. The Board is committed to the Company maintaining an investment grade rating and its capital management policies are designed to ensure this objective is met. As part of this commitment, and in line with credit rating metrics, Spark currently manages its debt levels to ensure that the ratio of adjusted net debt at hedged rates (being inclusive of associated derivatives and leases) to adjusted EBITDAI does not exceed 1.7 times on a long-run basis. At 30 June 2024, Spark's net debt to EBITDAI (including lease liabilities) ratio was 2.1x, temporarily exceeding the 1.7x metric. Management remains committed to ensuring net debt to EBITDAI does not exceed 1.7x on a long-run basis.

As at 30 June 2024, the Company's S&P Global credit ratings for long-term and short-term debt was, respectively, A- and A-2 with outlook stable (30 June 2023: same).

Net debt

A reconciliation of net debt at hedged rates and net debt at carrying value is provided below:

AS AT 30 JUNE	2024 $M	2023 $M
Cash	(59)	(100)
Debt due within one year at face value	418	240
Long-term debt at face value	1,267	885
Net debt at face value	**1,626**	**1,025**
To retranslate debt balances at swap rates where hedged by currency swaps	10	14
Net debt at hedged rates[1]	**1,636**	**1,039**
Non-cash adjustments		
Impact of fair value hedge adjustments[2]	9	11
Unamortised discount	(7)	(1)
Net debt at carrying value	**1,638**	**1,049**

1 Net debt at hedged rates is the value of hedged cash flows due to arise on maturity and includes an adjustment to state the principal of foreign currency medium term notes at the hedged currency rate.
2 Fair value hedge adjustments arise on domestic notes in fair value hedges and foreign currency medium term notes in dual fair value and cash flow hedges. These have no impact on the cash flows to arise on maturity.

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4.4 Capital risk management (continued)

A reconciliation of movements in net debt is provided below:

		CASH FLOWS		NON-CASH MOVEMENTS				
YEAR ENDED 30 JUNE 2024	AS AT 1 JULY 2023 $M	PROCEEDS $M	PAYMENTS $M	INTEREST AMORTISATION $M	FAIR VALUE CHANGES $M	FOREIGN EXCHANGE MOVEMENT $M	OTHER $M	AS AT 30 JUNE 2024 $M
Cash	(100)	(19,625)	19,666	–	–	–	–	(59)
Debt due within one year	236	2,101	(1,947)	1	3	–	20	414
Long-term debt	816	13,729	(13,373)	–	10	4	19	1,205
Derivatives	97	–	–	–	(14)	(4)	(1)	78
Net debt at carrying value	**1,049**	**(3,795)**	**4,346**	**1**	**(1)**	**–**	**38**	**1,638**

		CASH FLOWS		NON-CASH MOVEMENTS				
YEAR ENDED 30 JUNE 2023	AS AT 1 JULY 2022 $M	PROCEEDS $M	PAYMENTS $M	INTEREST AMORTISATION $M	FAIR VALUE CHANGES $M	FOREIGN EXCHANGE MOVEMENT $M	OTHER $M	AS AT 30 JUNE 2023 $M
Cash	(71)	(13,908)	13,879	–	–	–	–	(100)
Debt due within one year	293	307	(496)	1	–	–	131	236
Long-term debt	1,233	8,864	(9,138)	1	(3)	(17)	(124)	816
Derivatives	76	–	–	–	4	17	–	97
Net debt at carrying value	**1,531**	**(4,737)**	**4,245**	**2**	**1**	**–**	**7**	**1,049**

4.5 Equity and dividends

Share capital

Movements in the Company's issued ordinary shares were as follows:

YEAR ENDED 30 JUNE	2024 NUMBER	2023 NUMBER
Shares at the beginning of the year	1,845,000,906	1,871,587,475
Cancelled shares acquired under the on-market share buy-back programme	(31,803,206)	(28,197,250)
Dividend reinvestment plan	–	–
Issuance of shares under share schemes and other transfers	957,780	1,610,681
Shares at the end of the year	**1,814,155,480**	**1,845,000,906**

All issued shares are fully paid and have no par value. Shareholders of ordinary shares have the right to vote at any general meeting of the Company.

Dividends[1]

	2024		2023	
YEAR ENDED 30 JUNE	CENTS PER SHARE	$M	CENTS PER SHARE	$M
Previous year second half-year dividend	13.5	249	12.5	234
First half-year dividend	13.5	245	13.5	252
Total dividends in the year	**27.0**	**494**	**26.0**	**486**
Second half-year dividend declared subsequent to balance date not provided for	14.0	254	13.5	249

1 Dividends paid disclosed above exclude supplementary dividends. For the year ended 30 June 2024, supplementary dividends paid were $48 million (30 June 2023: $50 million).

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NOTES TO THE FINANCIAL STATEMENTS: LIABILITIES AND EQUITY

4.5 Equity and dividends (continued)

Events after balance date

On 22 August 2024 the Board approved the payment of a second-half ordinary dividend of 14.0 cents per share or approximately $254 million. This ordinary dividend will be 100% imputed. In addition, supplementary dividends totalling approximately $25 million will be payable to shareholders who are not resident in New Zealand. In accordance with the Income Tax Act 2007, Spark will receive a tax credit from Inland Revenue equivalent to the amount of supplementary dividends paid.

	H1 FY24 ORDINARY DIVIDENDS	H2 FY24 ORDINARY DIVIDENDS
Dividends declared		
Ordinary shares	13.5 cents	14.0 cents
American Depositary Shares[1]	45.59 US cents	42.39 US cents
Imputation		
Percentage imputed	100%	100%
Imputation credits per share	5.2500 cents	5.4444 cents
Supplementary dividend per share[2]	2.3824 cents	2.4706 cents
'Ex' dividend dates		
New Zealand Stock Exchange	21/03/24	12/09/24
Australian Securities Exchange	21/03/24	12/09/24
American Depositary Shares	21/03/24	13/09/24
Record dates		
New Zealand Stock Exchange	22/03/24	13/09/24
Australian Securities Exchange	22/03/24	13/09/24
American Depositary Shares	22/03/24	13/09/24
Payment dates		
New Zealand and Australia	5/04/24	4/10/24
American Depositary Shares	15/04/24	14/10/24

1 Spark's American Depositary Shares, each representing five ordinary Spark shares and evidenced by American Depositary Receipts (ADRs), are traded over-the-counter in the United States. This is a Level 1 ADR programme that is sponsored by Bank of New York Mellon. For H2 FY24 these are based on the exchange rate at 16 August 2024 of NZ$1 to US$0.6055 and a ratio of five ordinary shares per one American Depositary Share. The actual exchange rate used for conversion is determined in the week prior to payment when the Bank of New York Mellon performs the physical currency conversion.
2 Supplementary dividends are paid to non-resident shareholders.

Dividend Reinvestment Plan

The dividend reinvestment plan has been reinstated for the H2 FY24 dividend after being suspended in 2022. Shares issued under the dividend reinvestment plan will be issued at a 3% discount to the prevailing market price around the time of issue. The last date for shareholders to elect to participate in the dividend reinvestment plan for the H2 FY24 dividend is 16 September 2024. Spark's Dividend Reinvestment Plan Offer Document and Participation Notice can be found on Spark's Investor Centre Website: **investors.sparknz.co.nz**.

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Section 5 Financial instruments

5.1 Derivatives and hedge accounting

AS AT 30 JUNE	2024 DERIVATIVE ASSETS $M	2024 DERIVATIVE LIABILITIES $M	2023 DERIVATIVE ASSETS $M	2023 DERIVATIVE LIABILITIES $M
Designated in a cash flow hedge	26	–	27	(1)
Designated in a fair value hedge	–	(10)	–	(13)
Designated in a dual fair value and cash flow hedge	–	(68)	–	(84)
Other	–	–	1	–
	26	**(78)**	**28**	**(98)**
Short-term derivatives	1	–	1	(4)
Long-term derivatives	25	(78)	27	(94)

Spark's derivatives are held at fair value, calculated using discounted cash flow models and observable market rates of interest and foreign exchange prices. This represents a level two measurement under the fair value measurement hierarchy, being inputs other than quoted prices included within level one that are observable for the asset or liability. As at 30 June 2024 and 30 June 2023 no derivative financial assets or derivative financial liabilities have been offset in the statement of financial position. The potential for offsetting of any derivative financial instruments is $11 million (30 June 2023: $13 million), which if applied would result in a reduction of derivative assets and derivative liabilities.

Hedge accounting

Derivatives are hedge accounted when they are designated into an effective hedge relationship as a hedging instrument. The nature and the effectiveness of the hedge accounting relationship will determine where the gains and losses on remeasurement are recognised. Derivatives are designated as:

- Fair value hedges, where the derivative is used to manage interest rate risk in relation to debt
- Cash flow hedges, where the derivative is used to manage the variability in cash flows of highly probable forecast transactions
- Dual fair value and cash flow hedges, where the derivative is used to hedge the interest rate risk on foreign debt and the variability in cash flows due to movements in foreign exchange rates.

At inception, each hedge relationship is formalised in hedge documentation. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Spark determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of respective cash flows, reference interest rates, tenors (time to maturity), repricing dates, maturities and notional amounts. Spark assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

Derivatives in hedge relationships are designated based on a hedge ratio of 1:1. In these hedge relationships the main source of ineffectiveness is the effect of the counterparty and Spark's own credit risk on the fair value of the derivatives, which is not reflected in the change in the fair value of the hedged item attributable to changes in foreign exchange and interest rates.

Cash flow hedges

Cross-currency interest rate swaps and interest rate swaps are jointly designated in cash flow hedges to manage interest and foreign exchange rate risk on debt. The hedged cash flows will affect Spark's statement of profit or loss and other comprehensive income as interest and principal amounts are repaid over the remaining term of the debt.

Interest rate swaps are designated in cash flow hedges to manage the interest rate exposure of highly probable forecast variable rate debt and aggregate variable interest rate exposures created by swapping local or foreign currency floating-rate (variable) debt into fixed-rate debt.

Spark also enters into forward exchange contracts to hedge forecast foreign currency purchases, the majority expected to be made within 12 months. The related cash flows are recognised in the statement of profit or loss and other comprehensive income over this period.

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NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

5.1 Derivatives and hedge accounting (continued)

A reconciliation of movements in the hedge reserves, net of tax, is outlined below:

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Opening balance as at 1 July	11	8
Loss recognised in other comprehensive income	(9)	(4)
Amount reclassified to finance expense	9	5
Amount reclassified to property, plant and equipment/intangible assets and inventory	1	1
Total movements to other comprehensive income	**1**	**2**
Other transfers	–	1
Closing balance as at 30 June	**12**	**11**

Included within the closing balance at 30 June 2024 is $4 million relating to the cost of hedging reserve (30 June 2023: $4 million). The movement in the hedge reserves includes $1 million for forward foreign exchange contracts (30 June 2023: $8 million in the change in fair value of interest rate swaps less $2 million associated deferred tax and $3 million for forward foreign exchange contracts).

Fair value hedges

Interest rate swaps are designated in a fair value hedge to manage interest rate risk in relation to debt. The gain or loss from remeasuring the interest rate swaps and debt at fair value is recognised in the statement of profit or loss and other comprehensive income. During the year ended 30 June 2024, there has been no material ineffectiveness on fair value hedging relationships (30 June 2023: no material ineffectiveness) and as a result, no material changes have been recognised in profit and loss.

Dual fair value and cash flow hedges

Spark has Australian dollar (AUD) and Norwegian krone (NOK) denominated debt. As part of Spark's risk management policy, cross-currency interest rate swaps (CCIRSs) are entered into to convert all of the proceeds of the debt issuances to New Zealand dollars and convert the foreign currency fixed rate of the debt issuance to a New Zealand dollar floating rate. To mitigate profit or loss volatility, the CCIRSs were designated into a dual fair value and cash flow hedge relationship. The foreign currency basis element of the CCIRSs are excluded from the designation and are separately recognised in other comprehensive income in a cost of hedging reserve.

For fair value hedges, the gain or loss from remeasuring the CCIRSs and debt at fair value is recognised in the statement of profit or loss and other comprehensive income. For cash flow hedges, gains or losses deferred in the cash flow hedge reserve will be reclassified to Spark's statement of profit or loss and other comprehensive income as interest and principal amounts are repaid over the remaining term of the debt.

The change in fair value of the hedging instruments relating to the foreign currency basis component of the CCIRSs are recognised in other comprehensive income and accumulated in a cost of hedging equity reserve. Subsequently, the cumulative amount is transferred to profit or loss at the same time as the hedged item impacts profit or loss.

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5.1 Derivatives and hedge accounting (continued)

The details of the hedging instruments are as follows:

AS AT 30 JUNE 2024	NOTIONAL AMOUNT OF HEDGING INSTRUMENT	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGING INSTRUMENT ASSETS $M	CARRYING AMOUNT OF THE HEDGING INSTRUMENT LIABILITIES $M	LIFE-TO-DATE CHANGE-IN-VALUE USED FOR CALCULATING HEDGE INEFFECTIVE-NESS $M
Cash flow hedges					
Interest rate swaps	NZD 1b	Derivatives	25	–	25
Forward foreign exchange contracts	NZD 96m	Derivatives	1	–	1
Fair value hedges					
Interest rate swaps	NZD 425m	Derivatives	–	(10)	(10)
Fair value and cash flow hedges					
Cross-currency swaps	AUD 150m	Derivatives	–	(11)	(11)
Cross-currency swap	NOK 1b	Derivatives	–	(32)	(32)
Cross-currency swaps	AUD 125m	Derivatives	–	(19)	(19)
Cross-currency swaps	AUD 100m	Derivatives	–	(6)	(6)
			26	**(78)**	**(52)**

AS AT 30 JUNE 2023	NOTIONAL AMOUNT OF HEDGING INSTRUMENT	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGING INSTRUMENT ASSETS $M	CARRYING AMOUNT OF THE HEDGING INSTRUMENT LIABILITIES $M	LIFE-TO-DATE CHANGE-IN-VALUE USED FOR CALCULATING HEDGE INEFFECTIVE-NESS $M
Cash flow hedges					
Interest rate swaps	NZD 620m	Derivatives	26	–	26
Forward foreign exchange contracts	NZD 77m	Derivatives	1	(1)	–
Fair value hedges					
Interest rate swaps	NZD 250m	Derivatives	–	(13)	(13)
Fair value and cash flow hedges					
Cross-currency swaps	AUD 150m	Derivatives	–	(14)	(14)
Cross-currency swap	NOK 1b	Derivatives	–	(37)	(37)
Cross-currency swaps	AUD 125m	Derivatives	–	(23)	(23)
Cross-currency swaps	AUD 100m	Derivatives	–	(10)	(10)
			27	**(98)**	**(71)**

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NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

5.1 Derivatives and hedge accounting (continued)

The details of hedged items are as follows:

AS AT 30 JUNE 2024	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGED ITEM		ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM		LIFE-TO-DATE CHANGE-IN-VALUE USED FOR CALCULATING HEDGE INEFFECTIVE-NESS
		ASSETS	LIABILITIES	ASSETS	LIABILITIES	
		$M	$M	$M	$M	$M
Cash flow hedges						
Aggregated variable interest rate exposure	–	–	–	–	–	(25)
Committed foreign exchange transactions	–	–	–	–	–	(1)
Fair value hedges						
Domestic Notes	Long-term debt	–	(415)	10	–	10
Fair value and cash flow hedges						
Australian Medium Term Note (AUD 100m)	Long-term debt	–	(102)	8	–	6
Australian Medium Term Note (AUD 150m)	Long-term debt	–	(156)	7	–	11
Australian Medium Term Note (AUD 125m)	Long-term debt	–	(116)	21	–	19
Norwegian Medium Term Note (NOK 1b)	Long-term debt	–	(142)	12	–	32
		–	**(931)**	**58**	**–**	**52**

AS AT 30 JUNE 2023	STATEMENT OF FINANCIAL POSITION LINE ITEM	CARRYING AMOUNT OF THE HEDGED ITEM		ACCUMULATED AMOUNT OF FAIR VALUE HEDGE ADJUSTMENTS ON THE HEDGED ITEM INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM		LIFE-TO-DATE CHANGE-IN-VALUE USED FOR CALCULATING HEDGE INEFFECTIVE-NESS
		ASSETS	LIABILITIES	ASSETS	LIABILITIES	
	$M	$M	$M	$M	$M	$M
Cash flow hedges						
Aggregated variable interest rate exposure	–	–	–	–	–	(26)
Fair value hedges						
Domestic Notes	Long-term debt and debt due within one year	–	(238)	13	–	13
Fair value and cash flow hedges						
Australian Medium Term Note (AUD 100m)	Long-term debt	–	(97)	11	–	10
Australian Medium Term Note (AUD 150m)	Long-term debt	–	(154)	9	–	14
Australian Medium Term Note (AUD 125m)	Long-term debt	–	(112)	23	–	23
Norwegian Medium Term Note (NOK 1b)	Long-term debt	–	(137)	15	–	37
		–	**(738)**	**71**	**–**	**71**

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5.2 Financial risk management

a) Market risk

Spark is exposed to market risk primarily from changes in foreign currency exchange rates and interest rates. Spark employs risk management strategies, including the use of derivative financial instruments, to manage these exposures through a Board-approved treasury policy, which provides the framework within which treasury-related activities are conducted.

Spark manages the concentration of exposures using well-defined market and credit risk limits and through timely reporting to senior management. All contracts have been entered into with high-credit quality financial institutions. The risk associated with these transactions is that the fair value or cash flows of financial instruments will change due to movements in market rates or, in the case of default by a counterparty, through the cost of replacement at the current market rates.

Currency risk

Nature of the risk

Currency risk is the risk that eventual New Zealand dollar net cash flows from transactions undertaken by Spark will be adversely affected by changes in foreign currency exchange rates.

Exposure and risk management

Spark's total net exposure (from non-derivative financial instruments) to foreign currency as at 30 June 2024 is $565 million (30 June 2023: $553 million). This includes $154 million long-term debt principal denominated in NOK (30 June 2023: $152 million) and $411 million long-term debt principal denominated in AUD (30 June 2023: $408 million). The remaining exposure is primarily trade payables and other receivables denominated in United States dollars (USD).

Spark manages currency risk arising from foreign currency debt through hedging. Spark's long-term debt issued in NOK and AUD is fully hedged using cross-currency interest rate swaps to convert foreign currency cashflows into floating-rate New Zealand dollar exposures.

Currency risk from capital and operational expenditure in foreign currencies (and related trade payables) has been substantially hedged by entering into forward exchange contracts.

Sensitivity to foreign currency movements

As at 30 June 2024, a movement of 10% in the New Zealand dollar would (after hedging) impact the statement of profit or loss by less than $1 million (30 June 2023: less than $1 million) and the statement of changes in equity by less than $13 million (30 June 2023: less than $11 million). This analysis assumes a movement in the New Zealand dollar across all currencies and only includes the effect of foreign exchange movements on monetary financial instruments.

Interest rate risk

Nature of the risk

Interest rate risk is the risk that fluctuations in interest rates impact Spark's cash flows, financial performance or the fair value of its holdings of financial instruments.

Exposure and risk management

Spark is exposed to interest rate risk from its financing activities, which primarily include loans and debt issuance either at fixed or floating rates. For floating-rate exposures Spark employs the use of derivative financial instruments to reduce its exposure to fluctuations in interest rates, with the objective to minimise the cost of net borrowings and to minimise the impact of interest rate movements on interest expense and net earnings.

Cross-currency interest rate swaps are used to convert foreign currency debt into floating-rate New Zealand dollar exposures. Interest rate swaps are used to convert floating-rate exposures into fixed-rate exposures and vice versa. As a result, Spark's interest rate exposure is limited to New Zealand only.

Sensitivity to interest rate movements

As at 30 June 2024, a movement in interest rates of 25 basis points would (after hedging) impact the statement of profit or loss by less than $1 million (30 June 2023: less than $1 million) and the statement of changes in equity by less than $5 million (30 June 2023: less than $1 million).

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NOTES TO THE FINANCIAL STATEMENTS: FINANCIAL INSTRUMENTS

5.2 Financial risk management (continued)

b) Credit risk

Nature of the risk

Credit risk arises in the normal course of Spark's business on cash, receivables and derivative financial instruments if a counterparty fails to meet its contractual obligations.

Exposure and risk management

Spark is exposed to credit risk if customers and counterparties fail to make payments in respect of:

- Payment of trade and other receivables as they fall due; and
- Contractual cash flows of derivative assets held at fair value.

Spark's assets subject to credit risk as at 30 June 2024 were $1,314 million (30 June 2023: $1,299 million).

Spark considers the probability of default upon initial recognition of cash, receivables and derivative assets and whether there has been a significant and ongoing increase in credit risk at the end of each reporting period. To assess this Spark compares the risk of default occurring on these assets at the reporting date, with the risk of default at the date of initial recognition. Available, reasonable and supportive forward-looking information is considered, especially the following indicators:

- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer or counterparty's ability to meet their obligations
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Spark considers a financial asset to have low credit risk when the asset is held with a high-credit quality financial institution or with a party that has a strong financial position with no past due amounts.

Spark manages its exposure using a credit policy that includes limits on exposures with significant counterparties that have been set and approved by the Board and are monitored on a regular basis. Spark places its cash and derivative financial instruments with high-credit quality financial institutions and does not have significant concentration of risk with any single financial institution. Spark has significant shareholder loans and finance lease receivables which are deemed low credit risk. Concentration of credit risk for trade and other receivables is limited because of Spark's large customer base.

Spark has certain derivatives and debt arrangements that are subject to bilateral credit support agreements that require Spark or its counterparties to post collateral funds to support the value of certain derivatives subject to certain agreed threshold amounts. As at 30 June 2024, no collateral was posted (30 June 2023: nil). Letters of credit and guarantees may be held over some receivable amounts. The carrying amounts of financial assets represent the maximum credit exposure.

c) Liquidity risk

Nature of the risk

Liquidity risk represents Spark's ability to meet its contractual obligations as they fall due.

Exposure and risk management

Spark uses cash and derivative financial instruments to manage liquidity and evaluates its liquidity requirements on an ongoing basis. In general, Spark generates sufficient cash flows from its operating activities to meet its financial liabilities. As at 30 June 2024, Spark had current assets of $1,070 million and current liabilities of $1,060 million (30 June 2023: current assets of $1,079 million and current liabilities of $850 million). Positive operating cash flows enable working capital to be managed to meet short-term liabilities as they fall due.

In the event of any shortfalls Spark has the following financing programmes:

- An undrawn committed standby facility of $200 million with a number of creditworthy banks (30 June 2023: $200 million)
- Committed bank facilities of $525 million with $310 million drawn as at 30 June 2024 (30 June 2023: $425 million facilities with $115 million drawn)
- Undrawn committed bank overdraft facilities of $15 million with New Zealand banks (30 June 2023: $15 million).

There are no compensating balance requirements associated with these facilities.

Spark's liquidity policy is to maintain unutilised committed facilities of at least 110% of the next 12 months' forecast peak net funding requirements, including coverage for short-term capital market issues. Spark's funding policy requires that no more than 30% of long-term debt (including undrawn and standby facilities) can mature within the next 12 months, which has been met.

Financial statements

5.2 Financial risk management (continued)

c) Liquidity risk (continued)

Maturity analysis

The following table provides an analysis of Spark's remaining contractual cash flows relating to financial liabilities. Contractual cash flows include contractual undiscounted principal and interest payments.

AS AT 30 JUNE 2024	CARRYING AMOUNT $M	CONTRACTUAL CASH FLOWS $M	0-6 MONTHS $M	6-12 MONTHS $M	1-2 YEARS $M	2-5 YEARS $M	5+ YEARS $M
Non-derivative financial liabilities							
Trade accounts payable and accruals	299	299	299	–	–	–	–
Sale and leaseback liabilities	60	66	19	15	23	9	–
Lease liabilities	742	1,025	65	63	118	283	496
Short and long-term debt	1,619	1,911	554	42	185	666	464
Derivative financial liabilities							
Interest rate swaps (net settled)	10	(10)	(5)	(3)	(1)	(1)	–
Cross-currency interest rate swaps (gross settled)							
Inflows	–	(636)	(6)	(11)	(126)	(353)	(140)
Outflows	68	717	21	19	142	395	140
Forward exchange contracts (gross settled)							
Inflows	–	(11)	(11)	–	–	–	–
Outflows	–	11	11	–	–	–	–
	2,798	**3,372**	**947**	**125**	**341**	**999**	**960**

AS AT 30 JUNE 2023	CARRYING AMOUNT $M	CONTRACTUAL CASH FLOWS $M	0-6 MONTHS $M	6-12 MONTHS $M	1-2 YEARS $M	2-5 YEARS $M	5+ YEARS $M
Non-derivative financial liabilities							
Trade accounts payable and accruals	290	290	290	–	–	–	–
Sale and leaseback liabilities	75	76	18	17	20	21	–
Lease liabilities	778	1,224	57	56	104	274	733
Short and long-term debt	1,052	1,285	227	150	36	469	403
Derivative financial liabilities							
Interest rate swaps (net settled)	13	(14)	(3)	(3)	(5)	(2)	(1)
Cross-currency interest rate swaps (gross settled)							
Inflows	–	(650)	(6)	(11)	(17)	(315)	(301)
Outflows	84	755	22	21	38	351	323
Forward exchange contracts (gross settled)							
Inflows	–	(46)	(46)	–	–	–	–
Outflows	1	46	46	–	–	–	–
	2,293	**2,966**	**605**	**230**	**176**	**798**	**1,157**

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NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

Section 6 Other information

6.1 Income tax

Income tax expense

The income tax expense is determined as follows:

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Statement of profit or loss and other comprehensive income		
Current income tax		
Current year income tax expense (excluding adjusting items)	(148)	(209)
Current year income tax expense on adjusting items[1]	–	31
Adjustments in respect of prior periods	(10)	(3)
Deferred income tax		
Depreciation, provisions, accruals, tax losses and other adjustments (excluding adjusting items)	(42)	24
Depreciation, provisions, accruals, tax losses and other adjustments on adjusting items[2]	–	137
Adjustments in respect of prior periods	2	3
Income tax expense recognised in the statement of profit or loss and other comprehensive income	**(198)**	**(17)**

1 The comparative includes $26 million for the costs associated with assets disposed of in the sale of Connexa, $2 million for the unwind of the deferred tax asset explained below for the Connexa transaction and $2 million of current tax for the Spark Sport provision.
2 Due to the difference between the right-of-use assets and lease liabilities recognised at the date of the sale of Connexa in the prior year, a deferred tax asset of $126 million was recognised in FY23, with a corresponding adjustment (reduction) to tax expense. The balance of the deferred tax asset at 30 June 2023 was $124 million. The Spark Sport provision had a deferred tax impact at 30 June 2023 of $12 million. The current tax impact of adjusting items of $31 million together with the deferred income tax impact of $137 million is $168 million (see note 2.5). The total tax expense on an adjusted (non-GAAP) basis for FY23 was $185 million.

Reconciliation of income tax expense

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Net earnings before income tax	514	1,152
Tax at current rate of 28%	(144)	(323)
Adjustments to taxation		
Non-assessable gains on sale[1]	–	317
Other non-assessable items	(11)	(6)
Tax effects of non-New Zealand profits	(9)	(5)
Tax effects of tax depreciation on buildings	(26)	–
Adjustments in respect of prior periods	(8)	–
Total income tax expense[2]	**(198)**	**(17)**

1 In the prior year this comprised the tax effect of the $583 million net gain on sale of Connexa, being $163 million, the $126 million deferred tax impact described above and the $26 million current tax impact of the costs associated with the assets disposed of and other adjustments of $2 million.
2 The comparative includes the tax effect of the net gain on sale of Connexa and the Spark Sport provision, being a credit to tax of $168 million (see note 2.5). The total tax expense on an adjusted (non-GAAP) basis for FY23 was $185 million.

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6.1 Income tax (continued)

Tax depreciation on buildings

As announced as part of their election campaign, the Government enacted legislation to remove the tax depreciation on commercial and industrial buildings, effective from income tax years on or after 1 April 2024. This reduces the tax base of the building assets back to nil because depreciation can no longer be claimed on these assets from FY25 onwards. As deferred tax is calculated on the difference between the carrying amount of the asset and its tax base, the decrease of the tax base has reduced Spark's deferred tax asset by $26 million. This also results in a one-off increase in tax expense of $26 million.

Pillar Two legislation

The OECD model GloBE rules, first released by the OECD in December 2021, are intended to ensure that large multinational enterprises (MNE) with annual revenue of €750m or more pay a minimum level of tax (based on an effective tax rate of 15%) on income arising in each country where they operate.

Spark is an 'in-scope' MNE under the GloBE rules due to its scale in New Zealand (where its Ultimate Parent Entity (UPE) is located) combined with its small international footprint of constituent entities (CE).

The rules are complex with different adoption and implementation dates applying in different countries meaning the transformation of the international tax environment will continue unabated for some time. Spark has undertaken an initial impact assessment and has determined that the rules do not apply in relation to its financial year ended 30 June 2024. Spark expects GloBE reporting obligations to apply to its 30 June 2025 financial year (in respect of its CE's in Australia and the United Kingdom). Additional GloBE reporting is expected to commence in other regions in relation to Spark's 2026 financial year. However, no top up taxes are expected to be paid due to the availability of certain temporary safe harbours that apply through to 2028.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset in the statement of financial position and presented as a net deferred tax asset. The movement in the deferred tax assets and liabilities is provided below:

ASSETS/(LIABILITIES)	FIXED ASSETS $M	LEASES $M	PROVISIONS & ACCRUALS $M	OTHER $M	TOTAL $M
Opening balance as at 1 July 2023	(62)	123	21	(27)	55
Amounts recognised in the statement of profit or loss and other comprehensive income					
Relating to the current period	(26)	(16)	(16)	16	(42)
Adjustments in respect of prior periods	–	(1)	6	(3)	2
Amounts recognised in equity relating to the current year	–	–	–	2	2
Closing balance as at 30 June 2024	**(88)**	**106**	**11**	**(12)**	**17**

ASSETS/(LIABILITIES)	FIXED ASSETS $M	LEASES $M	PROVISIONS & ACCRUALS $M	OTHER $M	TOTAL $M
Opening balance as at 1 July 2022	(58)	(3)	(7)	(40)	(108)
Amounts recognised in the statement of profit or loss and other comprehensive income					
Relating to the current period[1]	9	123	14	15	161
Adjustments in respect of prior periods[2]	(13)	3	14	(1)	3
Amounts recognised in equity relating to the current year	–	–	–	(1)	(1)
Closing balance as at 30 June 2023	**(62)**	**123**	**21**	**(27)**	**55**

1 Amounts relating to the current period for the comparative include timing differences for the Connexa lease and the Spark Sport provision.
2 In the prior year, adjustments in respect of prior periods reflect changes in the prior year tax balances used for financial reporting and tax return completion, in the current year these primarily relate to reclassifications between categories to align with the current year's presentation.

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NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

6.1 Income tax (continued)

Spark has not recognised the tax effect of accumulated unrestricted losses and temporary differences amounting to AU$461 million at 30 June 2024 based on the relevant corporation tax rate of Australia (30 June 2023: AU$461 million). These losses and temporary differences may be available to be carried forward to offset against future taxable income. However, utilisation is contingent on the production of taxable profits over a significant period of time and is subject to compliance with the relevant taxation authority requirements.

Spark has a negative 67 million imputation credit account balance as at 30 June 2024 due to the timing of dividend and tax payments (30 June 2023: negative 32 million). The imputation credit account had a positive balance as at 31 March 2024.

6.2 Employee share schemes

Spark operates a share-based compensation plan that is equity settled as outlined below.

Share option scheme

From September 2019, members of the Leadership Squad (including the CEO) and selected senior leaders have been granted options under the new Spark Long-Term Incentive (LTI) scheme. Under the scheme participants are granted options at the start of the three-year vesting period. The number of options granted equals the gross LTI value divided by the volume weighted average price of Spark New Zealand shares for the 20 days prior to the grant date. Subject to satisfaction of the performance hurdle and continued employment, at vesting each option converts to a Spark share based on a zero exercise price. If the target is not met (or the participant leaves Spark employment) then the options simply lapse, with exceptions for redundancy, death and disablement. Spark enables participants to meet tax obligations through PAYE by authorising the sale of a sufficient number of shares on their behalf.

Vesting of the LTI grants are contingent on participants' continued employment with Spark for three years from grant date (subject to exceptions) and the Company achieving the specified performance hurdles. The performance hurdle targets are set annually and for grants issued in 2020 and 2021 this was the Company's cost of equity plus 1% compounding annually. For grants issued in 2022 and 2023, 75% of the allocated shares will vest based on the performance hurdle target of the Company's cost of equity plus 1.5% compounding annually and 25% will vest based on performance against environmental and diversity targets. Options with an intrinsic value of $13 million (30 June 2023: $15 million) remain outstanding at 30 June 2024 and have a weighted average remaining life of 1.3 years (30 June 2023: 1.3 years).

Information regarding options awarded under this scheme is as follows:

	2024 OPTIONS NUMBER OF OPTIONS	2023 OPTIONS NUMBER OF OPTIONS
Opening balance as at 1 July	2,926,064	2,840,293
Granted	1,313,428	1,144,179
Vested	–	(964,574)
Lapsed	(1,018,509)	(93,834)
Closing balance as at 30 June	**3,220,983**	**2,926,064**
Percentage of total ordinary shares	0.18%	0.16%

The fair value of the employee services received in exchange for the grant of equity instruments is recognised as an expense, with a corresponding entry in equity. The total charge recognised for this scheme for the year ended 30 June 2024 was $1.6 million (30 June 2023: $1.4 million). As at 30 June 2024, $2.5 million of share scheme awards remain unvested and not expensed (30 June 2023: $2.1 million). This expense, measured at its fair value based on a valuation model, will be recognised over the remaining vesting period of the awards. On 3 October 2023 the options granted in September 2020 lapsed.

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6.3 Related party transactions

Related parties of Spark include the associate and joint venture companies listed in note 3.3 and key management personnel detailed below.

Interest of directors in certain transactions

A number of the Company's directors are also directors of other companies and any transactions undertaken with these entities have been entered into on a commercial basis.

Transactions with associate and joint venture companies

Spark's transactions with associates and joint ventures include the following:

- Spark provided network operations and management services to Southern Cross in respect of its operations in New Zealand
- Spark made payments to Southern Cross in connection with capacity it has purchased on Southern Cross' network
- Spark made payments to Southern Cross for operational expenditure relating to cable maintenance
- Southern Cross fully repaid the shareholder loan and returned capital to Spark through a capital reduction
- Spark made payments to Adroit Holdings Limited for operational expenditure relating to environmental IoT services and hardware and received payments for IoT warehousing until the full acquisition of the entity on 19 October 2023
- Spark received revenue from Rural Connectivity Group for the sale of mobile backhaul equipment
- Spark received payments from Hourua Limited for milestones delivered for the Public Safety Network and for use of Spark's corporate office space
- Spark made payments to Connexa for access to mobile towers, this includes lease and operating charges. Spark also received payments from Connexa for transition services, rental recovery, maintenance, site build and interest on shareholder loans.

Balances and amounts in respect of these transactions with associate and joint venture companies excluding Connexa are set out in the table below:

AS AT AND FOR THE YEAR ENDED 30 JUNE	2024 $M	2023 $M
Revenues	18	7
Expenses	(11)	(14)
Capacity acquired and other capital expenditure[1]	(10)	(18)
Receivables	3	11
Payables	–	(4)

1 As at 30 June 2024, Spark has committed to purchases of $22 million for cable capacity from Southern Cross (30 June 2023: $22 million).

Given the significant nature of the balances and transactions with Connexa, these are separately disclosed below:

AS AT AND FOR THE YEAR ENDED 30 JUNE	2024 $M	2023 $M
Revenues[1]	28	14
Expenses	(15)	(9)
Receivables[2]	172	156
Lease liabilities[3]	(447)	(482)
Revenue billed in advance	(4)	–

1 Including interest income on shareholder loans.
2 Receivables include shareholder loans to Connexa, including one non-interest bearing loan, and one interest bearing loan set at a market rate at the time of drawdown.
3 Related party lease liabilities have an initial term of 15 years with options for right of renewal which have not been included in the measurement of the lease liability. Payments made for related party lease liabilities in the year were $47 million (30 June 2023: $28 million).

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NOTES TO THE FINANCIAL STATEMENTS: OTHER INFORMATION

6.3 Related party transactions (continued)

Key management personnel compensation

YEAR ENDED 30 JUNE	2024 $'000	2023 $'000
Directors' remuneration[1]	1,371	1,473
Salary and other short-term benefits	6,575	7,509
Share-based compensation	784	784
	8,730	**9,766**

1 Excludes Chief Executive remuneration.

The table above includes remuneration of the Chief Executive and the other members of the Leadership Squad, including amounts paid to members of the Leadership Squad who left during the year ended 30 June or were in acting Leadership Squad positions. Like other Spark employees, members of the Leadership Squad also receive product and service concessions. In addition, where members of the Leadership Squad are KiwiSaver members, they receive contributions towards their KiwiSaver schemes.

6.4 Subsidiaries

Subsidiaries are all entities over which Spark has control. The significant subsidiary companies of Spark and their activities are as follows:

NAME	COUNTRY	OWNERSHIP	PRINCIPAL ACTIVITY
Computer Concepts Limited	New Zealand	100%	IT infrastructure and business cloud services
Digital Island Limited	New Zealand	100%	Business telecommunications provider
Entelar Group Limited	New Zealand	100%	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services
Gen-i Australia Pty Limited	Australia[1]	100%	Provides international wholesale and outsourced telecommunications services
Mattr Limited	New Zealand	97%	Software company focused on decentralised identity and verifiable data
Qrious Limited	New Zealand	100%	Data analytics business
Revera Limited	New Zealand	100%	IT infrastructure and data centre provider
Spark Finance Limited	New Zealand	100%	A Group finance company
Spark New Zealand Trading Limited	New Zealand	100%	Telecommunications and digital services company
TCNZ (Bermuda) Limited	New Zealand	100%	A holding company
Teleco Insurance Limited	Bermuda[1]	100%	A Group insurance company
Telecom New Zealand USA Limited	United States[1]	100%	Provides international wholesale telecommunications services
Telecom Southern Cross Limited	New Zealand	100%	A holding company

1 These foreign incorporated entities are tax resident in New Zealand.

The financial year end of all significant subsidiaries is 30 June.

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6.5 Reconciliation of net earnings to net cash flows from operating activities

YEAR ENDED 30 JUNE	2024 $M	2023 $M
Net earnings for the year	316	1,135
Adjustments to reconcile net earnings to net cash flows from operating activities		
Depreciation and amortisation	527	504
Bad and doubtful accounts	17	10
Deferred income tax[1]	38	(159)
Share of associates' and joint ventures' net losses	17	16
Interest income on loans receivable from associates and joint ventures	(12)	(8)
Impairment of investments	2	–
Net disposal and remeasurement of equity accounted investments	1	(9)
Gain on sale and acquisition of property, plant and equipment and intangibles	(62)	(20)
Gain on lease modifications and terminations	(36)	(13)
Net gain on sale of Connexa	–	(583)
Gain on sale of long-term businesses	(4)	–
Spark Sport provision	1	54
Other	12	(7)
Changes in assets and liabilities net of effects of non-cash and investing and financing activities		
Movement in receivables and related items	(84)	(110)
Movement in inventories	(8)	28
Movement in current taxation	(31)	(14)
Movement in payables and related items	70	(24)
Net cash flows from operating activities	**764**	**800**

1 The 2023 comparative primarily relates to the net gain on sale of Connexa.

6.6 Commitments and contingencies

Capital and other commitments

As at 30 June 2024, capital expenditure contracted for, but not yet incurred, was $684 million (30 June 2023: $515 million) with $185 million due in the year ending 30 June 2025. Commitments principally relate to spectrum, telecommunications network equipment, data centre infrastructure and cable capacity.

As at 30 June 2024, Spark had other supplier commitments of $879 million (30 June 2023: $588 million), with $593 million due in the year ending 30 June 2025. Commitments include mobile handsets, subscription services, modems, licences, service and maintenance renewals, and power purchase agreements.

Contingencies

No ongoing claims, investigations or inquiries are expected to have a significant effect on Spark's financial position or profitability.

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Independent auditor's report

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To the Shareholders of Spark New Zealand Limited

Opinion

We have audited the consolidated financial statements of Spark New Zealand Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 106 to 151, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for Spark New Zealand Limited in relation to regulatory audit requirements, other assurance related services (such as trustee reporting, Greenhouse Gas Emissions limited assurance and agreed upon procedures in relation to the sustainability-linked loans) and non-assurance services provided to the Corporate Taxpayers Group, of which the Group is a member. These services have not impaired our independence as auditor of the Company and Group. In addition to this, the Chief Executive has both a sister and brother-in-law that are partners at Deloitte. These Deloitte partners are not involved in the provision of any services to the Group and its subsidiaries, and this matter has not impacted our independence. Also, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter

Revenue recognition

The Group recognised total revenues excluding other gains of $3,759m (2023: $3,875m) including:

- Mobile $1,474m (2023: $1,470m)
- Broadband $613m (2023: $626m)
- Procurement and partners $548m (2023: $584m)
- Voice $180m (2023: $231m)
- IT products $527m (2023: $509m)
- IT services $165m (2023: $194m)
- High-tech $79m (2023: $$65m)
- Data centres $37m (2023: $24m)
- Other operating revenues $136m (2023: $172m)

Revenue recognition is considered to be a key audit matter.

For Mobile and Broadband revenue, and to a lesser extent other revenue streams, there is an inherent risk around the accuracy and timing of revenue recognition given the complexity of systems and the large volume of data processed; moreover, judgement is required for multiple element arrangements. This risk is most pronounced for new or changing product plans and prices.

IT products and IT services require significant management judgements and estimates, particularly for larger contracts, which are bespoke and cover several accounting periods.

The judgements and estimates that significantly impact the accuracy of revenue recognition for these contracts include:

- identifying the separate performance obligations;
- assessing whether the performance obligations are satisfied at a point in time or over time; and
- determining the amount and appropriate method of measuring the costs of fulfilling the performance obligations or, where appropriate, the completeness and valuation of provisions against contracts that are expected to be loss-making.

Disclosures relating to revenue recognition and the revenue stream breakdown can be found in Note 2.2. Operating revenues and other gains.

Our audit approach included both controls testing and substantive procedures. For our procedures on the design and operating effectiveness of controls over significant IT systems, we involved our IT specialists.

Our audit procedures included:

Across **Mobile, Voice and Broadband**, and **IT products and IT services** revenue streams:

- Assessing the appropriateness of the revenue recognition policies for the products and services offered by the Group, which included but were not limited to:
  - challenging the Group's assessment for each performance obligation about whether the customer can benefit from the product or service on its own or together with readily available resources;
  - assessing the allocation of the transaction price to the performance obligations by comparing the stand-alone selling price assigned to observed market prices or estimated prices; and
  - examining the stages at which revenue for each performance obligation is recognised.

Mobile, Voice and Broadband:

- testing the design and implementation, and the operating effectiveness of automated controls and interfaces between relevant IT applications, measurement and billing of revenue, and the recording of entries in the general ledger. We also tested the access controls and change management controls over the relevant billing systems;
- testing the design and implementation, and the operating effectiveness of manual controls over the initiation, authorisation, recording and processing of revenue transactions. This included evaluating process controls over authorising new price plans and rate changes and the adjustments to the relevant billing systems;
- testing the design and implementation of revenue recognition controls, including rating and billing during the year as it relates to new or changing product plans;
- recalculating revenue recognised to evaluate that the processing by the relevant telecommunication system is materially correct;
- reviewing new product plans in the current year to understand each of the performance obligations in the bundled offering;
- for new product plans that provide a bundle of services, assessing whether the customer can benefit from the product or service on its own or together with readily available resources; and
- assessing the recognition and timing of costs to acquire and costs to fulfil customer contracts.

Key audit matter	How our audit addressed the key audit matter
	IT products and IT services: • testing IT products and IT services contracts for appropriate revenue recognition and provisioning for contracts that were expected to be loss-making. We considered the future forecast profitability and the contractual terms to assess the recoverability of the contract-specific assets and to determine whether any contracts required loss provisions; and • testing a sample of revenue transactions recorded during the year by agreeing to supporting evidence, which included cash receipts, customer contracts, and invoices. We focussed our work on contracts which we regarded as higher risk because of the nature of the contract and the stage of delivery.

Carrying value of property, plant & equipment and intangible assets
The Group has property, plant & equipment of $1,394m (2023: $1,264m) and intangible assets excluding goodwill of $607m (2023: $572m).
There are a number of areas where judgements significantly impact the carrying value of property, plant & equipment and intangible assets excluding goodwill, and their respective depreciation and amortisation profiles. These areas are as follows:
• the impact of planned or unexpected replacement technology which will impact the way in which an asset is used or is expected to be used;
• the determination whether to capitalise or expense costs, particularly for capitalised labour;
• the useful economic life of the asset; and
• the timely transfer and commencement of depreciation of assets transferred from work in progress.
Changes in these judgements may have a significant impact on the results of the Group. Due to the significance of these judgements and the materiality of these assets to the Group's Statement of Financial Position, this is considered a key audit matter.
Refer to Notes 3.6 Property, plant and equipment and 3.7 Intangible assets.
	• Our audit procedures included the following:
	• testing of the design and implementation of controls over the acquisition and disposal of assets;
	• assessing the appropriateness of capitalisation of costs incurred on capital projects, by examining a sample of additions to identify whether the expenditure meets the definition of an asset in accordance with the applicable accounting standards;
	• assessing the reasonableness of the internal labour rates used to capitalise internal labour;
	• assessing the appropriateness of the date from which assets commenced being depreciated;
	• assessing the application of the Group's annual asset life review. This included assessing judgements made by the Group on:
	  • the appropriateness of asset lives applied in the calculation of depreciation and amortisation;
	  • the nature and impact of changes on the business from Spark's strategy, including which specific assets are impacted; and
	  • the extent of the impact of these changes on the carrying value of identified property, plant and equipment and software intangible assets.
	• It also included:
	  • assessing the allocated useful economic lives, by comparing to industry benchmarks and our knowledge of the business and its operations; and
	  • reviewing Board minutes and performing enquiries with various management personnel around the prevailing risks of technological obsolescence and assessing their impact on the useful lives/impairment risk of existing assets.

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Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Jason Stachurski, Partner for Deloitte Limited

Auckland, New Zealand

23 August 2024

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Other information

Corporate governance disclosures

Stock exchange listings

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

Spark's American Depositary Shares, each representing five ordinary Spark shares and evidenced by American Depositary Receipts (ADRs), are traded over-the-counter in the United States. This is a Level 1 ADR programme that is sponsored by Bank of New York Mellon.

Spark Finance Limited, a wholly owned subsidiary of Spark New Zealand Limited, has debt securities listed on the NZDX. Details of debt securities issued by Spark Finance Limited can be found in Spark Finance Limited's reports at: **https://investors.sparknz.co.nz/Investor-Centre**

Board and committee meeting attendance for FY24

The Board held eight formal meetings and one special meeting during FY24. The table below shows director attendance at these Board meetings and committee member attendance at committee meetings. Sub-committees of the Board also met regularly throughout the year to consider matters of special importance.

	Board	ARMC	HRCC	NOMs
Total number of meetings held	9	7	5	3
Alison Barrass	9	–	5	3
Warwick Bray	9	7	–	3
Sheridan Broadbent	9	7	5	3
David Havercroft	8	–	5	3
Jolie Hodson[1]	9	7	5	3
Gordon MacLeod	9	7	–	3
Lisa Nelson[2]	2	2	1	–
Charles Sitch[3]	3	2	–	1
Justine Smyth[4]	9	7	5	3

1. Ms Hodson attended ARMC and HRCC meetings as Executive Director.
2. Ms Nelson appointed as a director and a member of the ARMC, HRCC and NOMs from 8 May 2024.
3. Mr Sitch resigned as a director from 3 November 2023.
4. Ms Smyth attended ARMC meetings in an ex officio capacity.

Director independence

As part of the formal independence assessment, the Board considered all business relationships and close personal ties between Spark and any companies of which a non-executive director is an employee, director or substantial shareholder (if any). The Board has determined, based on information provided by directors regarding their interests, that at 30 June 2024 Ms Barrass, Mr Bray, Ms Broadbent, Mr MacLeod, Ms Nelson and Ms Smyth were independent. The Board (other than Ms Smyth) has considered the tenure of Ms Smyth who has been a Director for 12.7 years, and Chair for 5.9 years as at 30 June 2024. The Board determined that Ms Smyth's understanding of Spark and experience and skills in the industry add ongoing value to Spark. The Board are of the view that Ms Smyth's tenure does not interfere with her capacity to bring an independent judgment to bear on issues before the Board, to act in the best interests of Spark, and to represent the interests of its financial product holders generally.

The Board determined that Ms Hodson was not independent due to her position as CEO, and Mr Havercroft was not independent due to his prior relationships with Spark, which have now ceased.

The criteria for determining director independence and conflict of interest may be found in the Board Charter at: **www.spark.co.nz/online/about/our-company/governance**

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Director interests

In accordance with sections 140 and 211(e) of the Companies Act 1993, the table below lists the general disclosures of interests made by Directors in the interests register that remain current, including changes made to those interests, during FY24:

Director	Entity	Relationship
Alison Barrass	Rockit Global Limited (and related companies)	Director and shareholder
	Tom & Luke Holdings Limited	Director and Chair
	Babich Wines Limited	Chair
	Zespri Group Limited	Director
	Institute of Directors	Chair of the Nominations Committee
	AA Insurance Limited	Appointed Board Chair
	Vero Insurance New Zealand Limited	Director
	Asteron Life Limited	Director
	Vero Liability Insurance Limited	Director
Warwick Bray	Woolworths Group Limited	Director
Sheridan Broadbent	Manawa Energy Limited	Director
	Pipeline and Civil Limited	Ceased to be a Director and Chair
	Pipeline Group Limited	Ceased to be a Director and Chair
	PLC Plant Limited	Ceased to be a Director and Chair
	Business Leaders' H&S Forum	Deputy Chair
	Downer EDI Limited	Appointed director
David Havercroft	W3 Capital Limited	Director and shareholder
	Westpac New Zealand Limited	Director
	The Guitar Gallery Limited	Director and shareholder
Jolie Hodson	MATTR Limited	Director
	NZ Telecommunications Forum Inc.	Appointed chair
	Climate Leaders Coalition	Convenor of the Coalition's CEO Steering Group
Gordon MacLeod	Delegat Group Limited	Director
	Spanbild Holdings Limited	Appointed Advisory Chairman
	Breast Cancer Foundation NZ	Trustee
Lisa Nelson	Astra Space Inc	Director and Compensation Committee chair
	Destiny Tech100 Inc	Director and Audit Chair
	Seattle Bank	Director
	MATTR Limited Investment Committee	Committee Member
	Banqer Limited	Director
Justine Smyth	Mondiale VGL Group Limited	Director and Chair
	Breast Cancer Foundation NZ	Chair and Trustee
	MATTR Limited	Director

Directors disclosed, pursuant to section 148 of the Companies Act 1993, the following acquisitions and disposals of relevant interests in Spark shares during FY24:

Name	Date	Nature of transaction	Consideration	Number of shares
Sheridan Broadbent	22 August 2023	Purchase of ordinary shares by Mariachi Desperados Trust	$25,310	5,000
	8 September 2023	Purchase of ordinary shares by Mariachi Desperados Trust	$24,806	5,000
	4 December 2023	Purchase of ordinary shares by Mariachi Desperados Trust	$25,714	5,000
Jolie Hodson	18 September 2023	Issue of options	Services to Spark	188,467
	3 October 2023	Lapse of options	Services to Spark	187,430
Gordon MacLeod	21 August 2023	Purchase of ordinary shares	$50,963	10,000

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Directors' insurance

Directors disclosed, for the purposes of section 162 of the Companies Act 1993, that insurance was renewed for Spark's directors and senior managers for the 12-month period from 1 June 2024 and deeds of indemnity provided to all directors and specified senior managers of Spark.

Shareholdings

As at 30 June 2024 there were 1,814,155,480 Spark ordinary shares on issue, each conferring to the registered holder the right to one vote on a poll at a meeting of shareholders on any resolution, held as follows:

Size of holding	Number of holders[1]	%	Number of shares	%
1–1,000	12,256	29.50	6,094,259	0.34
1,001–5,000	17,585	42.32	45,780,289	2.52
5,001–10,000	5,985	14.40	44,223,858	2.44
10,001–100,000	5,497	13.23	128,912,580	7.10
100,001 and over	229	0.55	1,589,144,494	87.60
Total	**41,552**	**100.00**	**1,814,155,480**	**100.00**

1. Includes:
   - 410,834 shares on issue held by Spark Trustee Limited on behalf of 346 holders for Spark Share; and
   - 1,636,356 shares on issue held by Sharesies Nominee Limited on behalf of 1,474 holders of Spark Share.

FY23: 1,777,157 shares on issue held by Spark Trustee Limited on behalf of 1,283 holders of Spark Share.

The 20 largest registered holders of Spark shares at 30 June 2024 were:

	Name[1]	Number of shares	%
1.	HSBC Nominees (New Zealand) Limited[2]	347,482,251	19.15
2.	HSBC Nominees (New Zealand) Limited[2]	174,986,660	9.65
3.	JP Morgan Chase Bank	151,948,767	8.38
4.	BNP Paribas Nominees NZ Limited[3]	118,373,160	6.52
5.	Citibank Nominees (NZ) Limited	108,416,567	5.98
6.	Custodial Services Limited	64,967,662	3.58
7.	Accident Compensation Corporation	61,875,532	3.41
8.	HSBC Custody Nominees (Australia) Limited	61,182,369	3.37
9.	New Zealand Superannuation Fund Nominees Limited	49,045,757	2.70
10.	Citicorp Nominees Pty Limited	41,865,124	2.31
11.	FNZ Custodians Limited	34,025,233	1.88
12.	Forsyth Barr Custodians Limited	32,001,145	1.76
13.	New Zealand Depository Nominee	30,504,984	1.68
14.	Tea Custodians Limited	28,742,476	1.58
15.	JB Were (NZ) Nominees Limited	27,706,305	1.53
16.	New Zealand Permanent Trustees Limited	27,122,209	1.50
17.	Premier Nominees Limited	23,768,370	1.31
18.	BNP Paribas Nominees NZ Limited[3]	23,038,147	1.27
19.	JP Morgan Nominees Australia Pty Limited	20,860,159	1.15
20.	Public Trust	18,448,859	1.02

1. The shareholding of New Zealand Central Securities Depository Limited (custodian for members trading through NZClear) has been reallocated to the applicable members.
2. Has a different holder identification number to the other HSBC Nominees (New Zealand) Limited entry.
3. Has a different holder identification number to the other BNP Paribas Nominees NZ Limited entry.

According to substantial holder notices as at 30 June 2024 the substantial holders in Spark were as follows:

Name	Number of ordinary shares	% of ordinary shares on issue[1]
Blackrock Investment Management (Australia) Limited	161,169,532	8.88

1. Based on issued share capital of 1,814,155,480 as at 30 June 2024.

As at 30 June 2024 directors, or entities related to them, held relevant interests (as defined in the Financial Markets Conduct Act 2013) in Spark shares as follows:

	Relevant interest in Spark shares as at 30 June 2024	
Name	Number	%[1]
Alison Barrass	37,716[2]	0.002
Warwick Bray	31,230[3]	0.002
Sheridan Broadbent	30,000[4]	0.002
David Havercroft	100,086	0.006
Jolie Hodson	869,013[5]	0.048
Gordon MacLeod	10,000	0.0005
Justine Smyth	500,201[6]	0.028

1. Each percentage stated has been rounded to the nearest 1/1000th of a percent.
2. Relevant interest in beneficial ownership of 37,716 ordinary shares held by Sharesies Nominee Limited.
3. Relevant interest in beneficial ownership of 31,230 ordinary shares held by WDB Insight Pty Limited.
4. Relevant interest in beneficial ownership of 30,000 ordinary shares held by Mariachi Desperados Trust.
5. Includes 311,830 ordinary shares and 557,183 options.
6. Relevant interest in beneficial ownership of 375,201 ordinary shares held by Miksha Trust and beneficial ownership of 125,000 ordinary shares held by PJ Trust.

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

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Subsidiary company directors

The following people held office as directors of subsidiary companies at 30 June 2024. Alternate directors are indicated with an (A).

Subsidiary company	Principal activity	Current directors	Directors who retired during the year
Adroit Holdings Limited	Environmental IoT solutions	S Knight, M Stribling	R Mateparae, M Sheppard
Adroit IoT Limited	Environmental IoT solutions	S Knight, M Stribling	
Adroit Research Limited	Environmental IoT solutions	S Knight, M Stribling	
Circle Investments Limited	Delivers innovative and cost-effective solutions to the Contact Centre Industry	L Sheehan, D Werder	S Knight, M Beder
Computer Concepts Limited	IT infrastructure and Cloud services	M Anastasiou, M Beder, S Knight	
Digital Island Limited	Business telecommunications provider	S Knight, G Clark	
Entelar Group Limited	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services	H Polglase, M Sheppard, R Mateparae	M Beder
Gen-i Australia Pty Limited	Provides international wholesale and outsourced telecommunications services	F Evett, I Hopkins	
MATTR Limited	Software company focussed on decentralised identity and verifiable data	C Barber, J Hodson, J Smyth, S Knight	
MATTR Trading Australia Pty Limited	Software company focussed on decentralised identity and verifiable data	F Evett, M Leydin	
MATTR Trading US, Inc	Software company focussed on decentralised identity and verifiable data	N Fitzgerald	
Qrious Limited	Data analytics business	S Knight, M Anastasiou	
Revera Limited	IT infrastructure and data centre provider	M Anastasiou, S Knight, M Beder	
Spark Finance Limited	Group finance company	M Anastasiou, M Sheppard, S Knight	A White
Spark New Zealand Cables Limited	Investment company	M Sheppard, L Urquhart	
Spark New Zealand Trading Limited	Telecommunications and digital services company	M Anastasiou, S Knight, M Beder	
Spark Trustee Limited	Trustee company	M Anastasiou, S Knight	
TCNZ Australia Investments Pty Limited	Australian operations	F Evett, I Hopkins	
TCNZ (Bermuda) Limited	Holding company	J Wesley-Smith, J Wong	
TCNZ Financial Services Limited	Investment company	M Anastasiou, F Evett	
TCNZ (United Kingdom) Securities Limited	Holding/investment company	F Evett, J Reader, ManCorp (UK) Limited	
Teleco Insurance Limited	Group insurance company	S Knight, N Frost, F Evett (A)	A White, C Phipps, C Feathers
Teleco Insurance (NZ) Limited	Mobile phone insurance	S Knight, R Quince	A White
Telecom Capacity Limited	Holding company	S Knight, J Wong	
Telecom Enterprises Limited	Investment company	M Anastasiou, S Knight	
Telecom New Zealand (UK) Enterprises Limited	Holding/investment company	F Evett, M Sheppard	
Telecom New Zealand USA Limited	Provides international wholesale telecommunications services	J Wong, J Martin	A Preston
Telecom Pacific Limited	Holding company	M Anastasiou, M Sheppard	
Telecom Southern Cross Limited	Holding company	M Anastasiou, S Knight	
Telecom Wellington Investments Limited	Investment company	M Anastasiou, F Evett	

Spark's managing risk framework roles and responsibilities

Activity performed	Board & ARMC	Leadership Squad	Risk	Legal (Digital Trust)	Org Unit Leads	Centre of Excellence leads	Policy owners	All Spark people
Approves the Managing Risk Policy	✔							
Monitors the managing risk framework	✔							
Reviews principal risk dashboard (quarterly)	✔							
Performs other items from its charter	✔							
Prepares strategy and annual plan		✔						
QBR process and next 90-day priorities		✔						
Coaches and guides Leads		✔						
Owner for principal risks		✔						
Designs and continuously improves the managing risk framework			✔					
Helps the business apply the framework			✔					
Profiles the principal and next 90-day risks for LS and ARMC			✔					
Helps Leads to capture their risks for the QBR Memo			✔					
Executes Internal Audit plan (objective assurance)			✔					
Designs and continuously improves the empowerment framework				✔				
Creates empowerment & functional guidance kits				✔				
Oversees essential policies and webpage				✔				
Creates and delivers training modules				✔				
Use the Empowerment and Managing Risk Frameworks					✔			
Understand and adhere with the essential policies					✔			
Maintain view of risks for OKRs and fill in QBR Memo					✔			
Provide input into principal risk process					✔			
Escalate risks to LS or Risk Team (if required)					✔			
Review risk sections in QBR packs across Spark						✔		
Maintain view of risks for their OKRs and fill in QBR						✔		
Support Leads to manage identified risks						✔		
Provide input into principal risks						✔		
Maintain policy and guidance material							✔	
Complete assessments of effectiveness							✔	
Participate in policy owner working groups							✔	
Follow this framework and the essential policies								✔
Make informed decisions after assessing the benefits and risks								✔

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Sustainability appendix

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As an integrated report we have included disclosure on our sustainability performance throughout this report. Pages 6 and 7 detail our integrated reporting value creation model, aligned to the 'capitals' which each have a dedicated section in the report.

This report is prepared in accordance with the International <IR> Framework and with the Global Reporting Initiative (GRI) Core Option. It also incorporates climate-related disclosures that have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB).

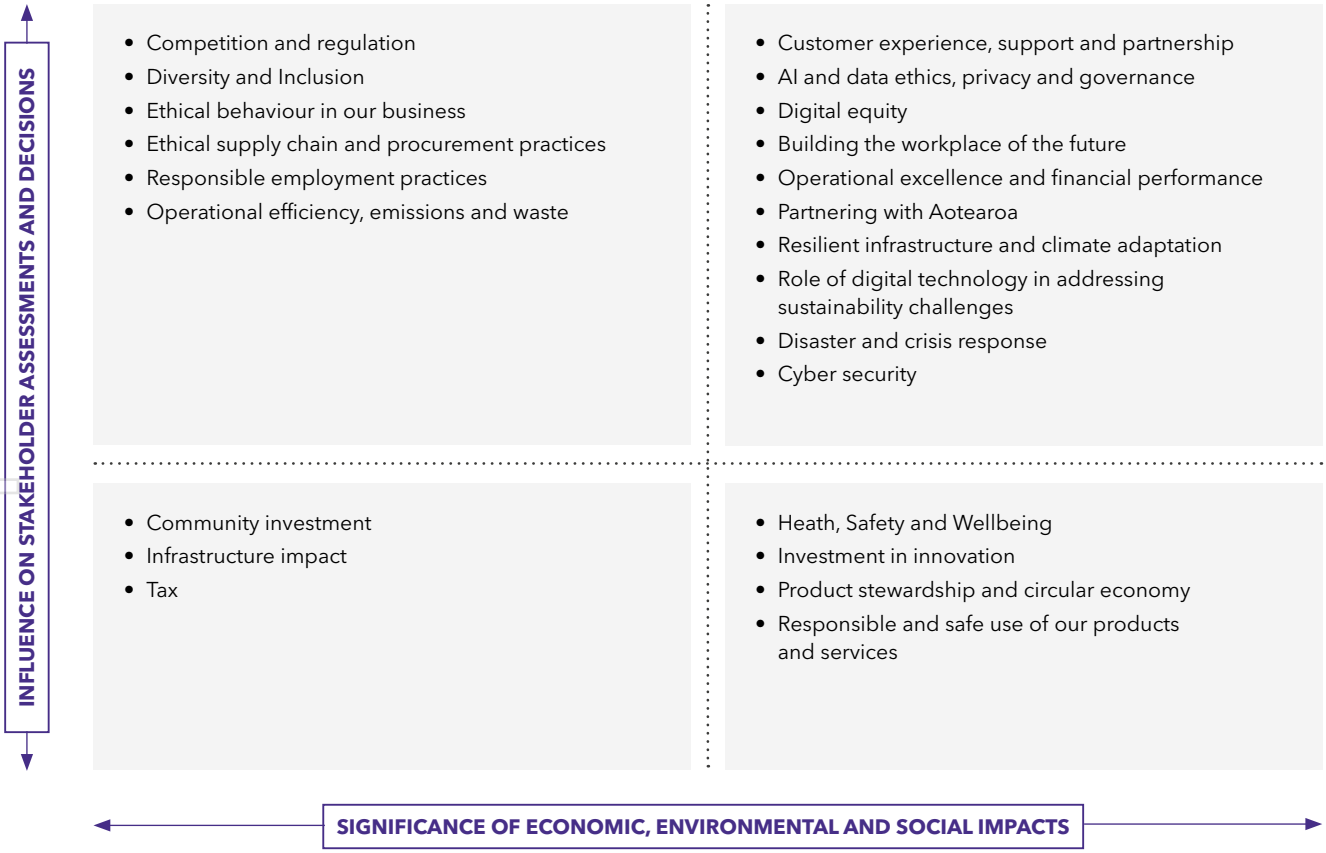
We publish a summary of our approach to sustainability at Spark on our website. **www.spark.co.nz/online/about/sustainability/**

Materiality

To prioritise Spark's reporting on sustainability topics we follow the GRI materiality principle and processes (set out in *GRI 3: Material Topics 2021*) to identify and prioritise topics which substantively influence the assessments and decisions of stakeholders or have a significant environmental, social, or economic impact. We also consider the materiality principles of the Integrated Reporting International <IR> Framework, considering whether a matter could substantively affect Spark's ability to create value in the short, medium, or long term.

We refresh our materiality analysis annually, as part of our integrated reporting process. Our assessment of material topics includes analysis of stakeholder feedback, review of industry peers, and interviews with external stakeholders. In previous years we have also engaged an external sustainability consultancy to independently review our materiality prioritisation. Internally we consult with a range of employees, including members of our strategy, finance, community, corporate relations, risk, legal, and HR teams, to determine Spark's view of topics meeting the GRI materiality principle criteria.

The purpose of our annual materiality review is to ensure we are capturing all topics that are material to our stakeholders, with a particular focus on identifying emerging topics. We have updated our materiality matrix for FY24. This reflects feedback from various stakeholders which has highlighted the increasing importance of data ethics, including data governance and sovereignty, with the increased profile and application of AI technologies. In the previous year changes included increasing the importance of disaster crisis response and the role of digital technology in addressing sustainability challenges.



Our materiality matrix maps our material topics, with our assessment of the significance of economic, environmental and social impacts mapped on the horizontal 'x' axis, and the scale of influence on stakeholder assessments and decisions mapped on 'y' vertical axis, reflecting feedback and questions received from stakeholders related to our ESG reporting.

Our most material sustainability issues

Topic	Topic description and scope	Reference
Resilient infrastructure and climate adaptation	The resilience of our infrastructure. Our long-term adaptation to climate change.	Our network and technology Pages 36 – 45 Climate-related disclosures Pages 90 – 105
Customer experience, support and partnership	Providing high-quality, reliable products and services that enable our customers. Rectifying issues where they may arise.	Our customers Pages 24 – 35
Cyber security	The security of our networks and products and the security support we provide to our business customers.	Our customers Pages 24 – 35
AI and data ethics, privacy, and governance	How we collect, use, store, and share personal information and how we keep it safe. Building trust in our products and services. Ethical use of data and data technologies, including AI.	Our customers Pages 24 – 35
Digital equity	This includes digital access and removing barriers to people getting connected; digital skills and career pathways into the technology sector; and digital safety and wellbeing – a broad focus area that ranges from the impacts of social media all the way through to protecting our customers from objectionable content and scams.	Our customers Pages 24 – 35 Our communities Pages 56 – 61
Disaster and crisis response	The role of telecommunications in responding to natural disasters and crisis events.	Our network and technology Pages 36 – 45
Building the workforce of the future	Developing and upskilling our people for future ways of working, including building digital skills that will support a just transition.	Our people Pages 62 – 73 Our communities Pages 56 – 61
Operational excellence and financial performance	Executing our business strategy to build financial capital.	Our performance Pages 14 – 17 Financial statements Pages 106 – 155
Partnering with Aotearoa	How we partner and collaborate with our communities, guided by the principles of Te Tiriti.	Our communities Pages 56 – 61 Te Korowai Tupu Page 69
The role of digital technology in addressing sustainability challenges	Opportunities to use digital technology to address sustainability challenges such as climate mitigation, climate adaptation, water quality, and biodiversity loss. Partnering with our customers to increase their resilience, productivity, and sustainability.	Our network and technology Pages 40 – 41 Our environment Pages 46 – 47

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Stakeholder engagement

Spark engages with a broad range of stakeholders as detailed in the table below. We have also engaged a small number of stakeholders specifically for the purposes of developing and improving our non-financial reporting and as part of our reporting materiality process. In selecting the stakeholders we engage with, we are guided by the definition set out in GRI 1: Foundation 2021 "Individuals or groups that have interests that are affected or could be affected by an organisation's activities."

Stakeholder group	How we engage
Spark employees	• Regular engagement surveys and use of 'sounding boards' on large programmes of work • Comprehensive programme of internal communication and engagement from Leadership Squad (through roadshows and online channels) • Engagement with cross-section of employees in the preparation of this report
Shareholders	Regular engagement with investors including: • Semi-annual earnings announcements, together with semi-annual post result investor briefings; • Annual meeting that allows shareholders a chance to meet and ask questions directly of the Spark Board and Management; • Regular investor roadshows; and • Periodic investor strategy briefings
Suppliers	• Ongoing conversations with our suppliers – both informal and formal
Customers	• Regular feedback from customers on their experiences with us and their views of Spark as a business through our Net Promotor Score methodology and through our Voice of the Customer programme • Meetings with customers on sustainability topics, sharing sustainability focus areas and exploring opportunities to work together
Government	• Engagement with central Government on issues related to the telecommunications industry, infrastructure investment, environmental sustainability, and digital equity • Engagement with local government to manage the process and impacts of infrastructure investment
Media	• Responding to media enquiries and through a proactive programme of engagement with key members of New Zealand's media
Local communities	• We engage with local communities, iwi, and hapū affected by our activities, in particular where we are building new network infrastructure • Through our Marae Digital Connectivity programme we have deployed hardware and connectivity to over 650 marae, and established relationships with hapū across the motu • Through Te Korowai Tupu we have a range of partners that help us support impactful initiatives that uplift Hapori Māori
Community partners	• Spark Foundation works in partnership with community partners on an ongoing basis
Industry organisations	• Engagement with a number of industry organisations, representing the telecommunications and technology sector, community groups, and the New Zealand business community

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External initiatives Spark subscribes to or endorses

- Spark is a founding member of the Climate Leaders Coalition (CLC). The CLC is a group of CEOs who have collectively committed to voluntary action on climate change, measuring and publicly reporting on their emissions, and setting an absolute target for reducing emissions in line with the Paris Agreement. Spark CEO, Jolie Hodson, is a member of the CLC Steering Committee.
- Spark has committed to a voluntary Product Stewardship scheme for mobile phones, which is actioned by the Re:Mobile initiative. See page 47.
- Spark is a member of the Digital Boost Alliance, which is a Government-led initiative that brings together the public and private sectors to help small-medium businesses and individuals across Aotearoa lift their use of digital technologies. Spark's Consumer and SME Director Greg Clark sits on the Governance Board.
- Spark's Corporate Relations and Sustainability Director Leela Ashford is part of the Ministry for the Environment's Climate Business Advisory Group, and the Department of Internal Affairs' Independent Reference Group, which maintains oversight of the operation of the Digital Child Exploitation Filtering System (DCEFS).

Spark was an active member of the following associations in FY24:

- International Telecommunication Union (Radiocommunication Sector membership)
- 3rd Generation Partnership Project (3GPP)
- Infrastructure New Zealand
- GSM Association (GSMA)
- New Zealand Internet Task Force
- Telecommunications Forum (TCF)
- NZTech (Including Internet of Things Alliance and AI Industry Forum)
- TUANZ
- Business NZ
- Sustainable Business Council
- Sustainable Business Network
- Global Women (including Champions for Change)
- Joint Audit Cooperation (JAC) initiative
- Digital Boost Alliance
- Digital Equity Coalition Aotearoa (DECA) (membership through Spark Foundation)

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Climate disclosures index, metrics and targets

Our detailed climate statements are on pages 90 – 105.

The table below identifies the location of disclosures required by the Aotearoa New Zealand Climate Standards. This includes the specific disclosure requirements in NZ CS 1 (as amended by relevant paragraphs of NZ CS 2) and paragraphs 51 to 55 of NZ CS 3. Spark is relying on adoption relief in relation to the requirements at paragraphs 40 to 42 to disclose comparative information and an analysis of trends, and these are accordingly not included in the table below.

NZ CS 1 Reference (or NZ CS 3 where identified)	Detail	Location	Notes
Governance			
Governance body oversight			
7(a)	The identity of the governance body responsible for oversight of climate-related risks and opportunities.	to be populated once layout finalised Climate governance section, page 91	
7(b)	A description of the governance body's oversight of climate-related risks and opportunities (see paragraph 8 requirements below).	Climate governance section, page 91	
8(a)	The processes and frequency by which the governance body is informed about climate-related risks and opportunities.	Climate governance section, page 91	
8(b)	How the governance body ensures that the appropriate skills and competencies are available to provide oversight of climate-related risks and opportunities.	Climate governance section, page 91	
8(c)	How the governance body considers climate-related risks and opportunities when developing and overseeing implementation of the entity's strategy.	Climate governance section, page 91 Integration of climate change and transition planning into strategy, page 93	
8(d)	How the governance body sets, monitors progress against, and oversees achievement of metrics and targets for managing climate-related risks and opportunities, including whether, and if so how, related performance metrics are incorporated into remuneration policies.	Climate governance section, page 91	
Management's role			
7(c)	A description of management's role in assessing and managing climate-related risks and opportunities (see paragraph 9 requirements below).	Management's role in climate risk and opportunities, page 92	
9(a)	How climate-related responsibilities are assigned to management-level positions or committees, and the process and frequency by which management-level positions or committees engage with the governance body.	Management's role in climate risk and opportunities, page 92	
9(b)	The related organisational structure(s) showing where these management-level positions and committees lie.	Management's role in climate risk and opportunities, page 92	
9(c)	The processes and frequency by which management is informed about, makes decisions on, and monitors, climate-related risks and opportunities.	Management's role in climate risk and opportunities, page 92	
Strategy			
Current impacts and financial impacts			
11(a)	A description of current climate-related impacts (see paragraph 12 requirements below).	Current impacts of climate change, pages 93 – 94	
12(a)	Current physical and transition impacts.	Current impacts of climate change, pages 93 – 94	

NZ CS 1 Reference (or NZ CS 3 where identified)	Detail		Location	Notes
12(b)	The current financial impacts of physical and transition impacts identified in paragraph 12(a).		We have elected to take adoption provision 1 – see page 90	
12(c)	If the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case.			
Scenario analysis				
11(b)	A description of the scenario analysis undertaken.		Climate scenario analysis, page 94, Our three climate scenarios, pages 94 – 95	
13	The scenario analysis undertaken to help identify its climate-related risks and opportunities and better understand the resilience of the organisation's business model and strategy (see NZ CS 3, paragraph 51 requirements below).		Climate scenario analysis, page 94, Our three climate scenarios, pages 94 – 95	
	NZ CS 1, 51	The methods and assumptions underlying the climate-related scenarios used, and the scenario analysis process employed (see NZ CS 3, paragraph 51(a) and (b) requirements below).	Climate scenario analysis, page 94, Our three climate scenarios, pages 94 – 95	
	NZ CS 3, 51(a)	The climate-related scenarios used, including: • A brief description of each scenario narrative. • The time horizons considered, including endpoints and whether the endpoints are determined by a year or temperature target. • A description of the various emissions reduction pathways in each scenario and the assumptions underlying pathway development over time, including the scope of operations covered, policy and socioeconomic assumptions, macroeconomic trends, energy pathways, carbon sequestration from afforestation and nature-based solutions and technology assumptions including negative emissions technology. • An explanation of why the entity believes the chosen scenarios are relevant and appropriate to assessing the resilience of the entity's business model and strategy to climate-related risks and opportunities. • The sources of data used to construct each scenario.	Our three climate scenarios, pages 94 – 95 Time horizons for scenario analysis, page 96 See section 4.0 'Scenario Methodology and Inputs of the industry scenario report (pages 19 – 20)	The sector-based climate scenario report includes detailed descriptions of the emissions reduction pathways in each scenario and the assumptions underlying pathway development over time, It also includes full descriptions of the relevant scenario narratives used to support Spark's internal analysis. The report is available here: **https://s.spark.co.nz/4fXRsoH**.
	NZ CS 3, 51(b)	How the scenario analysis process has been conducted, including: • Whether scenario analysis is a standalone analysis or integrated within the entity's strategy processes. • The governance process used to oversee and manage the scenario analysis process, including the role of the governance body and management. • If modelling has been undertaken, a clear description of what modelling was undertaken and why the model was chosen as the appropriate model. • Which external partners and stakeholders are involved.	Climate scenario analysis, page 94, Our three climate scenarios, pages 94 – 95	

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NZ CS 1 Reference (or NZ CS 3 where identified)	Detail	Location	Notes
Climate-related risks and opportunities			
11(c)	A description of the climate-related risks and opportunities identified over the short, medium, and long term (see paragraph 14 requirements below).	Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	
14(a)	How the organisation defines short, medium, and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans.	Time horizons for scenario analysis, page 96 Integration of climate change and transition planning into strategy, page 93 Climate risk management, page 102	
14(b)	Whether the climate-related risks and opportunities identified are physical or transition risks or opportunities, including, where relevant, their sector and geography.	Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	We have separated our risk tables into physical and transition risks, and have a separate climate related opportunities table
14(c)	How climate-related risks and opportunities serve as an input to internal capital deployment and funding decision-making processes.	Integration of climate change and transition planning into strategy, page 93	
Anticipated impacts and financial impacts			
11(d)	A description of the anticipated impacts of climate-related risks and opportunities (see paragraph 15 requirements below).	Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	
15(a)	The anticipated impacts of climate-related risks and opportunities reasonably expected by the organisation.	Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	
15(b)	The anticipated financial impacts of climate-related risks and opportunities reasonably expected by the organisation.	We have elected to take adoption provision 2 – see page 90	
15(c)	A description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur.		
15(d)	If an entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case		
Transition plan aspects of strategy			
11(e)	A description of how the organisation will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state (see paragraph 16 requirements below).	Integration of climate change and transition planning into strategy, page 93	
16(a)	A description of the organisation's current business model and strategy.	Integration of climate change and transition planning into strategy, page 93	We include a description of our business model and strategy, using the <IR> Integrated Reporting capitals model, on page 6 of this report.

NZ CS 1 Reference (or NZ CS 3 where identified)	Detail	Location	Notes
16(b)	The transition plan aspects of the organisation's strategy, including how its business model and strategy might change to address its climate-related risks and opportunities.	Integration of climate change and transition planning into strategy, page 93 Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	Our climate-related risk and opportunity tables (see pages 97 – 101) includes information related to specific climate change risks and opportunities identified.
16(c)	The extent to which transition plan aspects of the organisation's strategy are aligned with its internal capital deployment and funding decision-making processes.	Integration of climate change and transition planning into strategy, page 93 Physical risks, pages 97 – 98 Transition risks, pages 99 – 101 Climate-related opportunities, page 101	Our climate-related risk and opportunity tables (see pages 97 – 101) includes information related to specific climate change risks and opportunities identified.
Risk management			
Processes for identifying, assessing and managing climate-related risks			
18(a)	A description of the organisation's processes for identifying, assessing, and managing climate-related risks (see paragraph 19 requirements below).		
19(a)	The tools and methods used to identify, and to assess the scope, size, and impact of identified climate-related risks.	Climate scenario analysis, page 94 Our three climate scenarios, pages 94 – 95	
19(b)	The short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons.	Time horizons for scenario analysis, page 96	
19(c)	Whether any parts of the value chain are excluded.	Our three climate scenarios, pages 94 – 95, Climate risk management, page 102	
19(d)	The frequency of assessment.	Climate risk management, page 102	
19(e)	Processes for prioritising climate-related risks relative to other types of risks.	Climate risk management, page 102	
Integration into overall risk management processes			
18(b)	A description of how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management processes.	Climate risk management, page 102	
Metrics and targets			
Cross-industry metrics			
21(a)	The metrics that are relevant to all entities regardless of industry and business model (see NZ CS1 22(a-h) disclosures on pages 103 – 104).	Climate-related metrics, pages 103 – 104	
22(a – h)	Climate-related metrics	Climate-related metrics, pages 103 – 104	

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NZ CS 1 Reference (or NZ CS 3 where identified)	Detail	Location	Notes
Industry-based metrics and key performance indicators			
21(b)	Industry-based metrics relevant to the organisation's industry or business model used to measure and manage climate-related risks and opportunities.		Not applicable – none reported
21(c)	Any other key performance indicators used to measure and manage climate-related risks and opportunities.		Not applicable – none reported
Targets			
21(d)	The targets used to manage climate-related risks and opportunities, and performance against those targets (see paragraph 23 requirements below).	Our emissions reduction target, page 105	
23(a)	The time frame over which the target applies.	Our emissions reduction target, page 105	
23(b)	Any associated interim targets.		Not applicable
23(c)	The base year from which progress is measured.	Our emissions reduction target, page 105	
23(d)	A description of performance against the targets.	Creating value for our environment section, pages 49 – 53	
GHG emissions targets			
23(e)(i)	Whether the target is an absolute target or intensity target.	Our emissions reduction target, page 105	
23(e)(ii)	The organisation's view as to how the target contributes to limiting global warming to 1.5 degrees Celsius.	Our emissions reduction target, page 105	
23(e)(iii)	The organisation's basis for the view expressed in 23(e)(ii), including any reliance on the opinion or methods provided by third parties.	Our emissions reduction target, page 105	
23(e)(iv)	The extent to which the target relies on offsets, whether the offsets are verified or certified, and if so, under which scheme or schemes.	Our emissions reduction target, page 105	
GHG emissions – methods, assumptions and estimation uncertainty			
24(a – d)	GHG reporting standard, consolidation approach, source of emissions factors and global warming (GWP) rates used, summary of specific exclusions of sources.	Climate-related metrics, pages 103 – 104	
NZ CS 3, 52	A description of the methods and assumptions used to calculate or estimate GHG emissions, and the limitations of those methods.	GHG Inventory Report: "Appendix B: Operational boundary", pages 21 – 24	A detailed description of our reporting methodology and approach is available in our GHG Inventory Report
NZ CS 3, 53	Uncertainties relevant to the organisation's quantification of its GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures	GHG Inventory Report: "Appendix B: Operational boundary", pages 21 – 24	A detailed description of our reporting methodology and approach is available in our GHG Inventory Report
NZ CS 3, 54	Explanation for any base year GHG emissions restatements.	GHG Inventory Report: "Our base year for reporting", page 14	No base year restatement made in FY24
NZ CS 3, 55	Statement of compliance with Aotearoa New Zealand Climate Standards.	Compliance with climate standards, page 90	

Global Reporting Initiative (GRI) content index

Spark New Zealand has reported in accordance with the GRI Standards for the period 1 July 2023 to 30 June 2024. Our reporting uses GRI 1: Foundation 2021.

Note: CGS refers to Spark's Annual Corporate Governance Statement, which may be found here: **www.spark.co.nz/online/about/our-company/governance**

Our Greenhouse Gas (GHG) Inventory Report is available here: **www.spark.co.nz/online/about/sustainability/environment**

Our Modern Slavery and Human Rights Statement is available here: **www.spark.co.nz/online/about/sustainability/ethical-supply-chain**

GRI Standard	Disclosure	Location	Notes
GRI 2: General Disclosures 2021	2-1 Organisational details	Pages 8 – 9, 111	
	2-2 Entities included in the organisation's sustainability reporting	Pages 8 – 9, 111, 150	The boundaries and scope of our sustainability reporting matches that of our financial statements, covering all activities covered under our consolidated financial reporting.
	2-3 Reporting period, frequency and contact point	Pages 5, 177	We report annually, aligned with our financial reporting
	2-4 Restatements of information	Page 54	We have added trade-in numbers to our reporting of mobile phones collected for recycling. This change has been back-dated to our FY23 numbers.
	2-5 External assurance	GHG Inventory Report – refer to Deloitte Independent Assurance Report	Our emissions data within our GHG Inventory Report is externally assured (limited assurance)with oversight from the Board and Leadership Squad
	2-6 Activities, value chain and other business relationships	Pages 8 – 9 Modern Slavery and Human Rights Statement	Our Modern Slavery and Human Rights Statement includes information on our supply chain
	2-7 Employees	Page 71	
	2-8 Workers who are not employees	Modern Slavery and Human Rights Statement Pages 21 – 22	FY24: 2,600 FY23: 3,000 Reported headcount at 30 June
	2-9 Governance structure and composition	Pages 18 – 23, 82 – 85, 158	
	2-10 Nomination and selection of the highest governance body	Corporate Governance Statement	
	2-11 Chair of the highest governance body	Page 18	Our Chair is a non-executive director
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 82 – 85 Modern Slavery and Human Rights Statement Page 14	
	2-13 Delegation of responsibility for managing impacts	Pages 82 – 85, 91 – 92	
	2-14 Role of the highest governance body in sustainability reporting		Our GRI disclosures are included in our integrated report, which is reviewed and approved by our Board and Leadership Squad
	2-15 Conflicts of interest	Corporate Governance Statement	

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GRI Standard	Disclosure	Location	Notes
	2-16 Communication of critical concerns	Pages 82 – 85 Modern Slavery and Human Rights Statement Pages 14, 20	
	2-17 Collective knowledge of the highest governance body	Page 91 Corporate Governance Statement Page 5	
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Statement Page 6	
	2-19 Remuneration policies	Pages 74 – 81	
	2-20 Process to determine remuneration	Pages 74 – 81	
	2-21 Annual total compensation ratio	Refer to remuneration section Pages 74 – 81	Not reported: we do not publish median salary. CEO remuneration is reported on pages 79 – 80
	2-22 Statement on sustainable development strategy	Page 13 Modern Slavery and Human Rights Statement Page 3	
	2-23 Policy commitments	Modern Slavery and Human Rights Statement	Our Human Rights Policy is available here: **www.spark.co.nz/online/about/our-company/governance**
	2-24 Embedding policy commitments	Pages 35, 47, 65, 82 – 85 Modern Slavery and Human Rights Statement Page 13	
	2-25 Processes to remediate negative impacts	Modern Slavery and Human Rights Statement Pages 14 – 29	
	2-26 Mechanisms for seeking advice and raising concerns	Modern Slavery and Human Rights Statement Page 14	
	2-27 Compliance with laws and regulations	Page 35	
	2-28 Membership associations	Page 166	
	2-29 Approach to stakeholder engagement	Page 165	
	2-30 Collective bargaining agreements		<1% of employees are covered by collective bargaining agreements
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 163	
	3-2 List of material topics	Pages 163 – 164	
	3-3 Management of material topics	Described topic-by-topic – refer to topic-specific disclosures below	
Topic standards			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Pages 90 – 105	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pages 36 – 45	
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 35	

GRI Standard	Disclosure	Location	Notes
GRI 207: Tax 2019	207-1 Approach to tax	Page 86	
GRI 305: Emissions 2016	305-1 Direct (scope 1) GHG emissions	GHG Inventory Report	
	305-2 Energy indirect (scope 2) GHG emissions	GHG Inventory Report	
	305-3 Other indirect (scope 3) GHG emissions	GHG Inventory Report	
	305-5 Reduction of GHG emissions	Pages 46 – 53 GHG Inventory Report	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Page 54	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Modern Slavery and Human Rights Statement Pages 16 – 20	
	308-2 Negative environmental impacts in the supply chain and actions taken	Modern Slavery and Human Rights Statement Pages 16 – 20	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 71	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 78	
	401-3 Parental leave	Page 73	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 67	
	403-9 Work-related injuries	Page 67	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Pages 64 – 65	Reporting employee training programmes
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 68 – 73	
	405-2 Ratio of basic salary and remuneration of women to men	Page 70	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Modern Slavery and Human Rights Statement Pages 16 – 20	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Modern Slavery and Human Rights Statement Pages 16 – 20	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Modern Slavery and Human Rights Statement Pages 16 – 20	
	414-2 Negative social impacts in the supply chain and actions taken	Modern Slavery and Human Rights Statement Pages 16 – 20	
GRI 415: Public Policy 2016	415-1 Political contributions	Pages 86, 117	
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	Page 35	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 35	

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Glossary

3G	third-generation mobile network as defined by the International Telecommunications Union.
4G	fourth-generation mobile network as defined by the International Telecommunications Union.
5G	fifth-generation mobile network as defined by the International Telecommunications Union.
5G standalone	a network that has a 5G core as well as 5G on mobile towers rather than non-standalone 5G which uses a combination of existing 4G LTE architecture with a 5G radio access network (RAN).
ADR	an American Depositary Receipt.
ARMC	the Audit and Risk Management Committee.
ARPU	average revenue per user.
ASX	the Australian Securities Exchange.
CCL	Computer Concepts Limited.
CCN	Converged Communications Network.
Company	Spark New Zealand Limited.
EBITDAI	earnings before finance income and expense, income tax, depreciation, amortisation, and net investment income.
eNPS	employee net promoter score, a measure of employee satisfaction.
GRI	the Global Reporting Initiative.
Group	the Group in relation to these financial statements, which are prepared for Spark New Zealand Limited (the Company) and its subsidiaries (together the Group).
HRCC	the Human Resources and Compensation Committee.
iNPS	interaction net promoter score, a measure of customer satisfaction.
IoT	the internet of things.
IFRS	International Financial Reporting Standards.
LTE	long-term evolution, as known as 4G.
LTI	long-term incentive, which is part of the Spark Leadership Squad and CEO's remuneration.
Millimeter waves	millimeter waves, also known as extremely high frequency (EHF), is a band of radio frequencies that has wavelengths between 1 mm and 10 mm. These frequencies can carry massive amounts of data at very high speeds. That makes them ideal for accommodating the massive increase in data demanded from new 5G use cases such as augmented/virtual reality, cloud gaming, video analytics and other cloud-compute capabilities.
Multi-access edge computing (MAEC)	extends the capabilities of cloud computing by bringing it to the 'edge' of the network. While traditional cloud computing occurs on remote servers that are situated far from the customer and device, MAEC allows this processing to take place much closer to the end customer – meaning data has to travel a shorter distance, decreasing latency, and the amount of data sent across the network can be reduced, reducing congestion, and delivering a better customer experience.
Network slicing	allows the operator to 'slice' its network to support different types of services through each 'slice'. Multiple slices can be tuned independently to meet different quality of service parameters. For example, one slice may simply need a standard speed connection to enable office email, another might be tuned to support very low data Internet of Things devices, while another slice may need high reliability and ultra-low latency to support robotics.
NOMs	the Nominations and Corporate Governance Committee.
NPS	Net Promoter Score.
NZ GAAP	Generally Accepted Accounting Practice in New Zealand.
NZ IAS	New Zealand International Accounting Standard.
NZ IFRS	New Zealand Equivalent to International Financial Reporting Standards.
NZX	NZX Limited.

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OTN	Optical Transport Network (OTN) - the high speed backbone of Spark's network, stretching from the Far North to the bottom of the South Island. The OTN uses light signals through optical fibre cables to carry all of Spark's data traffic up and down the country through diverse paths, ensuring resilient, fast connectivity for all users.
PSTN	Public Switched Telephone Network.
QBR	Quarterly Business Review.
SME	Small and Medium Enterprise.
Southern Cross	Southern Cross Cables group of companies, which consists of two sister companies, Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited and their subsidiaries.
STI	Short-Term Incentive, which is part of Spark Leadership Team and CEO remuneration.
TRIFR	Total Recordable Incident Frequency Rate per million Spark employee hours worked.
TSR	Total Shareholder Return and is a measure of share price appreciation and dividends paid over a given period.

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FY24 financial snapshot

$3,861m

1.2% decrease vs. adjusted FY23

ADJUSTED REVENUE[1][2]

$1,163m

2.5% decrease vs. adjusted FY23

ADJUSTED EBITDAI[2][3]

$342m

21.0% decrease vs. adjusted FY23

ADJUSTED NPAT[2][4]

$518m

0.6% increase vs. FY23

CAPEX[3]

$330m

32.5% decrease vs. FY23

FREE CASH FLOW

14.0 cps

H2 FY24 dividend[5]

TOTAL FY24 DIVIDEND OF 27.5 cps

0.5 cps increase vs. FY23

$3,861m

14.0% decrease vs. reported FY23

REPORTED REVENUE[1]

$1,163m

32.5% decrease vs. reported FY23

REPORTED EBITDAI[3]

$316m

72.2% decrease vs. reported FY23

REPORTED NPAT

[1] Operating revenues and other gains

[2] FY23 EBITDAI is adjusted for the impact of the TowerCo gain on sale of $584m included in revenue and the Spark Sport provision of $52m included in operating expenses. Net EBITDAI impact of $532m. FY23 NPAT is further adjusted for the tax effect of the net gain on sale of the TowerCo transaction and the Spark Sport provision totalling $168m.

[3] Earnings before finance income and expense, income tax, depreciation, amortisation and net investment income (EBITDAI) and capital expenditure (CAPEX) are non-Generally Accepted Accounting Principles (non-GAAP) performance measures that are defined in note 2.5 of Spark's Annual Report.

[4] FY24 NPAT adjusted for the impacts on tax expenses of $26m. Impact arises from the change in Government policy to remove the tax depreciation deduction on buildings, with a corresponding reduction in the associated deferred tax asset.

[5] Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

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FY24 results summary

Performance below aspiration, growth targeted in FY25 as SPK-26 Operate Programme accelerates

FY24 growth offset by subdued demand in some markets, with cost interventions to be realised in FY25

- Mobile service revenues surpassed $1 billion for the first time and IT products, data centres, and high-tech continued to grow
- Economic conditions impacted demand in IT services, intensified competition in business mobile, and led to lower mobile device and accessories sales
- FY24 revenue of $3,861m declined 1.2% on an adjusted[(1)] basis and 14.0% on a reported basis, as subdued demand offset growth
- SPK-26 Operate Programme accelerated in H2 but could not adapt the cost base to changing demand quickly enough, with benefits to be largely realised in FY25
- As a result, EBITDAI of $1,163m declined 2.5% on an adjusted[(1)] basis and 32.5% on a reported basis
- Reported NPAT declined 72.2% to $316 million due to cycling the TowerCo and Spark Sport transactions, lower EBITDAI, higher finance expenses and depreciation, and a one-off $26 million non-cash tax adjustment relating to Government policy changes[(2)]. Adjusted NPAT, excluding one-offs in both years, declined 21.0% to $342 million
- Free cash flow declined 32.5% to $330m due to lower EBITDAI and higher interest, lease costs, and non-cash earnings, contributing to higher net debt
- Customer satisfaction up 7 points, employee engagement remains strong, and top quartile sustainability benchmarking maintained against local and global peers
- Board declared a total FY24 dividend of 27.5 cps (100% imputed), with Dividend Reinvestment Plan (DRP) to be reinstated for the H2 FY24 dividend[(3)]

Business fundamentals remain strong, with clear plan to return to growth in FY25

1. Maintain leadership in growing mobile market through product innovation, customer demand for data, and annual price reviews
2. Scale data centre growth opportunity as AI and cloud drive significant increases in capacity demand
3. SPK-26 Operate Programme to deliver further material labour and opex cost reductions
4. Remain committed to financial strength and flexibility and bringing net debt back to ~1.7x EBITDAI in line with A- credit rating
5. FY25 Guidance of $1,165m-$1,220m EBITDAI, lower capex of ~$460m-$480m, and a dividend of 27.5 cps (75% imputed)

(1) FY24 financial results are cycling the significant revenue and net profit declared in FY23 following the TowerCo and Spark Sport transactions. As such, both reported and adjusted year-on-year comparisons are provided – the latter of which strips out the impact of the one-off gain to provide a like-for-like performance comparison.
(2) Relating to the recent Government policy changes to the zero-rating of tax depreciation on buildings.
(3) Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

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Telco market performance

Mobile growth sustained while consumer and business spending came under increasing pressure in second half

$1,010m

3.1% increase vs. FY23

MOBILE SERVICE REVENUE

Mobile service revenue surpassing $1bn, driven by consumer price increases and connection growth

Consumer mobile service revenue up 4.3% and SME up 1.6%, while Enterprise and Government declined 3.5% as price competition intensified

Maintained #1 position in mobile market share by service revenue and total connections[1]

$613m

2.1% decrease vs. FY23

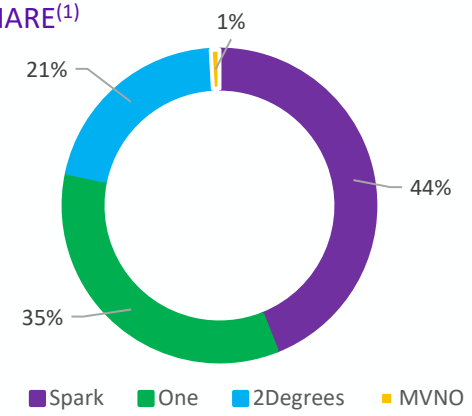
BROADBAND REVENUE

Macro-economic conditions intensified price-driven competition and bundling by non-telco competitors

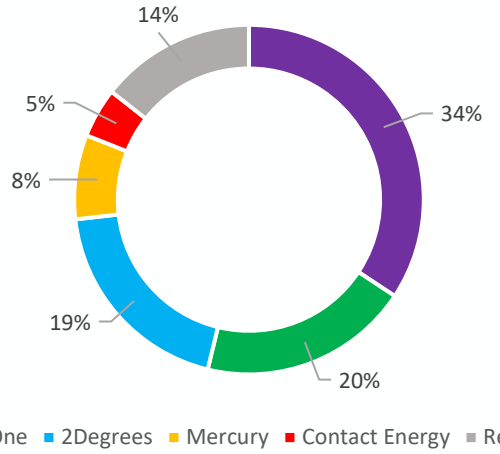
Actively managing profitability by passing through fixed input price increases

Wireless broadband held at ~31% of base. Focus on growing the addressable market through 5G rollout and expanding availability of unlimited plans for rural customers

MOBILE SERVICE REVENUE MARKET SHARE[1]



BROADBAND CONNECTION MARKET SHARE[2]



[1] Market share estimates sourced from IDC as at 30 June 2024. Mobile service revenue market share does not add to 100% due to rounding.
[2] Market share estimates sourced from IDC as at 31 March 2024.

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Digital services market performance

IT services impacted by economic slowdown, while data centres and high-tech revenues grew

$692m

1.6% decrease vs. FY23

TOTAL IT REVENUE

Return to growth in IT products with revenues up $18m or 3.5%. Driven by cloud growth, up $16m or 7.7% as businesses digitise

Public sector spending cuts and deferred private sector investment impacting IT services demand

IT services market deterioration accelerated in H2 with full year revenues down $29m or 14.9%

$37m

54.2% Increase vs. FY23

DATA CENTRES REVENUE

Exceeded FY24 revenue target with Takanini POD2 delivered on time and budget, and revenue stream online

Secured land and resource consent on the North Shore for a third strategic Auckland location and a staged 40MW campus build

Partnered with University of Waikato to manage on-campus data centre and utilise as an edge location for business customers

$79m

21.5% increase vs. FY23

HIGH-TECH REVENUE

IoT continues to see strong growth with revenues up 53.3%, driven by connection growth and new solutions

Achieved milestone of over 2 million devices connected to our IoT networks across the country

MATTR built its position in the TrustTech market, with further expansion in Australia and North America

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Toitū sustainability performance

ESG practices continue to mature, maintaining inclusion in the Dow Jones Sustainability Australia Index (DJSI)

ECONOMIC TRANSFORMATION

5G in 103 locations – two thirds of the way towards our FY26 ambition to have 5G in all towns with a population >1,500

Rural Connectivity Group connected its 500th rural cell tower – bringing the total households now served to 33k

DIGITAL EQUITY

Skinny Jump now supporting 32k households in need with subsidised broadband

New online protections launched – including SMS scam firewall and expanded CSAM blocking via membership of the Internet Watch Foundation

SUSTAINABLE SPARK

Tracking 18.6% above SBTi(1) emissions reduction target pathway, due to release of fire suppressant triggered by an alarm at an exchange. Without this event we would be 5.7% above our pathway

10-year renewable energy partnership with Genesis Energy – accounting for ~60% of annual electricity requirements. Will make a significant contribution towards SBTi(1) emissions reduction target from Jan 2025

(1) Science based target initiative.

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FY24 indicators of success

Measure	Target 30 June 2024	Status
Mobile service revenue growth	~5%	Solid Progress
Additional sites that are 5G capable	+180-200 sites	Solid Progress
Wireless broadband connections	+10k-15k	Not Achieved
IT and procurement revenue growth	~2%	Not Achieved
Data centre revenue	~$35m	Exceeded
High-tech revenue growth	~$25-$35m	Not Achieved
IoT connections	~2m	Exceeded
Gross cost reduction	~$40-$60m	Exceeded
Customer iNPS	+3 points	Exceeded
Lift in employee engagement	+5 points	Not achieved
Reduce Scope 1 and Scope 2 GHG emissions against FY20 Baseline	Maintain at or under 22.4% below FY20 baseline	Not Achieved

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SPK-26 Strategy Update

Dual focus on resilience and growth through SPK-26

Long-term strategy enduring, with near-term growth enabled by mobile and cost programme

- FY25 mobile market growth predicted to be ~3%[(1)], fuelled by ongoing demand for data
- Spark focus on dual brand strategy, product innovation, and annual price reviews to support ongoing growth

- Data centre strategy is a strong growth opportunity over the medium term
- NZ data centre market predicted to grow from ~90MW today to ~500MW at 2030[(2)], driven by AI and cloud uptake
- Development pipeline now at 118MW, positioning Spark to capture a significant share of this growth

- SPK-26 Operate Programme to reset cost base and insulate Spark from the economic environment
- Targeting net labour cost reduction of ~$50m in FY25
- Targeting net opex reduction of ~$30m in FY25

- Remain committed to maintaining financial strength and flexibility
- Focus on free cash flow growth and net debt reduction through higher EBITDAI and lower FY25 capex
- Exploring equity funding options to fund growth investments and data centre strategy

(1) Market size estimates sourced from IDC.
(2) Spark's assessment of total nationwide site capacity, based on market information available from research reports, announced developments, land transactions, and other publicly available information.

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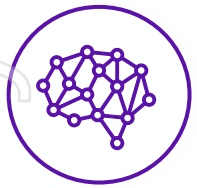
New Zealand data centre market set for rapid expansion

Growth drivers and return profile make data centres an attractive long-term investment for shareholders



- New Zealand data centre demand is growing rapidly
- Cloud migration still growing and driving uptake of public, private, and hybrid cloud
- Rapid acceleration in Generative AI predicted to significantly increase demand for additional data centre capacity

- Spark a natural owner – currently holding ~25%[(1)] of existing capacity in market, with significant pipeline of future development opportunities secured (land, power, fibre, and design)
- 10-year renewable PPA with Genesis and intention to explore additional renewable opportunities to support future growth
- Complementary digital infrastructure assets, such as fibre connectivity and subsea cable assets
- Relationships with cloud hyperscalers combined with local capability a compelling combination for customers

- Spark's 118MW development pipeline will require ~$1bn+ of capex over the next 5-7 years, targeting an IRR of ~10%-15%[(2)] over the expected investment horizon
- In the near term the Dividend Reinvestment Plan (DRP) and potential hybrid capital notes issuance will help fund growth investments while providing greater balance sheet flexibility
- Exploring other equity funding options, including capital partnerships

[(1)] Spark's assessment of total nationwide site capacity, based on market information available from research reports, announced developments, land transactions, and other publicly available information.
[(2)] Unlevered, post-tax IRR

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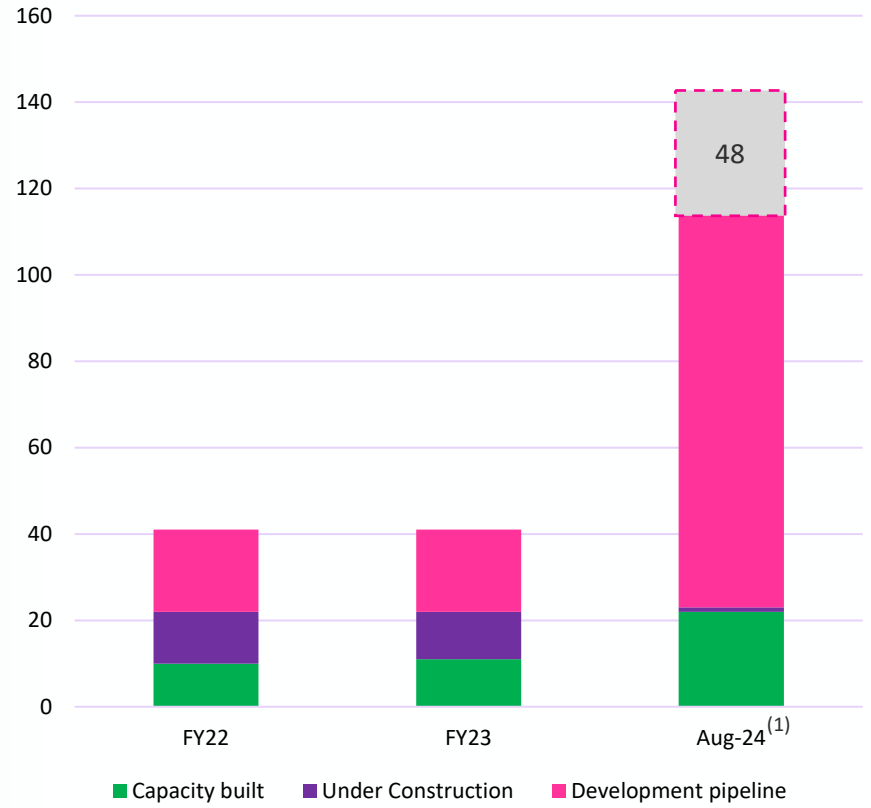
Spark data centre development pipeline has grown to 118MW

Built capacity at 88% contracted utilisation, potential to scale business significantly over next 5-7 years

FACILITY	STATUS	SITE CAPACITY (MW)
Auckland – Takanini Campus	Built	12
Auckland – Aotea Campus	Built	3
Other sites	Built	7
TOTAL CAPACITY BUILT		**22**
Auckland - Aotea Campus	Under construction	1
TOTAL CAPACITY UNDER CONSTRUCTION		**1**
Auckland – North Shore Campus	Development pipeline	40
Auckland – Takanini Campus	Development pipeline	63[1]
Auckland – Aotea Campus	Development pipeline	15
TOTAL DEVELOPMENT PIPELINE (as at Aug 2024)		**118[1]**
TOTAL POTENTIAL CAPACITY (as at Aug 2024)		**~140**

DATA CENTRE SITE CAPACITY (MW)



(1) In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.

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Three strategic Auckland locations deliver compelling investment portfolio

FY25 data centre investment of ~$70m-$90m to fund expansion, as future capital funding is secured

Takanini Data Centre

- **Overview**
  - 12MW site, with two pods close to 100% contracted[1]
  - New builds designed for sustainability, targeting LEED Silver certification
  - Equipped for high-density AI requirements
- **FY25 Investment ~$70m-$90m**
  - Stage 1 of POD3, commencing build of ~15MW capacity
- **Future Development Opportunity**
  - Adjacent land purchased in August 2024, bringing future development pipeline beyond FY25 to 48MW (total potential capacity of ~75MW)

North Shore Data Centre

- New site within 43-hectare masterplan development with surf park creators Aventuur
- Achieved resource consent in June 2024
- Designing for sustainability, targeting LEED Gold certification
- Land settlement
- Total campus capacity of 40MW, with staged delivery planned

Aotea (CBD) Data Centre

- 3MW site, strategically sought after due to its customer ecosystem and location as a key connection point for international submarine cable systems and national networks
- 1MW expansion completes
- Future development pipeline beyond FY25 of ~15MW (bringing total potential capacity to ~19MW)

Spark Data Centre Key Metrics[2]

- **Targeting EBITDAI margins of ~70%-80%**
- **Target IRR ~10%-15%**
- **Weighted average life of assets ~25 years[3]**
- **WALE 16.5 years**

[1] Includes contracted and reserved capacity.
[2] Based on new purpose-built data centre facilities only.
[3] May vary for future build depending on the mix of assets.

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SPK-26 Operate Programme update

Significant cost reduction focus continues in FY25

Operating model

- Following H1 labour cost growth, operating model redesign held full year labour costs broadly flat at $512m
- FY25 targeting net labour cost reduction of ~$50m through Enterprise and Government transformation and business-wide efficiency improvements
- Enterprise and Government division transformation to address structural segment challenges by integrating subsidiaries into Spark to remove duplication, simplify product portfolio and processes, and deliver better customer experiences at a lower cost

Operating costs

- Driving operating cost reductions through operating model changes (above), new strategic supplier agreements, ongoing digitisation and automation and tight cost control
- Leading to FY24 operating costs reduction, despite inflationary pressures
- In FY25 targeting a net opex reduction of ~$30m

Scale AI

- Consistent AI investment over 5+ years has delivered efficiencies through data-driven marketing and network automation and enhanced competitive advantage
- Spark in a strong position to leverage this capability to deploy Generative AI at scale, supporting focus on cost reduction while improving customer experiences (see next slide)

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Accelerating AI deployment at scale

Expanding use of AI through Generative AI deployment to support focus on customer experience and efficiency

- Acceleration of Generative AI capabilities enables use cases with wider applicability across the business
- Strong foundation for rapid deployment, with extensive in-house AI capability and existing governance structures
- Dedicated Transformation Lead and team driving testing and deployment of highest value use cases across Spark
- Combination of third-party tools and Spark-designed applications, leveraging existing decisioning engine
- Proactive workforce up-skilling and re-skilling through internal skilling centre
- Data Ethics Committee governs the operationalisation of Spark's AI Principles and Generative AI Policy

FUNCTIONALITY	DESCRIPTION	APPLICABILITY	STATUS
AI-ENABLED SALES AND MARKETING	• Predicting next best action for customer • Automated sales and marketing campaigns • Personalised offers and right-planning	• Consumer marketing • SME and B2B sales • Customer channels	• Live
AI CO-PILOTS	• Assistance with coding and testing • Content creation • Customer service support • Office productivity tools • Automated reporting	• IT • Product • Marketing • Call centres • All of Spark	• Co-pilots live across Spark • Scaling in customer care and IT in FY25
INTELLIGENT SEARCH	• Rapid retrieval of real time data • Automated responses to common questions • Research and idea generation	• All of Spark • Call centres • Retail • Service desks • Internal help desks	• Live in call centres, retail, and back-office functions • Enterprise-wide launch in FY25
AI-ENABLED NETWORK	• Automated monitoring and fault resolution • Advanced network planning matching investment to market opportunity	• Network • Sales and service teams	• Pilot live • To be scaled in FY25

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Financials

Financials

	REPORTED FY23 $m	REPORTED FY24 $m	CHANGE	ADJUSTED FY23 $m	ADJUSTED FY24 $m	CHANGE
Operating revenues and other gains	4,491	3,861	(14.0%)	3,908	3,861	(1.2%)
Operating expenses	(2,769)	(2,698)	(2.6%)	(2,715)	(2,698)	(0.6%)
EBITDAI	1,722	1,163	(32.5%)	1,193	1,163	(2.5%)
Finance income	32	30	(6.3%)	32	30	(6.3%)
Finance expense	(99)	(144)	45.5%	(99)	(144)	45.5%
Depreciation and amortisation	(504)	(527)	4.6%	(504)	(527)	(4.6%)
Net investment income	1	(8)	NM	(4)	(8)	100%
Net earnings before tax expense	1,152	514	(55.4%)	618	514	16.8%
Tax expense	(17)	(198)	NM	(185)	(172)[1]	(7.0%)
Net earnings after tax expense	1,135	316	(72.2%)	433	342	(21.0%)
Capital expenditure[2]	515	518	0.6%	515	518	0.6%
Free cash flow	489	330	(32.5%)	489	330	(32.5%)
EBITDAI margin	38.3%	30.1%	(8.2pp)	30.5%	30.1%	(0.4pp)
Effective tax rate	1.5%	38.5%	37.0pp	29.9%	33.5%	3.6pp
Capital expenditure to operating revenues and other gains	11.5%	13.4%	1.9pp	13.2%	13.4%	0.2pp
Basic earnings per share (cents)	60.7	17.3	(43.4)	23.2	18.7	(4.5)
Total dividend per share (cents)	27.0	27.5	0.5	27.0	27.5	0.5

[1] FY24 tax expenses is adjusted by $26m for the tax effects relating to the recent Government policy changes to the zero-rating of tax depreciation on buildings.
[2] Excluding expenditure on mobile spectrum.

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Revenue and opex performance summary

Revenue down, while lower product and labour costs mostly offset by severance costs and inflationary pressures

$3,861m

1.2% decrease vs. adjusted FY23

ADJUSTED REVENUE

- Impact of challenging economic conditions outweigh growth in mobile, IT products and high-tech revenues
- Mobile service revenue up $30m (3.1%) as demand for data continues to increase and price increases implemented. Growth slowed in H2 as competition intensified in the business market
- IT product revenue growth continued, up $18m (3.5%), driven by new client wins and increased workloads as businesses continue to move to the cloud
- Offset by declines in IT services and mobile device sales – with IT services revenue down $29m (14.9%) due to re-signs at lower rates and subdued project activity, and mobile non-service revenue down $26m (5.3%) as customers refresh handsets less frequently
- Voice revenue declined $51m (22.1%) in line with long-term customer transition off legacy technologies
- Other product revenue declined $36m (20.9%) due mainly to the exit of Spark Sport
- Other gains up by $69m due to strategic partners investing equipment in Spark networks to support future growth, changes to mobile tower leases, and equipment sales. Expected to normalise in FY25

$2,698m

0.6% decrease vs. adjusted FY23

ADJUSTED OPERATING COSTS

- Product costs down $53m (2.9%), through a combination of management intervention to re-shape the product portfolio, and the impacts of the economic environment
- Exit of Spark Sport delivering a reduction in other products cost
- Subdued economic activity saw lower procurement activity and associated product costs
- Voice product costs down 17.3% as input costs reduce in line with a lower customer base
- Labour costs broadly flat, reflecting SPK-26 Operate Programme intervention in H2 to align labour costs with changing revenue trends, with further benefits to be realised in FY25
- Other operating expenses increased $35 million (8.7%), driven by a full year of charges under the Connexa lease arrangement, bad debt costs, and severance costs

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Capital investment[1]

Investing in a secure and resilient network and digital infrastructure that underpins growth

- FY24 capital investment of $518m[1] or 13.4% of revenue[2]
- Two-thirds ($350m) invested into network and digital infrastructure, underpinning growth and resilience
- FY25 capital expenditure guidance of ~$460m-$480m

Capacity for resilience and growth

- 98%+ mobile population coverage
- 28% increase in mobile network capacity
- 5G Standalone (SA) core build and site configuration in preparation for Standalone network launch
- +10MW new data centre capacity (22.3MW total)
- 2 million devices connected to IoT networks that reach 99% of the population[3]
- Established a network of satellite-connected small cells for greater resilience

Enabling Spark

- Accelerated AI deployment and licensing for automation
- IT system investment to support efficiency and better digital customer experiences

[1] Excluding $23m of spectrum recognised in FY24 for long-term spectrum management rights of 80 MHz of 3.5 GHz c-band spectrum with cash payments made across FY23-FY25.
[2] Capital expenditure in the statement of cashflows was $592 million (including capitalised interest and excluding spectrum). The main drivers of this difference are related to network expenditure items that were received in FY23 but not paid for until FY24, together with payments of capex at the end of FY24 in relation to long term network projects that have not yet been implemented.
[3] Cat-M1 Internet of Things network.

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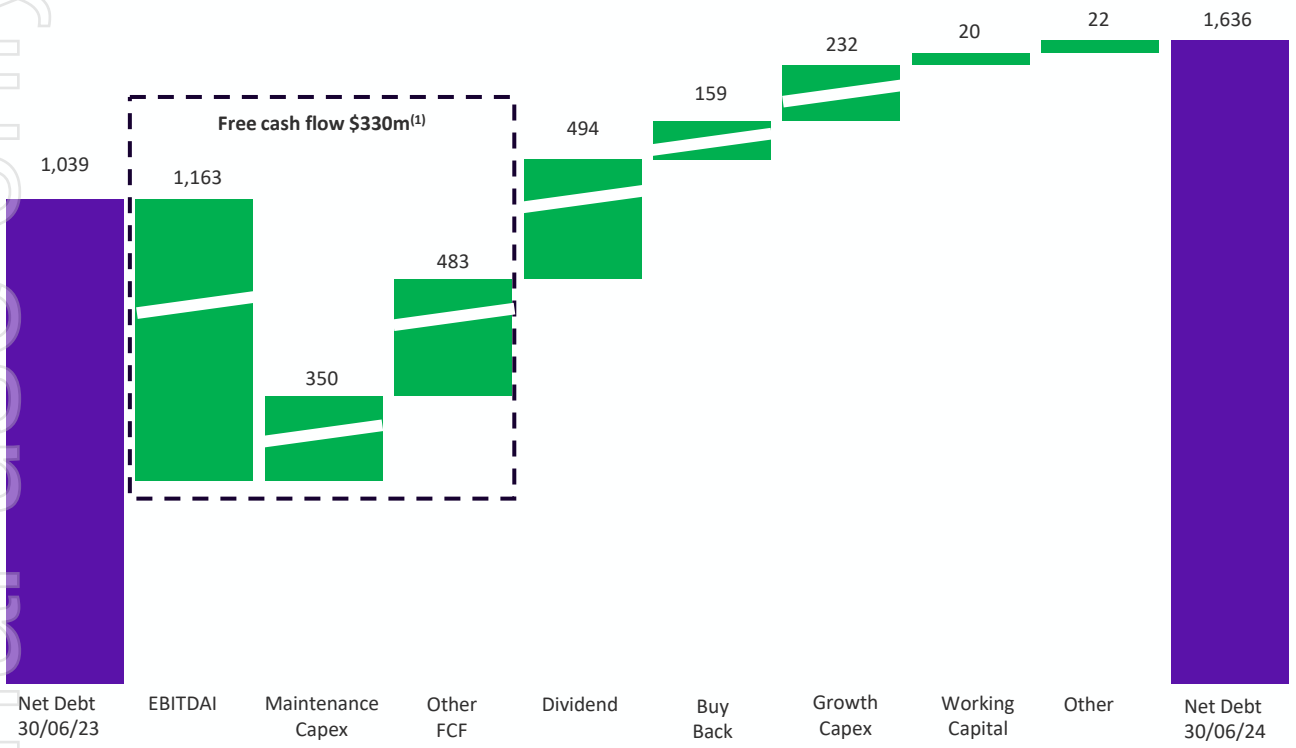
Free cash flow and net debt

Free cash flow impacted by lower EBITDAI and higher non-cash earnings, with net debt exceeding 1.7x in the short term

Movement in net debt during FY24 ($m)



- ~$0.5bn lower opening net debt reflecting FY23 receipt of TowerCo proceeds, which were reinvested and returned to shareholders during FY24
- Free cash flow and net debt primarily impacted by lower EBITDAI, higher non-cash items(2), and higher cash capex
- Net debt to EBITDAI of 2.1x(3) currently exceeding 1.7x
- On market share buy-back concluded(4)
- Clear plan to return net debt to EBITDAI to ~1.7x, consistent with A- investment grade credit rating, through:
  - EBITDAI growth, with other gains consistent with prior trends
  - Reducing capital investment to ~$460m-$480m
  - Reinstatement of the DRP(5)
  - Potential hybrid capital notes issuance to provide greater balance sheet flexibility

FY25 free cash flow aspiration of ~$400m-$440m

(1) Free cash flow calculation outlined in Spark's detailed financials workbook. Other FCF includes interest, tax, leases and non-cash other gains.
(2) Other gains of $102m, an increase of $69m vs. FY23. Non-cash component of other gains $78m vs. $18m in FY23.
(3) Includes lease liabilities, and captive adjustments. Spark estimates this aligns to S&P's credit rating calculation.
(4) On 22 August 2024, the Board resolved to withdraw the on-market share buy-back, bringing the buy-back to a conclusion.
(5) Shares issued under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

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Capital Management Framework

Framework informs FY25 funding of dividend and capital investments, while maintaining an appropriate investment grade credit rating

Objectives

- #1 **Strategic alignment**
- #2 **NPV positive**
- #3 **ROI > Spark's hurdle rate in years 3-5**
- #4 **Long run capex to revenue ~10%-12%[5]**

Principles

Maximising shareholder value

- Dividends funded through growth in EBITDAI and sustainable free cash flow
- Dividend Policy: pay-out ratio of ~80%-100% of free cash flow[1] on a long run basis

Investing for growth

- Investing to sustain and grow the business organically
- Updated long run target of capex to revenues of ~10%-12%, with medium-term investment in excess of this target funded through new forms of capital management
- Investing for growth via mergers and acquisitions that are EPS accretive over time

Maintaining financial strength and flexibility

- Remain committed to an appropriate investment grade credit rating

FY25 Approach

- FY25 dividend of 27.5 cps[2]
- On-market share buyback concluded[3]
- FY25 capex guidance of ~$460m-$480m
- DRP reinstated from H2 FY24[4] and potential hybrid capital notes issuance will help to:
  - fund growth investments in the near term;
  - bring net debt back to target metric of 1.7x net debt to EBITDAI, consistent with an A- credit rating in the near term; and
  - enable greater balance sheet strength and flexibility

[1] Refer to Spark's detailed financials for free cash flow calculation.
[2] Subject to no material adverse change in operating outlook.
[3] On 22 August 2024, the Board resolved to withdraw the on-market share buy-back, bringing the buy-back to a conclusion.
[4] Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.
[5] Excluding any spectrum purchases and renewals.

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Outlook

FY25 performance outlook[1]

Targeting return to topline revenue growth; significant cost reductions and reduced capital investment

REVENUE	• Targeting mobile service revenue growth of ~3% driven by ongoing demand for data, connection growth, and annual price reviews • Targeting high-tech revenue growth of ~20%-25% underpinned by IoT and converged technology solutions • Targeting FY25 data centre revenue growth of ~15% reflecting current capacity utilisation scaling, while additional capacity is built and comes online • Stabilisation in IT services • Revenue growth partially offset by market pressures and revenue declines in legacy products
LABOUR & OPEX	• SPK-26 Operate Programme targeting a reduction of ~$50m in net labour and ~$30m in net opex
CAPEX	• Reduced FY25 capital investment to ~$460m-$480m

[1] Not guidance. Subject to no material change in operating outlook.

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FY25 indicators of success

Measure	Target 30 June 2025
Mobile service revenue growth	~3%
Data centre revenue growth	~15%
High-tech revenue growth	~20%-25%
SPK-26 Operate Programme:	
Net labour reduction	~$50m
Net opex reductions	~$30m
Customer iNPS	+3 points
Lift in employee engagement	+3 points
Reduce Scope 1 and Scope 2 GHG emissions in line with SBTi reduction target pathway	At or under 28% below FY20 baseline

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Guidance[1]

	FY24 Actual	FY25 Guidance
EBITDAI	$1,163m	$1,165m-$1,220m
Capital expenditure[2]	$518m	~$460m-$480m
Dividend per share	Total 27.5 cps[3] (100% imputed)	Total 27.5 cps (75% imputed)

[1] Subject to no material adverse change in operating outlook.
[2] Total capital expenditure including growth capex and excluding expenditure on mobile spectrum.
[3] Dividend Reinvestment Plan reinstated for the H2 FY24 dividend. Shares under the Dividend Reinvestment Plan will be issued at a 3% discount to the prevailing market price as determined around the time of issue.

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Appendix

FY24 net debt metrics

Net Debt	FY23 ($m)	FY24 ($m)
Net debt at hedged rates	$1,039	$1,636
Net debt at hedged rates including lease liabilities	$1,817	$2,377
Debt Ratios		
Borrowing costs (annualised)	5.5%	6.1%
Weighted average debt maturity (years)	3.9 years	3.7 years
Debt servicing[(1)]	1.4x	2.1x
Gearing	48%	60%
Interest cover	16x	9x

[(1)] Debt servicing is calculated as (Net debt at hedge rates+ Lease liabilities - captive finance adjustments)/(Adjusted EBITDAI - captive finance adjustments) which Spark estimates aligns to S&P's credit rating calculation.

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Group result - reported

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Operating revenues and other gains	1,890	1,830	2,534	1,957	1,976	1,885	4,491	3,861	(630)	(14.0%)
Operating expenses	(1,352)	(1,218)	(1,492)	(1,277)	(1,446)	(1,252)	(2,769)	(2,698)	71	2.6%
EBITDAI	**538**	**612**	**1,042**	**680**	**530**	**633**	**1,722**	**1,163**	**(559)**	**(32.5%)**
Finance income	14	12	16	16	14	16	32	30	(2)	(6.3%)
Finance expense	(37)	(37)	(43)	(56)	(63)	(81)	(99)	(144)	(45)	(45.5%)
Depreciation and amortisation	(257)	(263)	(248)	(256)	(251)	(276)	(504)	(527)	(23)	(4.6%)
Net investment income	(1)	-	(1)	2	(3)	(5)	1	(8)	(9)	NM
Net earnings before income tax	**257**	**324**	**766**	**386**	**227**	**287**	**1,152**	**514**	**(638)**	**(55.4%)**
Tax income / (expense)	(78)	(93)	99	(116)	(70)	(128)	(17)	(198)	(181)	NM
Net earnings for the period	**179**	**231**	**865**	**270**	**157**	**159**	**1,135**	**316**	**(819)**	**(72.2%)**
Capital expenditure excluding spectrum	218	192	250	265	286	232	515	518	3	0.6%
Free cash flows excluding spectrum	164	269	115	374	46	284	489	330	(159)	(32.5%)
Reported EBITDAI margin	28.5%	33.4%	41.1%	34.7%	26.8%	33.6%	38.3%	30.1%	(8.2pp)	
Reported effective tax rate	30.4%	28.7%	(12.9%)	30.1%	30.8%	44.6%	1.5%	38.5%	37.0pp	
Capital expenditure to operating revenues and other gains	11.5%	10.5%	9.9%	13.5%	14.5%	12.3%	11.5%	13.4%	1.9pp	
Reported basic earnings per share (cents)	9.6	12.4	46.2	14.5	8.6	8.8	60.7	17.3	(43.4)	(71.5%)
Reported diluted earnings per share (cents)	9.6	12.4	46.1	14.5	8.5	8.9	60.6	17.3	(43.3)	(71.5%)

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. FY24 net earnings is adjusted for the impact of the zero-rating of tax depreciation on buildings which has resulted in a $26 million non-cash increase in tax expense and corresponding reduction in deferred tax assets. FY23 net earnings is adjusted for the impact of the sale of Connexa.

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Adjusted operating revenues and other gains	1,890	1,830	1,950	1,958	1,976	1,885	3,908	3,861	(47)	(1.2%)
Adjusted operating expenses	(1,352)	(1,218)	(1,440)	(1,275)	(1,446)	(1,252)	(2,715)	(2,698)	17	0.6%
Adjusted EBITDAI	**538**	**612**	**510**	**683**	**530**	**633**	**1,193**	**1,163**	**(30)**	**(2.5%)**
Finance income	14	12	16	16	14	16	32	30	(2)	(6.3%)
Finance expense	(37)	(37)	(43)	(56)	(63)	(81)	(99)	(144)	(45)	(45.5%)
Depreciation and amortisation	(257)	(263)	(248)	(256)	(251)	(276)	(504)	(527)	(23)	(4.6%)
Adjusted net investment income	(1)	-	(1)	(3)	(3)	(5)	(4)	(8)	(4)	(100.0%)
Adjusted net earnings before income tax	**257**	**324**	**234**	**384**	**227**	**287**	**618**	**514**	**(104)**	**(16.8%)**
Adjusted income tax expense	(78)	(93)	(69)	(116)	(70)	(102)	(185)	(172)	13	7.0%
Adjusted net earnings for the period	**179**	**231**	**165**	**268**	**157**	**185**	**433**	**342**	**(91)**	**(21.0%)**
Capital expenditure excluding spectrum	218	192	250	265	286	232	515	518	3	0.6%
Free cash flows excluding spectrum	164	269	115	374	46	284	489	330	(159)	(32.5%)
Adjusted EBITDAI margin	28.5%	33.4%	26.2%	34.9%	26.8%	33.6%	30.5%	30.1%	(0.4pp)	
Adjusted effective tax rate	30.4%	28.7%	29.5%	30.2%	30.8%	35.5%	29.9%	33.5%	3.6pp	
Capital expenditure to adjusted operating revenues and other gains	11.5%	10.5%	12.8%	13.5%	14.5%	12.3%	13.2%	13.4%	0.2pp	
Adjusted basic earnings per share (cents)	9.6	12.4	8.8	14.4	8.6	10.1	23.2	18.7	(4.5)	(19.4%)
Adjusted diluted earnings per share (cents)	9.6	12.4	8.8	14.3	8.5	10.2	23.1	18.7	(4.4)	(19.0%)

Gross margin by product

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Mobile	437	467	477	507	496	494	984	990	6	0.6%
Voice	86	79	71	62	51	48	133	99	(34)	(25.6%)
Broadband	166	152	149	149	148	140	298	288	(10)	(3.4%)
IT products	146	144	136	143	139	136	279	275	(4)	(1.4%)
IT services	86	85	77	84	70	52	161	122	(39)	(24.2%)
Procurement and partners	26	27	27	40	24	41	67	65	(2)	(3.0%)
Data Centres	11	11	12	10	17	18	22	35	13	59.1%
High-Tech	23	20	23	23	22	23	46	45	(1)	(2.2%)
Other products	8	26	25	58	46	45	83	91	8	9.6%
Total product gross margin	989	1,011	997	1,076	1,013	997	2,073	2,010	(63)	(3.0%)
Other gains	16	10	588	28	19	83	616	102	(514)	(83.4%)
Total gross margin	1,005	1,021	1,585	1,104	1,032	1,080	2,689	2,112	(577)	(21.5%)

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Connections

	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
Mobile connections[1]	2,445	2,503	2,616	2,707	2,760	2,715	2,707	2,715	8	0.3%
Voice connections by type[2]										
POTS and ISDN[2]	163	136	112	91	69	59	91	59	(32)	(35.2%)
VoIP	69	66	60	59	53	51	59	51	(8)	(13.6%)
Voice over wireless	20	17	14	8	8	6	8	6	(2)	(25.0%)
	252	219	186	158	130	116	158	116	(42)	(26.6%)
Broadband connections by technology										
Copper	113	95	79	64	54	43	64	43	(21)	(32.8%)
Fibre	402	415	423	426	427	428	426	428	2	0.5%
Wireless	187	194	202	209	214	216	209	216	7	3.3%
	702	704	704	699	695	687	699	687	(12)	(1.7%)
IoT connections	623	832	1,160	1,461	1,799	2,048	1,461	2,048	587	40.2%

[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).

Group FTEs

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
FTE permanent	4,921	4,924	4,976	5,189	5,356	5,072	5,189	5,072	(117)	(2.3%)
FTE contractors	190	208	182	143	97	70	143	70	(73)	(51.0%)
Total FTE	5,111	5,132	5,158	5,332	5,453	5,142	5,332	5,142	(190)	(3.6%)

Dividends

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
Ordinary dividends (cents per share)	12.50	12.50	13.50	13.50	13.50	14.00	27.00	27.50	0.50	1.9%
Total dividend (cents per share)	12.50	12.50	13.50	13.50	13.50	14.00	27.00	27.50	0.50	1.9%

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Group operating revenues and other gains

	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Telco										
Mobile										
Service revenue	441	458	480	500	510	500	980	1,010	30	3.1%
Non-service revenue	237	215	252	238	239	225	490	464	(26)	(5.3%)
Mobile	678	673	732	738	749	725	1,470	1,474	4	0.3%
Voice	146	139	122	109	94	86	231	180	(51)	(22.1%)
Broadband[1]	324	315	313	313	309	304	626	613	(13)	(2.1%)
Total Telco	1,148	1,127	1,167	1,160	1,152	1,115	2,327	2,267	(60)	(2.6%)
IT Revenue										
IT Products										
Cloud	110	104	105	103	109	115	208	224	16	7.7%
Managed data and networks	110	110	110	112	112	111	222	223	1	0.5%
Collaboration	38	40	39	40	40	40	79	80	1	1.3%
IT Products	258	254	254	255	261	266	509	527	18	3.5%
IT Services	97	101	91	103	84	81	194	165	(29)	(14.9%)
Total IT revenue	355	355	345	358	345	347	703	692	(11)	(1.6%)
Procurement and partners	301	237	319	265	339	209	584	548	(36)	(6.2%)
Data centres	11	12	13	11	18	19	24	37	13	54.2%
High-Tech	29	28	31	34	35	44	65	79	14	21.5%
Other products	30	61	71	101	68	68	172	136	(36)	(20.9%)
Total operating revenues	1,874	1,820	1,946	1,929	1,957	1,802	3,875	3,759	(116)	(3.0%)
Other gains	16	10	4	29	19	83	33	102	69	NM
Adjusted operating revenues and other gains	1,890	1,830	1,950	1,958	1,976	1,885	3,908	3,861	(47)	(1.2%)
Net gain on sale of Connexa	-	-	584	(1)	-	-	583	-	(583)	(100.0%)
Total operating revenues and other gains	1,890	1,830	2,534	1,957	1,976	1,885	4,491	3,861	(630)	(14.0%)

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

Operating revenues and other gains by customer segment

Operating revenues and other gains	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Consumer	777	757	797	782	780	757	1,579	1,537	(42)	(2.7%)
Business	1,018	952	1,019	976	1,037	922	1,995	1,959	(36)	(1.8%)
Wholesale and other	95	121	718	199	159	206	917	365	(552)	(60.2%)
	1,890	1,830	2,534	1,957	1,976	1,885	4,491	3,861	(630)	(14.0%)

Finance income

Finance income	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Finance lease interest income	6	3	4	4	4	4	8	8	-	-%
Other interest income	8	9	12	12	10	12	24	22	(2)	(8.3%)
	14	12	16	16	14	16	32	30	(2)	(6.3%)

Net investment income

Net investment income	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Share of associates' and joint ventures' net losses	(1)	-	(3)	(9)	(8)	(9)	(12)	(17)	(5)	(41.7%)
Interest income on loans receivable from associates and joint ventures	-	-	2	6	6	6	8	12	4	50.0%
Impairment of investments	-	-	-	-	-	(2)	-	(2)	(2)	NM
Net disposal and remeasurement of equity accounted investments	-	-	-	-	(1)	-	-	(1)	(1)	NM
Adjusted net investment income	(1)	-	(1)	(3)	(3)	(5)	(4)	(8)	(4)	(100.0%)
Net gain on dilution of the investment in the Connexa group	-	-	-	5	-	-	5	-	(5)	(100.0%)
Reported net investment income	(1)	-	(1)	2	(3)	(5)	1	(8)	(9)	NM

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Group operating expenses

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Product costs										
Mobile	241	206	255	231	253	231	486	484	(2)	(0.4%)
Voice	60	60	51	47	43	38	98	81	(17)	(17.3%)
Broadband	158	163	164	164	161	164	328	325	(3)	(0.9%)
IT products	112	110	118	112	122	130	230	252	22	9.6%
IT services	11	16	14	19	14	29	33	43	10	30.3%
Procurement and partners	275	210	292	225	315	168	517	483	(34)	(6.6%)
Data centres	-	1	1	1	1	1	2	2	-	-%
High-Tech	6	8	8	11	13	21	19	34	15	78.9%
Other product costs	22	35	46	43	22	23	89	45	(44)	(49.4%)
	885	809	949	853	944	805	1,802	1,749	(53)	(2.9%)
Labour	263	232	269	242	279	233	511	512	1	0.2%
Other operating expenses										
Network support costs	44	21	45	20	40	33	65	73	8	12.3%
Computer costs	55	56	57	52	52	63	109	115	6	5.5%
Accommodation costs	14	18	23	26	29	29	49	58	9	18.4%
Electricity - data centres[1]	1	2	2	2	2	2	4	4	-	-%
Electricity - non data centres	15	15	15	15	17	17	30	34	4	13.3%
Advertising, promotions and communication	34	26	33	23	33	21	56	54	(2)	(3.6%)
Bad debts	3	1	4	5	7	8	9	15	6	66.7%
Impairment expense	2	-	-	-	-	-	-	-	-	NM
Other	36	38	43	37	43	41	80	84	4	5.0%
	204	177	222	180	223	214	402	437	35	8.7%
Adjusted operating expenses	1,352	1,218	1,440	1,275	1,446	1,252	2,715	2,698	(17)	(0.6%)
Spark Sport provision	-	-	52	2	-	-	54	-	(54)	(100.0%)
Total operating expenses	1,352	1,218	1,492	1,277	1,446	1,252	2,769	2,698	(71)	(2.6%)

[1]Estimated electricity costs to run Spark Group's dedicated data centres.

Finance expense

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Finance expense										
Finance expense on long-term debt	23	22	22	28	33	42	50	75	25	50.0%
Other interest and finance expense	4	7	7	5	8	15	12	23	11	91.7%
Lease interest expense	10	9	15	24	24	24	39	48	9	23.1%
Leased customer equipment interest expense	3	4	4	3	4	4	7	8	1	14.3%
	40	42	48	60	69	85	108	154	46	42.6%
Capitalised interest	(3)	(5)	(5)	(4)	(6)	(4)	(9)	(10)	(1)	(11.1%)
	37	37	43	56	63	81	99	144	45	45.5%

Depreciation and amortisation expense

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Depreciation and amortisation expense										
Depreciation - property, plant and equipment	116	118	114	113	112	123	227	235	8	3.5%
Depreciation - right-of-use assets	40	40	36	39	42	47	75	89	14	18.7%
Depreciation - leased customer equipment assets	18	19	19	17	17	16	36	33	(3)	(8.3%)
Amortisation - intangible assets	83	86	79	87	80	90	166	170	4	2.4%
	257	263	248	256	251	276	504	527	23	4.6%

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Analysis & KPIs - Mobile

Mobile revenue by type (Consumer and Business)	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Mobile service revenue	435	451	472	489	500	489	961	989	28	2.9%
Mobile non-service revenue[1]	229	205	231	218	219	199	449	418	(31)	(6.9%)
	664	656	703	707	719	688	1,410	1,407	(3)	(0.2%)
Wholesale and other customer segment mobile revenue[2]	14	17	29	31	30	37	60	67	7	11.7%
Total mobile revenue	678	673	732	738	749	725	1,470	1,474	4	0.3%
Mobile product costs[3]	(241)	(206)	(255)	(231)	(253)	(231)	(486)	(484)	2	0.4%
Mobile gross margin	437	467	477	507	496	494	984	990	6	0.6%
Mobile gross margin %	64.5%	69.4%	65.2%	68.7%	66.2%	68.1%	66.9%	67.2%	0.3pp	

Total mobile revenue by customer segment	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Consumer	454	444	486	486	499	480	972	979	7	0.7%
Business	210	212	217	221	220	208	438	428	(10)	(2.3%)
Wholesale and other	14	17	29	31	30	37	60	67	7	11.7%
	678	673	732	738	749	725	1,470	1,474	4	0.3%

Average revenue per user (ARPU) - 6 month active (Consumer and Business)	H1 FY22 $ per month	H2 FY22 $ per month	H1 FY23 $ per month	H2 FY23 $ per month	H1 FY24 $ per month	H2 FY24 $ per month	FY23 $ per month	FY24 $ per month	FY23 vs FY24 $ per month	FY23 vs FY24 %
Total ARPU	30.19	30.84	31.30	30.78	30.66	30.03	31.04	30.35	(0.69)	(2.2%)
Pay-monthly ARPU	40.17	41.01	41.59	41.48	42.14	41.12	41.54	41.63	0.09	0.2%
Prepaid ARPU	16.26	16.47	17.26	16.91	16.09	15.88	17.09	15.99	(1.10)	(6.4%)

Number of mobile connections at period end - 6 month active (Consumer and Business)[4]	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
Pay-monthly connections	1,416	1,437	1,471	1,509	1,525	1,517	1,509	1,517	8	0.5%
Prepaid connections	1,001	1,038	1,118	1,173	1,210	1,173	1,173	1,173	-	-%
Internal connections	4	4	4	4	4	4	4	4	-	-%
Total mobile connections	2,421	2,479	2,593	2,686	2,739	2,694	2,686	2,694	8	0.3%

[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.

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Analysis & KPIs - Voice

Revenue by type	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Access	57	52	45	37	33	29	82	62	(20)	(24.4%)
Calling	70	68	59	54	48	44	113	92	(21)	(18.6%)
Other voice revenue	19	19	18	18	13	13	36	26	(10)	(27.8%)
Total voice revenue	146	139	122	109	94	86	231	180	(51)	(22.1%)
Voice product costs[1]	(60)	(60)	(51)	(47)	(43)	(38)	(98)	(81)	17	17.3%
Voice gross margin	86	79	71	62	51	48	133	99	(34)	(25.6%)
Voice gross margin %	58.9%	56.8%	58.2%	56.9%	54.3%	55.8%	57.6%	55.0%	(2.6pp)	

Voice connections by type	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
POTS and ISDN	163	136	112	91	69	59	91	59	(32)	(35.2%)
VoIP	69	66	60	59	53	51	59	51	(8)	(13.6%)
Voice over wireless	20	17	14	8	8	6	8	6	(2)	(25.0%)
Total voice connections	252	219	186	158	130	116	158	116	(42)	(26.6%)

Voice connections by customer segment	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
Consumer	64	54	46	32	28	24	32	24	(8)	(25.0%)
Business	139	126	111	104	90	82	104	82	(22)	(21.2%)
Wholesale and other	49	39	29	22	12	10	22	10	(12)	(54.5%)
Total voice connections	252	219	186	158	130	116	158	116	(42)	(26.6%)

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

Analysis & KPIs - Broadband

	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Total broadband revenue	324	315	313	313	309	304	626	613	(13)	(2.1%)
Broadband product costs[2]	(158)	(163)	(164)	(164)	(161)	(164)	(328)	(325)	3	0.9%
Broadband gross margin	166	152	149	149	148	140	298	288	(10)	(3.4%)
Broadband gross margin %	51.2%	48.3%	47.6%	47.6%	47.9%	46.1%	47.6%	47.0%	(0.6pp)	

Broadband connections by technology	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
Copper	113	95	79	64	54	43	64	43	(21)	(32.8%)
Fibre	402	415	423	426	427	428	426	428	2	0.5%
Wireless	187	194	202	209	214	216	209	216	7	3.3%
Total broadband connections	702	704	704	699	695	687	699	687	(12)	(1.7%)

Broadband connections by customer segment	H1 FY22 000's	H2 FY22 000's	H1 FY23 000's	H2 FY23 000's	H1 FY24 000's	H2 FY24 000's	FY23 000's	FY24 000's	FY23 vs FY24 000's	FY23 vs FY24 %
Consumer	593	595	594	589	584	580	589	580	(9)	(1.5%)
Business	105	104	104	102	102	100	102	100	(2)	(2.0%)
Wholesale and other	4	5	6	8	9	7	8	7	(1)	(12.5%)
Total broadband connections	702	704	704	699	695	687	699	687	(12)	(1.7%)

[2]Includes broadband access (UBA/UCLL/Fibre) and modem costs.

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Analysis & KPIs - Data centres

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Data centre revenue	11	12	13	11	18	19	24	37	13	54.2%
Data centre product cost	-	(1)	(1)	(1)	(1)	(1)	(2)	(2)	-	-%
Data centre gross margin	11	11	12	10	17	18	22	35	13	59.1%
Data centre gross margin%	100.0%	91.7%	92.3%	90.9%	94.4%	94.7%	91.7%	94.6%	2.9pp	

Data centre KPIs	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
Data centre capacity built (in MW)	10	10	11	11	22	22	11	22	11	100.0%
Data centre capacity under construction (in MW)	12	12	11	11	1	1	11	1	(10)	(90.9%)
Data centre development pipeline (in MW)	19	19	19	19	70	70	19	70	51	268.4%
Total capacity (in MW)	41	41	41	41	93	93	41	93[2]	891	2173.2%
Weighted average lease term with options (WALE)	16.6	16.6	16.6	16.6	16.5	16.5	16.6	16.5	(0.1)	(0.6%)
Contracted utilisation dedicated data centres[1]	87%	87%	84%	84%	88%	88%	84%	88%	4.0pp	
Target power usage effectiveness (PUE)	N/A	N/A	N/A	N/A	1.2	1.2	N/A	1.2	N/A	N/A
PUE - Legacy data centre assets	1.61	1.54	1.54	1.56	1.57	1.57	1.56	1.57	(0.01)	(0.6%)

[1]Includes contracted and reserved racks at dedicated data centres and exchanges.

[2]In August, Spark entered into a conditional agreement to purchase land at Takanini, which would add 48MW to the site. This increased the total development pipeline from 70MW at the end of FY24 to 118MW at time of publishing.

Analysis & KPIs - IT products

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Cloud revenue	110	104	105	103	109	115	208	224	16	7.7%
Cloud product costs	(35)	(37)	(39)	(33)	(38)	(46)	(72)	(84)	(12)	(16.7%)
Cloud gross margin	75	67	66	70	71	69	136	140	4	2.9%
Cloud gross margin%	68.2%	64.4%	62.9%	68.0%	65.1%	60.0%	65.4%	62.5%	(2.9pp)	
Managed data and networks revenue	110	110	110	112	112	111	222	223	1	0.5%
Managed data and networks product costs[3]	(62)	(58)	(64)	(64)	(67)	(66)	(128)	(133)	(5)	(3.9%)
Managed data and networks gross margin	48	52	46	48	45	45	94	90	(4)	(4.3%)
Managed data and networks gross margin %	43.6%	47.3%	41.8%	42.9%	40.2%	40.5%	42.3%	40.4%	(2.0pp)	
Collaboration revenue	38	40	39	40	40	40	79	80	1	1.3%
Collaboration product costs	(15)	(15)	(15)	(15)	(17)	(18)	(30)	(35)	(5)	(16.7%)
Collaboration gross margin	23	25	24	25	23	22	49	45	(4)	(8.2%)
Collaboration gross margin %	60.5%	62.5%	61.5%	62.5%	57.5%	55.0%	62.0%	56.3%	(5.7pp)	

[3]Includes wide area network access, international data, network backhaul and videoconferencing platform costs.

Analysis & KPIs - IT services

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Service management revenue	87	89	80	83	72	69	163	141	(22)	(13.5%)
Security revenue	10	12	11	20	12	12	31	24	(7)	(22.6%)
Service management and security revenue	97	101	91	103	84	81	194	165	(29)	(14.9%)
Service management and security product costs	(11)	(16)	(14)	(19)	(14)	(29)	(33)	(43)	(10)	(30.3%)
Service management and security gross margin	86	85	77	84	70	52	161	122	(39)	(24.2%)
Service management and security gross margin %	88.7%	84.2%	84.6%	81.6%	83.3%	64.2%	83.0%	73.9%	(9.1pp)	

Analysis & KPIs - Procurement and partners

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Procurement and partners revenue	301	237	319	265	339	209	584	548	(36)	(6.2%)
Procurement and partners product costs	(275)	(210)	(292)	(225)	(315)	(168)	(517)	(483)	34	6.6%
Procurement and partners gross margin	26	27	27	40	24	41	67	65	(2)	(3.0%)
Procurement and partners gross margin %	8.6%	11.4%	8.5%	15.1%	7.1%	19.6%	11.5%	11.9%	0.4pp	

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Statement of cash flows

	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
Cash flows from operating activities										
Receipts from customers	1,901	1,755	1,975	1,815	1,972	1,739	3,790	3,711	(79)	(2.1%)
Receipts from interest	13	11	16	13	13	15	29	28	(1)	(3.4%)
Payments to suppliers and employees	(1,327)	(1,279)	(1,460)	(1,270)	(1,519)	(1,134)	(2,730)	(2,653)	77	2.8%
Payments for income tax	(93)	(67)	(120)	(70)	(101)	(88)	(190)	(189)	1	0.5%
Payments for interest on debt	(23)	(25)	(23)	(32)	(31)	(49)	(55)	(80)	(25)	(45.5%)
Payments for interest on leases	(10)	(9)	(15)	(22)	(23)	(23)	(37)	(46)	(9)	(24.3%)
Payments for interest on leased customer equipment assets	(3)	(3)	(4)	(3)	(4)	(3)	(7)	(7)	-	-%
Net cash flows from operating activities	458	383	369	431	307	457	800	764	(36)	(4.5%)
Cash flows from investing activities										
Proceeds from sale of property, plant and equipment	-	-	1	10	14	20	11	34	23	NM
Proceeds from sale of business	-	-	894	(1)	-	4	893	4	(889)	(99.6%)
Proceeds from long-term investments	3	1	-	-	-	7	-	7	7	NM
Receipts from finance leases	2	1	1	2	1	-	3	1	(2)	(66.7%)
Receipts from loans receivable	-	-	-	11	10	-	11	10	(1)	(9.1%)
Payments for purchase of business, net of cash acquired	-	(7)	-	-	(2)	(3)	-	(5)	(5)	NM
Payments for, and advances to, long-term investments	(39)	(20)	(2)	(1)	(1)	-	(3)	(1)	2	66.7%
Payments for purchase of property, plant and equipment, intangibles (excluding spectrum) and capacity	(216)	(209)	(246)	(229)	(347)	(235)	(475)	(582)	(107)	(22.5%)
Payments for spectrum intangible assets	-	-	-	(6)	-	(8)	(6)	(8)	(2)	(33.3%)
Payments for capitalised interest	(3)	(5)	(5)	(4)	(6)	(4)	(9)	(10)	(1)	(11.1%)
Net cash flows from investing activities	(253)	(239)	643	(218)	(331)	(219)	425	(550)	(975)	NM
Cash flows from financing activities										
Net proceeds from/(repayments of) debt	99	115	(517)	54	489	21	(463)	510	973	NM
Payments for dividends	(225)	(224)	(234)	(252)	(249)	(245)	(486)	(494)	(8)	(1.6%)
Payments for share buy-back	-	-	-	(146)	(159)	-	(146)	(159)	(13)	(8.9%)
Payments for leases	(33)	(36)	(31)	(33)	(38)	(40)	(64)	(78)	(14)	(21.9%)
Payments for leased customer equipment assets	(25)	(21)	(15)	(22)	(20)	(14)	(37)	(34)	3	8.1%
Net cash flows from financing activities	(184)	(166)	(797)	(399)	23	(278)	(1,196)	(255)	941	78.7%
Net cash flows	21	(22)	215	(186)	(1)	(40)	29	(41)	(70)	NM
Opening cash position	72	93	71	286	100	99	71	100	29	40.8%
Closing cash position	93	71	286	100	99	59	100	59	(41)	(41.0%)

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

	H1 FY22 $m	H2 FY22 $m	H1 FY23 $m	H2 FY23 $m	H1 FY24 $m	H2 FY24 $m	FY23 $m	FY24 $m	FY23 vs FY24 $m	FY23 vs FY24 %
EBITDAI	538	612	1,042	680	530	633	1,722	1,163	(559)	(32.5%)
Excluding										
Non cash other gains and impairments	14	10	536	11	20	58	547	78	(469)	(85.7%)
EBITDAI ex. Non cash other gains and impairments	524	602	506	669	510	575	1,175	1,085	(90)	(7.7%)
Less										
Cash paid on maintenance capital expenditure	188	184	200	128	261	89	328	350	22	6.7%
Cash paid on interest	23	26	26	44	45	60	70	105	35	50.0%
Cash paid on tax payments	93	67	120	70	101	88	190	189	(1)	(0.5%)
Cash paid on leases	56	56	45	53	57	54	98	111	13	13.3%
Total cash payments on capital expenditure, interest, tax and lease	360	333	391	295	464	291	686	755	69	10.1%
Free cash flow	164	269	115	374	46	284	489	330	(159)	(32.5%)
Change in working capital										
Change in receivables	(42)	104	(59)	126	(27)	78	67	51	(16)	(23.9%)
Change in payables	(63)	78	3	(53)	20	(65)	(50)	(45)	5	10.0%
Change in inventory	29	14	1	(28)	27	(18)	(27)	9	36	NM
Change in contract assets	(5)	3	3	30	8	(12)	33	(4)	(37)	NM
Change in prepayments (excluding CAPEX)	37	(37)	22	(31)	45	(36)	(9)	9	18	NM
Total change in working capital - increase/(decrease)	(44)	162	(30)	44	73	(53)	14	20	6	42.9%
Cash Paid on Growth Capital Expenditure	31	30	51	105	92	140	156	232	76	48.7%
Free cash flow including working capital and growth cash capex	177	77	94	225	(119)	197	319	78	(241)	(75.5%)

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Spark New Zealand

Group capital expenditure

	H1 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
Maintenance Capex	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Cloud	7	8	11	8	24	13	19	37	18	94.7%
Fixed network & International cable capacity	33	35	35	58	55	10	93	65	(28)	(30.1%)
IT systems	87	63	62	54	80	67	116	147	31	26.7%
Mobile network	62	38	77	21	65	24	98	89	(9)	(9.2%)
Property	6	10	11	12	7	4	23	11	(12)	(52.2%)
Other	2	3	4	6	4	6	10	10	-	-%
Total maintenance capital expenditure excluding spectrum	197	157	200	159	235	124	359	359	-	-%
Growth Capex										
5G Acceleration & SA Readiness	12	13	-	42	32	74	42	106	64	NM
Data centres	9	22	50	64	19	22	114	41	(73)	(64.0%)
Converged Tech	-	-	-	-	-	12	-	12	12	NM
Total growth capital expenditure excluding spectrum	21	35	50	106	51	108	156	159	3	1.9%
Total capital expenditure excluding spectrum	218	192	250	265	286	232	515	518	3	0.6%
Total capital expenditure excluding spectrum to operating revenue and other gains	11.5%	10.5%	9.9%	13.5%	14.5%	12.3%	11.5%	13.4%		
Total capital expenditure excluding spectrum to adjusted operating revenue and other gains	11.5%	10.5%	12.8%	13.5%	14.5%	12.3%	13.2%	13.4%		
Mobile spectrum	-	-	-	-	23	-	-	23	23	-%
Total capital expenditure including spectrum	218	192	250	265	309	232	515	541	26	5.0%
Cash Capex										
Growth	31	30	51	105	92	140	156	232	76	48.7%
Maintenance	188	184	200	128	261	89	328	350	22	6.7%
Total cash capital expenditure excluding spectrum	219	214	251	233	353	229	484	582	98	20.2%

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.

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 FY22	H2 FY22	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY23	FY24	FY23 vs FY24	
	$m	$m	$m	$m	$m	$m	$m	$m	$m	%
Depreciation - property, plant and equipment	116	118	114	113	112	123	227	235	8	3.5%
Depreciation - right-of-use assets[1]	11	11	11	11	12	12	22	24	2	9.1%
Amortisation - intangible assets	83	86	79	87	80	90	166	170	4	2.4%
Total capital expenditure depreciation and amortisation	210	215	204	211	204	225	415	429	14	3.4%

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

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hello tomorrow

CORPORATE GOVERNANCE

Spark Annual Corporate Governance Statement FY24

Annual Corporate Governance Statement FY24

The Board and management of Spark New Zealand Limited (**Spark**) are committed to maintaining high standards of corporate governance. Spark's governance structures and processes are regularly reviewed and assessed by the Board to ensure that they are consistent with international best practice.

Spark is required to report against the NZX Corporate Governance Code (**NZX Code**) and, as part of its commitment to best practice governance, has elected to take into consideration and substantially complies with the ASX Corporate Governance Council's Principles and Recommendations (the Fourth Edition).

This statement is a snapshot view of Spark's practices, processes and policies measured against the principles of the NZX Code for the period from 1 July 2023 to 30 June 2024. It was approved by the Board on 22 August 2024 and is accurate as at that date.

Justine Smyth, CNZM
Chair

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Principle 1:

Ethical Standards

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Recommendation 1.1

The Board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).

Spark has an integrated company-wide compliance framework. A Code of Ethics (which applies to all employees), and a Directors' Code of Ethics, together set out the standards by which Spark people are expected to conduct themselves.

The Codes provide guidance on decision-making and set out to instil a culture of acting lawfully, ethically, and responsibly. The Code of Ethics contains links to Spark's core policies and details Spark's values and expected behaviours. It also sets out Spark's approach to conflicts of interest, bribery and corruption, gifts and hospitality, confidentiality, use of assets and information, and compliance with laws. Also set out in the Codes are Spark's compliance escalation procedures that are designed to be used to report breaches of Spark's legal obligations, the Codes themselves and other Spark policies, either through the Honesty Box confidential whistle-blowing online portal or other avenues.

Training on the Code of Ethics and how to apply these is delivered to all employees through Spark's learning management system online modules. This training forms part of the onboarding journey for new employees and annual completion of the module for existing employees is required to maintain compliance. We reinforce this training through reminders from People Leaders and broader internal communication across the business. The module content is reviewed annually and updated to reflect any code/policy changes, if necessary. We also embed relevant aspects of the Code of Ethics into Spark 'plays'. Plays are one-page online guides on how to carry out common activities at Spark. The Directors' Code of Ethics is provided to new directors as part of their induction.

Copies of the Code of Ethics and the Directors' Code of Ethics can be found at: **www.spark.co.nz/online/about/our-company/governance**

Principle 1 continued:

Ethical Standards

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Recommendation 1.2

An issuer should have a financial product dealing policy which applies to employees and directors.

The Insider Trading Policy and the Disclosure Policy (together with the associated procedures for implementation) are two of Spark's core policies that address the treatment of material information and trading in Spark and other issuers' financial products while in possession of material information.

The Insider Trading Policy and Disclosure Policy apply to all directors, senior managers and employees of the Spark group of companies. Copies of the Insider Trading Policy and the Disclosure Policy can be found at: **www.spark.co.nz/online/about/our-company/governance**

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Principle 2:

Board Composition and Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

A key factor in Spark's long-term growth framework is strong governance, with focus areas including proactive risk management policies and having a diverse Board.

Recommendation 2.1

The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

The Board of Directors is elected by shareholders to protect and enhance the value of the assets of Spark in the interests of Spark and its shareholders. The Board has statutory responsibility for the affairs and activities of Spark, which in practice is achieved through delegation to the Chief Executive Officer (CEO) and those who are charged with the day-to-day leadership and management of Spark. The CEO has, in some cases, formally delegated certain authorities to direct reports and has established an empowerment framework that sets out decision rights at Spark.

More information regarding the respective roles and responsibilities of the Board and management is set out in the Board Charter, which can be found at: **www.spark.co.nz/online/about/our-company/governance**

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

Recommendation 2.2

Every issuer should have a procedure for the nomination and appointment of directors to the board.

The procedures for the appointment and removal of directors are governed by Spark's constitution, the Companies Act 1993 and relevant stock exchange listing rules.

Recommendations for nominations of new directors are generally made by the Nominations and Corporate Governance Committee (NOMs) and considered by the Board as a whole. External consultants are from time to time used to access a wide base of potential candidates and to review the suitability of candidates for appointment.

When recommending a candidate to act as director, the NOMs takes into account factors including the candidate's experience, qualifications, and personal qualities. In doing so Spark will undertake appropriate checks, including the candidate's character, education, criminal record, and bankruptcy history. The NOMs will review the candidate's skills and experience relative to the Board skills matrix to determine whether they will augment the existing Board skillset and assess their availability to commit themselves to the role.

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual meeting. Shareholders are provided with relevant information on the candidates standing for election in the notice of meeting.

Recommendation 2.3

An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

Each Director has a signed letter of appointment or employment agreement setting out the terms of their appointment, including their duties, terms, conditions of appointment, expectations of the role and remuneration. Spark directors have no fixed term of office but are subject to the retirement provisions contained in Spark's constitution and relevant stock exchange listing rules.

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Principle 2 continued:

Board Composition and Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.4

Every issuer should disclose information about each director in its annual report or on its website, including:

a. **a profile of experience, length of service and ownership interests;**

b. **the director's attendance at board meetings; and**

c. **the board's assessment of the director's independence, including a description as to why the board has determined the director to be independent if one of the factors listed in table 2.4 applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.**

A biography of each Board member can be found on Spark's website, see **www.spark.co.nz/online/about/our-company/leadership**, and at pages 18 – 19 of the 2024 Annual Report.

The Board skills matrix that outlines the qualifications, capabilities, geographical location, tenure, and gender of each member of the Board can be found in the 'Our Board' section of the 2024 Annual Report.

Board and Committee meeting attendance can be found at page 157 of the 2024 Annual Report.

The Board's statement regarding Director independence can be found at page 157 of the 2024 Annual Report.

Recommendation 2.5

An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them.

Spark's Board believes that building a diverse and inclusive team that reflects the country's rich diversity speaks to our role as a major New Zealand company and shows leadership in areas important to society. Improving diversity is a company-wide ambition that encompasses the Board. The Board also believes that a highly inclusive, adaptive culture will unlock future growth and ultimately deliver enhanced customer experiences and business performance.

One of Spark's major initiatives is the Blue Heart Pledge, which is an individual's personal commitment to support a 'heart-led' approach to diversity and inclusion at Spark. In June we also launched our 'Allyship at Spark' programme – inviting our people to make a pledge to become an ally of the LGBTQIA+ community and help us foster a more inclusive environment at Spark.

Spark's Diversity and Inclusion Policy sets out the requirement for the Board to set and review measurable objectives for achieving diversity each year. The Human Resources and Compensation Committee (HRCC) annually reviews and reports to the Board on the relative proportion of gender diversity that makes up Spark's workforce and recommends objectives to the Board. A copy of Spark's Diversity and Inclusion policy can be found at: **www.spark.co.nz/online/about/our-company/governance**.

For more details on the importance of 'Diversity, equity and inclusion' at Spark, and reporting on our workforce demographics, please see the 'Creating value for our people' section of the 2024 Annual Report.

Recommendation 2.6

Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

The Board introduces new directors to management and the business through specifically tailored induction programmes, depending on their needs. All directors are regularly updated on relevant industry and company issues. This may include visits to Spark operations and briefings from key Leadership Squad members or external experts. There is an ongoing programme of presentations to the Board by management from across Spark. From time to time the Board also receives educational briefings from companies in relevant industries and relevant consultants and academics. The Board expects all directors to undertake continuous education so that they may appropriately and effectively perform their duties.

Principle 2 continued:

Board Composition and Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.7

The board should have a procedure to regularly assess director, board and committee performance.

The Board regularly discusses governance and performance and annually reviews its own performance as a whole against the Board Charter and each Committee's performance against its Charter. The Chair meets with directors to discuss the performance of each director individually.

Board evaluations are undertaken annually to seek Director and Leadership Squad feedback on a range of matters relating to Board performance, including its role and composition and engagement with management, shareholders and stakeholders. The collective results of the evaluation are then reported to the Board by the Chair and discussed individually with directors. The last Board evaluation survey was undertaken in June 2024.

Recommendation 2.8

A majority of the board should be independent directors.

Spark's Board Charter requires that a majority of directors be independent. When assessing independence, the Board will consider whether a Director is free of material relationships with Spark (other than as a director) and other entities, and people who could influence, or could reasonably be perceived to influence, the Director's capacity to exercise independent judgement and act in the best interests of Spark and Spark's shareholders generally. The mere existence of a relationship with Spark, or a customer or supplier, may not necessarily mean that a Director is not independent. Rather, the Board will assess each relationship on a case-by-case basis to determine whether it is material and might compromise the independence, or perceived independence, of the director. The Board will also consider the tenure of each Director when assessing independence and succession planning.

Recommendation 2.9

An issuer should have an independent chair of the board.

The Chair is elected by the Board. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the CEO. The current Chair, Justine Smyth, is a Non-executive and Independent Director as required by the Board Charter. The Board does not have a Deputy Chair.

Recommendation 2.10

The Chair and the CEO should be different people.

The Board supports the separation of the roles of Chair and the CEO. The current CEO Jolie Hodson, is an Executive Director.

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Principle 3:

Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Spark's Board establishes committees to assist in the execution of the Board's responsibilities. Board committees do not act or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

The current committees of the Board are:

- Audit and Risk Management Committee (ARMC);
- Human Resources and Compensation Committee (HRCC); and,
- Nominations and Corporate Governance Committee (NOMs).

Other committees may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

Recommendation 3.1

An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The Chair of the audit committee should be an independent director and not the Chair of the board.

The Board has delegated responsibility to the ARMC for reviewing Spark's principal risks on an at least annual basis. This ensures an established risk management framework that:

- includes policies and procedures to effectively identify, treat, and monitor principal business risks;
- assesses the effectiveness of the risk management system and ensures it is fit for purpose; and
- monitors compliance with the risk management framework.

The ARMC is also tasked with ensuring the quality, credibility and objectivity of Spark's accounting processes, including financial reporting. The ARMC will discuss interim financial statements with the Leadership Squad, including whether the reporting is consistent with the Committee members' information and knowledge and whether it is adequate for shareholder needs.

The ARMC is comprised solely of non-executive directors. The current Chair of the ARMC is Gordon MacLeod, who is an Independent Director and is not the Chair of the Board.

The members of the ARMC and their qualifications can be found at pages 18 – 19 and 81 of the 2024 Annual Report.

Recommendation 3.2

Employees should only attend audit committee meetings at the invitation of the audit committee.

Spark management and employees can only attend ARMC meetings at the invitation of the Committee.

Recommendation 3.3

An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

The HRCC is responsible for reviewing Spark's remuneration policy and practices, as well as Spark's overall human resources strategy, structure, policy, and practices. The remuneration of directors is reviewed by the HRCC – taking account of Spark's size and complexity, and the responsibilities, skills, performance, and experience of the directors – with recommendations made to the Board for approval.

The HRCC is comprised of a majority of independent directors.

Spark management and employees can only attend HRCC meetings at the invitation of the Committee.

Recommendation 3.4

An issuer should establish a nomination committee to recommend director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

The NOMs role is to identify and recommend to the Board individuals for nomination as members of the Board and its committees (taking into account such factors as it deems appropriate, including experience, qualifications, judgement, and personal qualities); and to develop and review Spark's corporate governance principles and make recommendations to the Board. The NOMs is also responsible for reviewing Board succession planning.

The NOMs is comprised of a majority of independent directors.

Principle 3 continued:

Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Recommendation 3.5

An issuer should consider whether it is appropriate to have any other board committees as standing committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Each Board Committee has a Charter summarising the role, rights, responsibilities and membership requirements for that Committee. The Board reviews the charters of the Board committees annually and their performance against those charters, with the last review conducted in November 2023. The Board committee charters can be found at: **www.spark.co.nz/online/about/our-company/governance**

The Board is responsible for appointing committee members and chairs according to the skills, experience, and other qualities they bring to the Committee. All Board committees are comprised of a majority of independent directors. A Committee Chair is entitled to invite persons to attend Committee meetings as deemed necessary.

Specific Committee memberships and attendance information are outlined on pages 81 and 157 of the 2024 Annual Report.

Recommendation 3.6

The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder.

Spark's Board has put in place Takeover Response Guidelines that set out the procedure to be followed if there is a takeover offer for Spark, including with regards to communication between insiders and the bidder, the preparation of an independent advisor's report, and establishment of a Bid Response Sub-committee.

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Principle 4:

Reporting And Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1

An issuer's board should have a written continuous disclosure policy.

Spark is committed to providing material information regarding Spark's business and operational performance to shareholders and other stakeholders in compliance with applicable laws and stock exchange requirements. Pursuant to its Disclosure Policy, Spark has an appointed Disclosure Officer to authorise all financial market communications. Together with the Company Secretary, the Disclosure Officer is responsible for overseeing Spark's disclosure practices and ensuring that all material information is lodged promptly and without delay with the relevant stock exchanges and ensuring that the Board receives copies of all material market announcements and is kept informed of the nature and quality of the information being disclosed to the market.

Authorised spokespeople are restricted to reduce the risk of inconsistent communications and to ensure that public comments are within the bounds of information already in the public domain and/or information that is not materially price sensitive.

Recommendation 4.2

An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Spark's website has a dedicated governance section that contains Spark's policies that outline its core governance structures and processes. This includes the Code of Ethics, Board Charter (and the charters of the various committees), Disclosure Policy, Insider Trading Policy, Diversity and Inclusion Policy, and other principal corporate governance documents: **www.spark.co.nz/online/about/our-company/governance**

Recommendation 4.3

Financial reporting should be balanced, clear and objective.

Spark's financial reports are prepared in a manner that is balanced, clear and objective. The financial statements in the Annual Report are prepared in accordance with NZ GAAP and comply with NZ IFRS.

The Board requires that, prior to its approval of financial statements, the CEO and CFO make a declaration that, in their opinion, Spark's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Spark; and that their opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Recommendation 4.4

An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.

In addition to the published financial statements, Spark's Annual Report provides information on Spark's performance on a number of non-financial matters, including environmental, social and governance commitments. Spark's 2024 Annual Report has been prepared in accordance with the Integrated Reporting International <IR> Framework and with the Global Reporting Initiative (GRI) Core Option and also incorporates climate related-disclosures that have been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB).

The 2024 Modern Slavery and Human Rights Statement and 2024 Greenhouse Gas Inventory Report are published alongside this Corporate Governance Statement and the 2024 Annual Report.

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Principle 5:

Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Recommendation 5.1

An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.

The HRCC is responsible for Spark's remuneration policy and practices and is also ultimately responsible for ensuring Spark meets legislative and regulatory requirements as they relate to remuneration matters.

Spark is committed to ensuring that the remuneration of directors is transparent, fair, and reasonable. The total fees available to be paid to directors are subject to shareholder approval.

Non-executive Director remuneration is determined with consideration of the size and complexity of Spark and relative market activity. From time to time independent consultants are engaged for benchmarking purposes to ensure that the remuneration of Spark's non-executive directors is appropriate and comparable to that of similar companies in New Zealand and, as relevant, Australia. Non-executive directors are also expected to purchase and hold an amount of Spark shares within the first three years of their appointments.

Jolie Hodson, as an Executive Director, does not receive any Director fees.

Further details on Non-executive Director remuneration can be found in the Remuneration Report at pages 80 – 81 of the 2024 Annual Report.

Further details on directors' Spark shareholdings can be found at pages 80 and 160 of the 2024 Annual Report.

A copy of Spark's Director Remuneration Policy can be found at: **www.spark.co.nz/online/about/our-company/governance**

Recommendation 5.2

An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.

The Leadership Squad's remuneration consists of a fixed remuneration component and at-risk short-term and long-term incentives. Spark's short term incentive (STI) rewards senior leaders for the achievement of annual performance objectives, with payments awarded from a fixed cash pool that is set based on overall Spark performance against financial and/or non-financial annual performance objectives. Spark believes that senior leaders should have part of their remuneration linked to the long-term performance of Spark. For the Leadership Squad and a select group of senior leaders, a long-term incentive, which vests after three years contingent on continued employment and Spark achieving specified performance hurdles forms part of their remuneration packages.

Further details on Leadership Squad remuneration can be found in the Remuneration Report at pages 75 – 78 of the 2024 Annual Report.

A copy of Spark's Executive Remuneration policy can be found at: **www.spark.co.nz/online/about/our-company/governance**

Recommendation 5.3

An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.

The CEO's remuneration package reflects the scope and complexity of the role and is set by the Board, with reference to the remuneration of CEOs of similarly sized organisations. For FY24 the CEO's remuneration package comprises a fixed cash component, an at-risk short-term incentive and an at-risk long-term incentive.

The CEO's annual cash-based short-term incentive is subject to the achievement of specific performance objectives set by the Board based on Spark's strategy and business plan for the respective financial year. The CEO's annual long-term incentive will be granted as options under Spark's long term incentive (LTI), contingent on continued employment and Spark achieving specified performance hurdles. The CEO is also expected to purchase and hold an amount of Spark shares.

Further details on CEO remuneration can be found in the Remuneration Report at pages 79 – 80 of the FY24 Annual Report.

For more details on Director and Executive remuneration please see the Remuneration Report in the FY24 Annual Report.

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Principle 6:

Risk management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Recommendation 6.1

An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Spark's Agile organisation design and practices empower its people to make decisions and manage the risks associated with achieving Spark's strategy and business objectives. Strong corporate governance, including a highly effective and integrated risk management framework, helps Spark people to make good business decisions that create stakeholder value. Spark's Managing Risk Policy and Framework is benchmarked to the COSO ERM 2017, a leading enterprise risk management standard.

Spark's Managing Risk Policy and Framework is designed on the principles that managing risk creates, protects, and enhances value. It is embedded in decision-making processes and accountability structures so that uncertainty and risks can be managed effectively. It is iterative and responsive to change so that it remains effective when external and internal forces require Spark to adapt its priorities and operating models. A copy of Spark's Managing Risk Policy can be found at: **www.spark.co.nz/online/about/our-company/governance**

The ARMC plays an important role and is responsible for ensuring that Management has established a risk management framework. Spark's Risk Team is accountable for designing and managing this framework and provides the ARMC with regular updates about its performance and evolution.

The ARMC reviews management's principal risk profile bi-annually. It also receives reports on the effectiveness of the implementation and operation of the policies and systems designed to manage risk. The ARMC receives quarterly reporting from the Risk, Internal Audit and Fraud Lead that discusses progress against the approved Risk, Internal Audit and Fraud Plan. Information reported includes the priorities, updates about the evolution of the Managing Risk Framework, findings from its internal audit reviews, updates about the status of previously raised items, and fraud risk management.

The ARMC receives an annual assessment to confirm the Managing Risk Framework is designed and operating effectively. The last assessment was undertaken by Spark's Risk Team in August 2024. Every five years Spark also has its Managing Risk Framework externally reviewed to ensure it continues to be fit for purpose and is operating effectively. The next review is scheduled and will be completed by November 2027.

A summary of Spark's Managing Risk Framework and Spark's identified principal business risks and mitigations are outlined in the 'Our risk management' section of the 2024 Annual Report.

Recommendation 6.2

An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

The health, safety, and wellbeing of people is of the utmost importance to Spark. A safe and healthy workplace is one in which people and suppliers are accountable and empowered to work together to protect and promote the health, safety, and wellbeing of all. To achieve this Spark has established four pillars of health and safety: a clearly defined Health and Safety framework; active hazard and risk management; development of an employee-driven safety culture; and the right resources and processes to deliver on the framework. Integral to the framework is the health and safety (H&S) Information System, which shapes and monitors key performance indicators across the business, focussing on Spark's strategic objectives, targets, and managing critical hazards and risks. The Board and Leadership Squad are both integrally involved in health and safety strategic planning, implementation, and monitoring. Furthermore, Spark has integrated wellbeing into its H&S approach to make sure that we consider the full range of factors that contribute to healthy and safe working lives at Spark. Our wellbeing framework covers the following areas:

- Healthy work environment
- Connection and collaboration
- Mind Health
- Energy

This framework is a key part of building an inclusive environment for our people.

Further details regarding Spark's health and safety performance can be found in the 'Creating value for our people' section of the 2024 Annual Report.

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Principle 7:

Auditors

"The board should ensure the quality and independence of the external audit process."

Recommendation 7.1

The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:

(a) for sustaining communication with the issuer's external auditors;

(b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;

(c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and

(d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

Oversight of Spark's external audit arrangements is the responsibility of the ARMC. The External Auditor Independence Policy and ARMC Charter, together, establish a framework for Spark's engagement with the external auditor. The objective of this framework is to ensure that audit independence is maintained, both in fact and appearance, such that Spark's external financial reporting is viewed as being highly reliable and credible.

The ARMC is responsible for the appointment of Spark's external auditor, its terms of engagement, and the level of fees incurred (subject to shareholder approval). The ARMC Charter outlines the nature of the services permitted to be performed and those not permitted to be performed by the external auditor.

The ARMC Charter requires that the Committee annually assesses and confirm to the Board the independence of the external auditor after consideration of the External Auditor Independence Policy criteria. Regular rotation of the external audit firm is not mandated, however, rotation of the key audit partner of Spark is required every five years.

Procedures for communication between the ARMC, the External Auditor and Management are set out in the ARMC Charter.

The Audit and Risk Management Committee Charter and the External Auditor Independence Policy can be found at: **www.spark.co.nz/online/about/our-company/governance**

Recommendation 7.2

The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

Representatives of Spark's external auditor are available at Spark's annual meeting to answer shareholder questions about the conduct of the audit and the content of the External Auditor's reports.

Recommendation 7.3

Internal audit functions should be disclosed.

The Spark Internal Audit Team's primary objective is to assist the Board and CEO to exercise good governance by providing independent assurance on Spark's control and risk management processes. The ARMC approves the appointment and oversees the performance of Spark's Risk, Internal Audit and Fraud Lead, who is accountable for leading Internal Audit and reports directly to the Chair of the ARMC. The Internal Audit Charter defines the objectives, scope, independence, responsibilities, and authority. Internal Audit is independent from the activities and operations it audits and has unrestricted access to Spark's records and employees.

Internal Audit regularly performs audits across Spark. It works to an annual Risk, Internal Audit and Fraud Plan that outlines the risk themes, objectives, and key results over the plan year. The ARMC approves this plan and ensures that the Internal Audit team is appropriately staffed and that its scope of work is appropriate for the key risks facing Spark. Priorities for the next meeting are approved following consultation with the ARMC and other relevant stakeholders e.g. Leadership Squad Members.

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Principle 8:

Shareholder Rights and Relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Spark is committed to promoting a fair, orderly, and transparent market through comprehensive continuous disclosure and ensuring shareholders are able to exercise their rights in an informed manner.

Spark's Disclosure Policy and associated procedures governs communications with shareholders and other stakeholders. All material information is lodged promptly and without delay with the relevant stock exchanges. Once lodged, the information will also be published on Spark's website, with further dissemination through broadcast emails to news agencies and other market commentators where appropriate. Spark may make available on its website any other relevant information made available to investors/analysts (e.g. presentation materials).

Recommendation 8.1

An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Spark's website is an important avenue of communication with shareholders and other stakeholders. Spark maintains a dedicated investor website (investors.sparknz.co.nz) which contains market releases, financial information, current and past annual reports, investor presentations and webcasts, dividend and share price histories, notices of meeting, biographies of Spark Directors and Leadership Squad, investor contacts, important calendar dates, and other information about Spark.

Recommendation 8.2

An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.

Spark provides shareholders with the option to receive communications from, and send communications to, Spark electronically.

Spark is committed to maintaining multiple channels of shareholder communications and engagement, which currently includes:

1. Semi-annual earnings announcements via audio conference;
2. Semi-annual post-results briefings with investors in New Zealand and Australia;
3. Regular ad hoc one-on-one and group investor and analyst meetings;
4. An annual meeting with virtual participation via webcast and audio;
5. An annual report, corporate governance statement, modern slavery statement and greenhouse gas inventory report;
6. Investor briefing days (where appropriate); and
7. Regular international investor roadshows.

Spark remains committed to maintaining its investment profile in key investment markets in the United State (US), United Kingdom (UK), Asia and Australasia to ensure that its strategies and opportunities are understood, and the market is fully informed.

All Spark shareholders are encouraged to participate in the annual meeting, including in person and virtually via an online annual meeting platform or audio conference, where shareholders can vote, ask questions, and watch the meeting via webcast. Shareholders can also electronically appoint and direct proxies to vote on their behalf at the annual meeting.

The annual meeting webcast will be archived on the Spark investor website after the meeting.

Principle 8 continued:

Shareholder Rights and Relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.3

Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

Spark is committed to ensuring that each shareholder who invests in Spark has the right to vote on major decisions that may change the nature of the company. All of Spark's shareholders have the right to one vote per share, and voting at the annual meeting is conducted by poll.

Recommendation 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Spark did not undertake any equity capital raises over the 12 months to 30 June 2024.

Recommendation 8.5

The Board should ensure that the notice of annual or special meeting of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the annual meeting.

Spark's Annual Meeting of Shareholders was held as a hybrid meeting on Friday, 3 November 2023. The Notice of Annual Meeting was published on Thursday, 5 October 2023.

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Glossary

There are terms used in this document that may be unfamiliar. These are what each mean:

ARMC	Audit and Risk Management Committee
HRCC	Human Resources and Compensation Committee
LTI	Long-Term Incentive Scheme, which is part of Spark Leadership Squad and CEO remuneration
NOMs	Nominations and Corporate Governance Committee
NZ GAAP	Generally Accepted Accounting Practice in New Zealand
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
Spark	Spark New Zealand Limited
STI	Short-Term Incentive Scheme, which is part of Spark Leadership Squad and CEO remuneration

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Spark nz
hello tomorrow

MODERN SLAVERY AND HUMAN RIGHTS STATEMENT

Spark Modern Slavery and Human Rights Statement FY24

Spark Modern Slavery and Human Rights Statement FY24

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About this statement

This Modern Slavery and Human Rights Statement is made on behalf of Spark New Zealand Limited ('Spark' and its subsidiaries, the 'Spark Group') for the period from 1 July 2023 to 30 June 2024. Spark New Zealand Limited is the parent entity of the Spark Group. Spark is publicly listed and our issued shares are quoted on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX). (**NZX: SPK, ASX: SPK**).

Spark is a reporting entity for the purposes of the Australian Modern Slavery Act 2018. Spark engaged and consulted with the relevant companies we own or control (the Spark Group) in the development of this statement. As of 30 June 2024, the Spark Group comprised 30 controlled entities. See Appendix 1 for a full list of Spark subsidiaries.

We have integrated disclosure on our broader human rights impacts, alongside our detailed modern slavery statement reporting. This statement has been published in accordance with the requirements of the Australian Modern Slavery Act 2018. This Statement was approved by the Board on 22 August 2024.

Mandatory criteria of the Modern Slavery Act

Criterion	Reference
Identify the reporting entity	Page 2: About this statement
Describe the reporting entity's structure, operations and supply chains	Page 2: About this statement Pages 6-7: Spark's operations Pages 16-17: Mapping our global supply chain Pages 22-23: Demographics of our workforce; Workforce ethnic diversity Page 30: Spark Group structure and subsidiaries
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Pages 14–15: Due diligence Pages 16–22: Addressing potential impacts
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	Pages 14–15: Due diligence Pages 16–22: Addressing potential impacts
Describe how the reporting entity assesses the effectiveness of these actions	Page 13: Training and awareness Pages 27–29: Reviewing effectiveness and reporting
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	Page 2: About this statement Page 10: Policies and governance Page 30: Spark Group structure and subsidiaries

Chair and CEO message

Justine Smyth CNZM, Chair and Jolie Hodson MNZM, CEO

At Spark, we respect the freedom and human rights of every individual, regardless of who they are, or where they are from.

Modern slavery is a complex human rights challenge we are committed to address. It includes the exploitation of any person in any form – including forced labour, debt bondage, forced marriage, slavery, human trafficking, or situations where an individual cannot leave due to threats, violence, or deception.

Our people are at the heart of our business, and within our direct workforce we are focussed on not only complying with the letter and spirit of the law, but creating a highly engaged and inclusive culture. We want to provide fulfilling employment that rewards and recognises each individual fairly and for all our people to feel comfortable bringing their full selves to work.

As a telecommunications and digital services business, our supply chain is global, which makes our indirect workforce vast and diverse. We want to source our products and services from suppliers that provide safe working conditions, treat workers with respect and dignity, and conduct business in an environmentally and socially responsible manner. To achieve this, we are committed to ensuring we have the policies, processes, and practices in place to identify, prevent, mitigate, and remedy human rights issues when and where they occur. Because it is challenging for any individual business to influence the practices of so many varied organisations outside of its own, we work alongside our global peers through the Joint Audit Cooperation (JAC) Initiative, to collaborate on solutions and increase our leverage in addressing these issues.

We also recognise that human rights considerations in our business extend beyond our people and supply chain, to the technologies we use, create, and deploy. The rapid acceleration of Artificial Intelligence (AI), particularly Generative AI, brings with it increasingly sophisticated capabilities, some of which can directly impact people or influence their behaviours, opinions, and choices. In line with these developments, we recognise our responsibility to ensure we take a responsible and ethical approach to the design and operation of AI technologies.

This statement provides a summary of our commitment to upholding human rights and addressing modern slavery risks across our value chain, including actions taken over the past year to strengthen our systems and processes. We welcome feedback and collaboration, as we strive for continual improvement in the years ahead.

Ngā mihi nui,

Justine Smyth CNZM
Chair

Jolie Hodson MNZM
CEO

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Direct impacts in our operations	**21**
Downstream impacts of our products and services	**24**
5. Reviewing effectiveness and reporting	**27**
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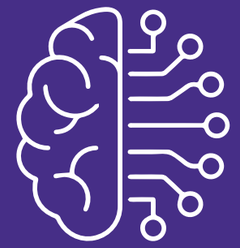
FY24 highlights

Dedicated Human Rights and Supply Chain **Steering Committee established**, building on work of previous ESG Squad

Eight **supplier audits** completed, with **77 findings** and corrective actions agreed

Designed and delivered **human rights and modern slavery training** to 56 people in Spark's supply chain, legal, and customer-facing teams, who are in roles most likely to identify potential impacts

Designed and implemented our first **supplier self-assessment questionnaire** for 57 high-risk suppliers in June 2024, with 25 completed to date – building our engagement and understanding of risk across priority suppliers



Data ethics and AI governance processes evolved, with new Data Ethics Committee established – to govern the responsible and ethical use of AI within Spark

AI Principles further embedded through a new **Generative AI Policy** for Spark people

Spark's operations

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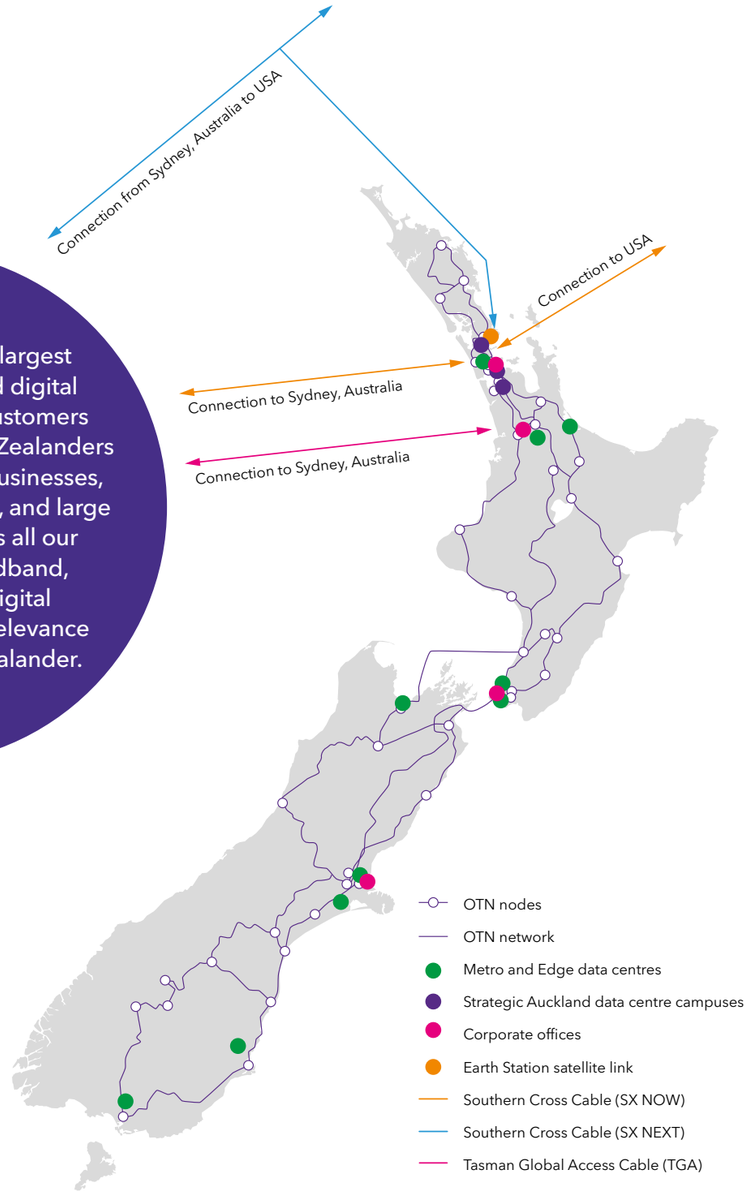
Spark is New Zealand's largest telecommunications and digital services company. Our customers range from individual New Zealanders and households to small businesses, not-for-profits, government, and large enterprise clients. Across all our services – mobile, broadband, digital services, and digital infrastructure – we have relevance for almost every New Zealander.



98%
of New Zealanders reached by our 4G network

99%
of the population reached by our Internet of Things network[1]

5,291
employees

>2.7m
mobile connections

>680k
broadband connections

>110k
small-medium business customers

~1,100
enterprise and government customers

61
retail stores

24
regional business hubs

2,176
mobile sites housing our active infrastructure[2]

>22MW
data centre capacity

Consumer	Business		Community	Other brands
Spark NZ	Spark Business Group	Spark Health	Spark NZ Foundation	Spark NZ Wholesale
Skinny	CCL	Spark NZ IoT	Skinny Jump	entelar group
	Digital Island	adroit		MATTR
	Qrious			

1 Cat-M1 Internet of Things network.
2. Includes Spark active equipment on 1,549 third party towers, 514 RCG towers, 98 small cells, and 15 temporary sites active at 30 June 2024.
Metrics correct as at 30 June 2024.

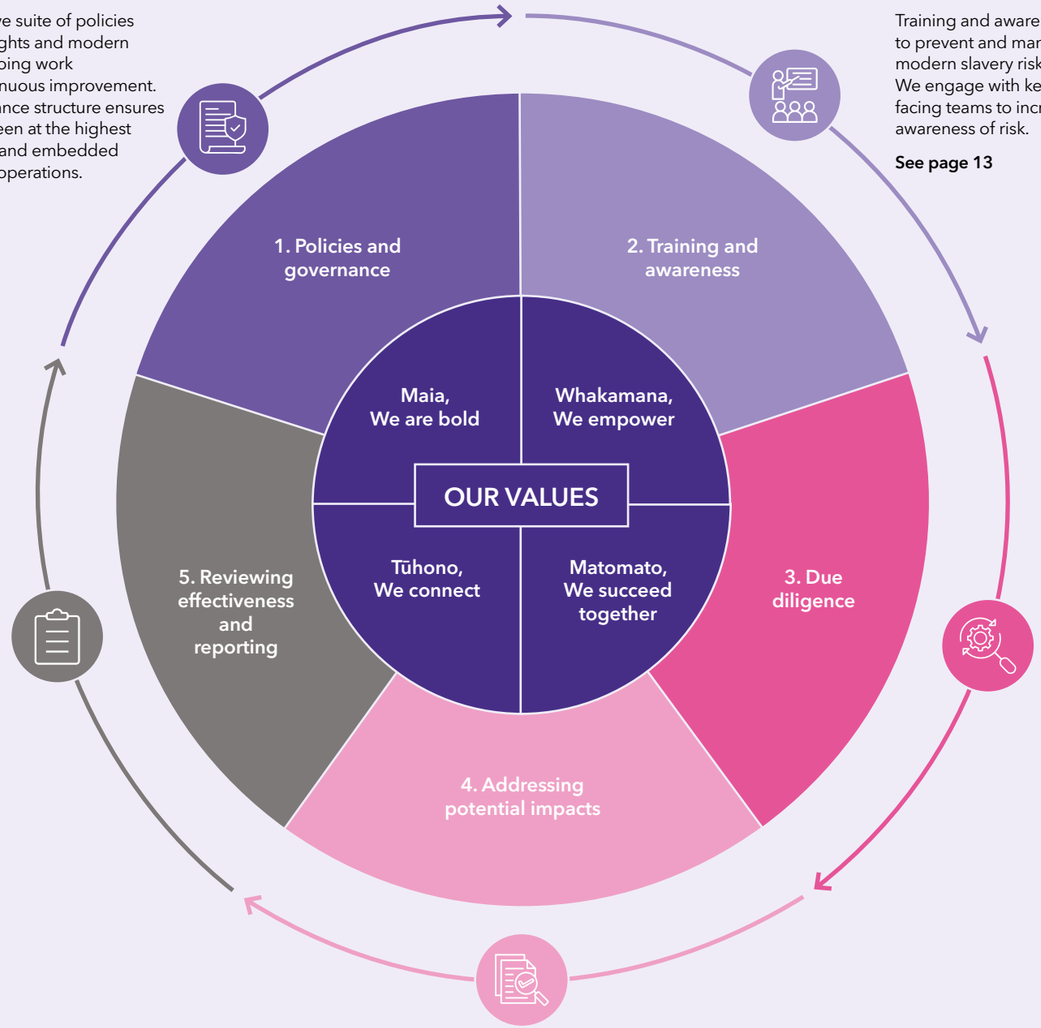
Our Human Rights and Modern Slavery Framework

Spark has policies and systems in place to assess, prevent, mitigate, and remedy instances of human rights or modern slavery violations as part of our overarching sustainability and risk management approach. This approach is outlined in our Framework below, and forms part of our broader Toitū Sustainability Framework and People and Culture practices.

Our Human Rights and Modern Slavery Statement is divided into five sections corresponding to the five elements of this framework.

Spark has a comprehensive suite of policies that support our human rights and modern slavery focus, with an ongoing work programme to drive continuous improvement. Our sustainability governance structure ensures that sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.

See pages 10 – 12



Training and awareness are critical to our ability to prevent and manage human rights and modern slavery risks across our business. We engage with key supplier and customer-facing teams to increase understanding and awareness of risk.

See page 13

We review progress against our Human Rights and Modern Slavery Programme every quarter through the Human Rights and Supply Chain Steering Committee and report to the Leadership Squad and Board quarterly. We report publicly on our progress annually through this statement and our broader Integrated Reporting.

See pages 27 – 29

We identify potential human rights and modern slavery risk areas through an ongoing human rights due diligence process, aligned to our annual sustainability materiality process and our principal risk assessment, alongside ongoing processes of supply chain risk assessment. We also have mechanisms in place to enable timely reporting of issues by our people.

See pages 14 – 15

We address upstream risk in our supply chain through the Joint Audit Cooperation (JAC) supply chain audit programme, led internally by our Audit and Risk team. This includes tracking corrective actions to address any issues identified. We have mature processes in place to manage issues, such as privacy. For emerging issues in our direct operations and downstream impacts, mitigation actions are agreed and tracked through the Human Rights and Supply Chain Steering Committee.

- Upstream impacts in our supply chain: **pages 16 – 20**
- Direct impacts in our operations: **pages 21 – 23**
- Downstream impacts of our products and services: **pages 24 – 26**

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1. Policies and governance

Our human rights and modern slavery work programme is driven by our Human Rights and Supply Chain Squad (the squad). This squad is led by our Sustainability Lead, who reports to our Sustainability Director – a member of Spark's Leadership Squad.

The squad is comprised of representatives from the Spark Value Management, Legal, Digital Trust, and Risk and Internal Audit teams, and a supply chain representative from Spark subsidiary Entelar Group. The Human Rights and Supply Chain Steering Committee has governance oversight of the work programme and serves as an escalation point for important decisions. The Steering Committee includes three Leadership Squad members – the Sustainability Director, People and Culture Director, and Network and Operations Director.

We report on progress against this work programme to our Leadership Squad and Board on a quarterly basis. An overview of Spark's sustainability governance structure is provided below. This approach ensures sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.

Sustainability Governance

Spark New Zealand Board of Directors	Approval of business strategy and Sustainability Framework, including key policies and KPIs. Reviews sustainability progress quarterly. Reviews climate change and modern slavery risks.
Leadership Squad	Sets three-year business strategy and approves Sustainability Framework, including key policies and KPIs. Reviews sustainability progress quarterly. Reviews climate change and modern slavery risks.
Corporate Relations and Sustainability Director and Sustainability Team	Corporate Relations and Sustainability Director has overarching responsibility for the Sustainability Framework and Spark's progress against it. Sustainability Lead and Environment and Sustainability Manager lead execution through squads and reporting.
Steering Committees and Governance Forums: Human Rights and Supply Chain, Data Ethics, Climate Disclosures	Steering Committees and Governance Forums established to ensure Leadership Squad and subject matter expert oversight of progress against material sustainability focus areas and risks, where appropriate.
Governance and Reporting Squad; Emissions Reduction Squads; Human Rights and Supply Chain Squad; Spark Foundation / Skinny Jump Squad	Cross-functional squads established to improve sustainability performance and integrate it across Spark. Spark Foundation has a sole focus on digital equity and is governed by a Board of Trustees. Skinny Jump is operated by a dedicated squad. Spark's new Digital Equity Lead will report into the Corporate Relations and Sustainability Director, and have overarching responsibility for Spark's digital equity investments.
Sustainability Framework: Economic Transformation; Digital Equity; Sustainable Spark	Identifies most material focus areas to guide activity and resource allocation.
Quarterly Business Review (QBR)	Spark's business strategy is executed through a Quarterly Business Review (QBR) process, with priorities agreed every three months. Sustainability is a standing priority on the QBR.
All Spark people	Support execution of Sustainability Framework priorities and consider sustainability impacts in decision making.

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Our Human Rights and Modern Slavery work programme

In FY24 we established a Human Rights and Modern Slavery work programme, to enable prioritisation and guide resource allocation within the Spark Group. This programme was developed by our Human Rights and Supply Chain Squad and approved by the Human Rights and Supply Chain Steering Committee. For details on how we assess our performance against the work programme, see the final section of this report, Reviewing effectiveness and reporting, on page 27.

Focus area	Description	KPIs
Policies and governance	Robust standards that set clear expectations for our people, suppliers, and stakeholders, with effective governance processes in place to oversee the operationalisation of these standards.	• Our policies are fit for purpose • Our Human Rights and Modern Slavery Framework is aligned to best practice and updated as needed to respond to the evolving risk environment • We have a clear work programme to drive continual improvement
Training and awareness	Regular, effective communications to our people, suppliers, and other relevant stakeholders to ensure our policies and expectations are well understood.	• Our company-wide communications and training equip our people to understand relevant human rights risks, including how to raise concerns • Our training for supply chain and customer-facing teams equips the people most likely to identify human rights and modern slavery risks across our value chain with effective management approaches
Due diligence	Effective risk assessment and due diligence processes that enable the accurate and timely identification of potential human rights and modern slavery risks across our value chain, including trusted and accessible reporting mechanisms for employees to raise concerns.	• Our risk assessment processes accurately identify our human rights and modern slavery risks • Our due diligence processes enable us to identify and manage modern slavery risks relating to suppliers and other third parties • Our people have access to our whistleblowing processes to raise concerns if they need to
Addressing potential impacts	Engaging proactively across our value chain to address potential impacts, including third-party JAC audits of high-risk suppliers to identify and address upstream issues in our supply chain.	• Our suppliers have effective grievance mechanisms in place for their own workforces • Any modern slavery-related complaints received are appropriately identified, investigated, and addressed
Reviewing effectiveness and reporting	We review our progress regularly through our governance processes and provide transparent reporting annually to our stakeholders.	• Our governance process is operating as intended • Our reporting continues to improve year-on-year

1. Policies and governance (continued)

Our policies

Our Human Rights Policy makes clear our commitment to supporting and respecting internationally recognised human rights as laid out in the International Bill of Rights and the International Labour Organisation's (ILO) Declaration on the Fundamental Principles and Rights at Work.

This commitment is supported by a comprehensive set of policies that articulate our human rights expectations to our team and provide transparency on how team members can report issues they are concerned about. These policies are supported by our People and Culture team, which provides specialised advice to team members on human resources matters.

We review these policies on a regular basis to ensure they remain fit for purpose. Spark's corporate governance policies, practices, and processes, including Spark's Annual Corporate Governance Statement, can be found on the Governance section of our website. Spark's policies apply to Spark and all subsidiaries. The following policies are the most relevant to preventing human rights and modern slavery issues within our business:

Policy	Purpose
Human Rights Policy	Commits Spark to support and respect internationally recognised human rights. The policy includes details of potential human rights impact and policies and processes in place to address these.
Diversity and Inclusion Policy	Outlines how Spark aims to support diversity and inclusion, as well as proactively recognising equality across the business to deliver enhanced customer experiences and business performance.
Health and Safety Commitment	Aims to ensure that all Spark people go home safe and sound at the end of each working day.
Supplier Code of Conduct	Sets out the minimum standards we expect from all our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical business practices. All new suppliers are required to sign up to the Code, or demonstrate commitment to an equivalent code of practice, as part of their onboarding process.
Privacy Values	Spark's Privacy Values (Protection, Fairness, Empathy, Transparency, Innovation, and Tikanga), supported by frameworks, processes, and training ensure that our people use our customers' personal information ethically and in accordance with all privacy laws.
Spark Privacy Policy	Explains how we collect, use, and share personal information and how we keep it safe.
Code of Ethics	Provides a framework for working at Spark and its related companies in a way that is consistent with Spark's values and standards, alongside guidance on decision-making and some known risk areas.
Whistleblowing Framework	Spark's whistleblowing system includes a number of reporting options. It is detailed in our Code of Ethics and covered in detail on our employee intranet. A key reporting channel is the Honesty Box, which enables reporting directly to the Digital Trust team, part of the Legal Centre of Excellence within Spark. All reports are investigated in confidence by appropriate specialist employees. Other reporting mechanisms also include a method for reporting directly to the Spark CEO.
Artificial Intelligence Principles	Outlines Spark's responsible and ethical approach to the design and operation of AI technologies.

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2. Training and awareness

Training and awareness are critical to our ability to prevent and manage human rights and modern slavery risks across our business. Across many of our broader human rights topics, including privacy and security and diversity and inclusion, all employees are required to complete regular training.

In the past year we developed and delivered focussed supplier and customer risk awareness training to increase understanding and the ability of our teams to identify risk in our supply chain and support our customer-facing teams to identify and address human rights risk through our customers' use of our products.

We have delivered risk awareness training sessions to the people most likely to encounter these issues within our business:

- Spark Value Management team (17 people)
- Entelar Procurement team (11 people)
- Spark Legal Centre of Excellence (28 people)

The training for our supply chain teams included:

- An introduction to modern slavery, including high-risk geographies and procurement categories
- An overview of human rights and Spark's Human Rights Policy
- The requirements of Spark's Supplier Code of Conduct
- An overview of modern slavery reporting regulation and emerging best practice
- An overview of JAC and our supplier audit processes
- Details of our supplier risk assessment process and priority suppliers identified

The training featured a number of real-life case studies to illustrate potential impacts, and drive discussion around how best to address different risk scenarios. This included case studies featuring vulnerable groups or communities in our supply chain, working with partners in high-risk geographies, and high-risk supply categories.

We also piloted training to our customer-facing teams with our Internet of Things (IoT) sales team. This adapted our supply chain training, covering the same introduction to human rights risk, with a focus on vulnerable groups and high-risk categories and geographies relevant to work with our customer base.

In the year ahead we plan to further develop our training approach, to re-engage our procurement team, and extend our training to more customer-facing teams. The training will evolve as we develop and formalise our supplier and customer due diligence processes.

3. Due diligence

The United Nations Guiding Principles (UNGPs) on Business and Human Rights states that businesses have a responsibility to respect human rights wherever they operate and whatever their size. The UNGPs further affirm that businesses must prevent, mitigate, and where appropriate, remedy human rights abuses that they cause or contribute to, while seeking to prevent or mitigate any adverse impacts related to their operations, products or services, even if these impacts have been carried out by suppliers or business partners.

When we developed our Human Rights Policy, first introduced in 2022, we conducted a full due diligence process to identify areas of potential impact across our value chain. This process included internal and external stakeholder engagement, supported by a third-party review of our approach against our global peers. We identified a number of human rights topics that were relevant to our broader value chain, many of which were already addressed through existing policies and processes.

We continue to identify human rights and modern slavery risk through ongoing human rights due diligence processes. These diverse sources help us identify and prioritise our response to the most salient human rights risks, including emerging risks:

- An annual review of our material sustainability topics, which includes engagement with stakeholders, and peer review, to ensure we have identified emerging human rights topics
- Our ongoing process of principal risk assessment, which is undertaken by our Audit and Risk team and reported directly to the Board
- Our annual process of supply chain risk identification, including supplier self-assessments and ongoing supplier screening
- Independent supplier audits conducted through our membership of the Joint Audit Cooperation Initiative (JAC)

- Data ethics governance to identify and manage emerging issues in the application of data and new technologies, including artificial intelligence

All Spark people, as well as some of our indirect workforce, such as outsourced call centre employees, have access to Spark's whistleblowing processes. A key reporting channel is the Honesty Box, which enables reporting directly to the Digital Trust team, part of the Legal Centre of Excellence within Spark. All reports are investigated in confidence by appropriate specialist employees. Other reporting mechanisms also include a method for reporting directly to the Spark CEO. This enables reporting of new and emerging human rights issues for consideration.

Some submitters raised issues concerning behavioural matters, workplace environments, organisational design/change, and application of employee-related processes. These were considered and addressed appropriately with the support of Spark's People and Culture Team.

We regularly remind Spark people of the reporting options available to them and are pleased to see the growing diversity of matters that submitters are comfortable raising. In FY25 we will continue to raise visibility and understanding of the importance and value of our whistleblowing processes.

Our approach

When we identify human rights or modern slavery risks or issues within our business or supply chain, our overriding objective is to work alongside our suppliers, partners, and customers to address and remediate these issues. In this way we can contribute to positive change within our value chain, rather than simply removing ourselves from the situation.

Our potential human rights impacts

Our human rights due diligence has identified a number of potential impacts across our value chain. For modern slavery risks we have also considered a number of ways in which we may be linked to potential impacts:

- **Cause**: A business may be a cause of modern slavery where their actions or omissions directly result in modern slavery occurring
- **Contribute**: A business may contribute to modern slavery where its actions or omissions significantly facilitate or incentivise modern slavery
- **Directly linked**: A business may be directly linked to modern slavery where its products, services, or operations are directly linked to harm carried out by a third party, such as a supplier

Upstream impacts

in our supply chain

Pages 16 – 20

Potential modern slavery impacts

- Risk that Spark may be **directly linked** to modern slavery practices in its global supply chain, including forced and child labour. Particular risk in the manufacture of consumer and network telecommunications and ICT equipment
- Risk that Spark may **contribute** to modern slavery practices by not implementing adequate processes to identify and address issues in its global supply chain

Other potential human rights impacts

- Risk that Spark may be **directly linked** to negative impacts of raw materials sourcing used in electronic equipment manufacturing e.g. conflict minerals
- Risk of customer data privacy breach by one of our suppliers or partners

Direct impacts

in our operations

Pages 21 – 23

Potential modern slavery impacts

- Risk that Spark may **cause** modern slavery practices in our direct workforce (low risk) or through its indirect/contracted workforce. Particular risk in overseas contracted workforce (e.g. call centres, ICT support/development services), and in potentially vulnerable New Zealand contact services (e.g. cleaning contractors)
- Risk that Spark may **contribute** to modern slavery practices by not implementing adequate processes to identify and address issues in its contract workforce

Other potential human rights impacts

- Importance of diversity and inclusion across our business, including commitments to improve gender and ethnic representation across our business and reducing our gender and pay gap
- Protection of employee data

Downstream impacts

through our products and services

Pages 24 – 26

Potential modern slavery impacts

- We have not identified any downstream modern slavery impacts at this time

Other potential human rights impacts

- Potential impacts on our customers' human rights to privacy, including security protection
- Potential impacts of our products and services, including emerging technologies such as AI
- Importance of digital equity and inclusion, which is an enabler of many other human rights including access to education, healthcare, employment, and participation in society

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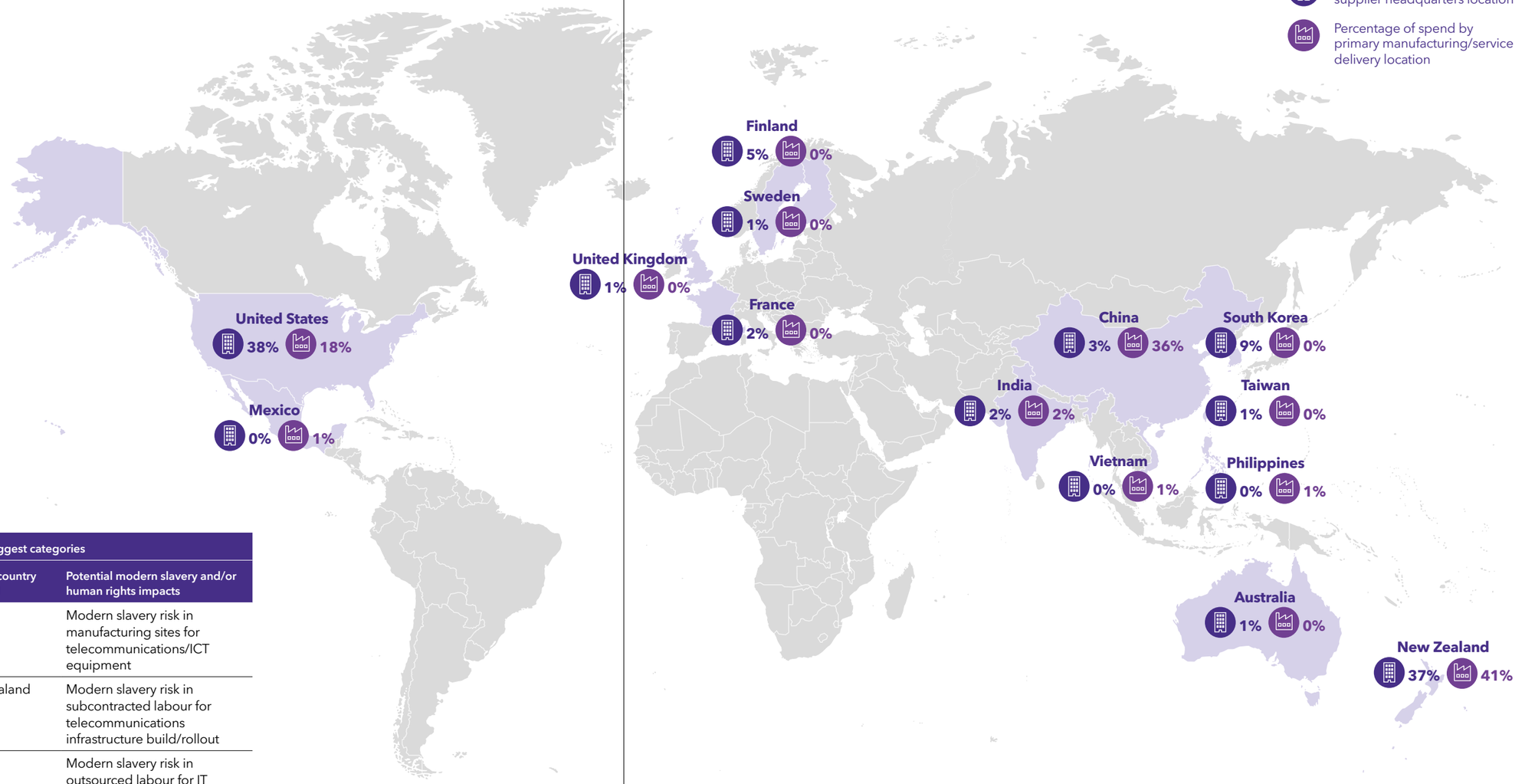
4. Addressing potential impacts

Upstream impacts in our supply chain

We rely on a combination of local and global suppliers and partners to operate our business. We have over 2,000 suppliers, ranging from the largest global technology businesses to small local operators. Each year we spend around $2 billion to support our business and meet our customers' needs. Our global supply chain is complex, with many indirect suppliers providing the source materials and components required to deliver consumer electronics and network infrastructure. We set clear expectations for our suppliers related to social and environmental performance through our Supplier Code of Conduct. All new suppliers are requested to sign up to the Code, or demonstrate commitment to an equivalent code of practice, as part of their onboarding process.

The majority of Spark's supply chain spend is across three categories, focussed on technology and telecommunications equipment and services to support our business and our customers. The remainder is spent on a range of services, such as marketing, corporate services, content rights, electricity, travel, freight and courier, office supplies, and leasing. Of our total spend, around 90% is with our top 100 suppliers.

Mapping our global supply chain



Analysis of spend for Spark's largest suppliers by spend.
Geographic data covers ~80% of total spend.
Data correct as at 30 June 2024.

Spend across our three biggest categories

Procurement category	Percentage of supply chain spend	Primary country of spend	Potential modern slavery and/or human rights impacts
Electronic equipment, mobiles, accessories, network equipment	30%	China	Modern slavery risk in manufacturing sites for telecommunications/ICT equipment
Telecommunications services: interconnect, broadband	27%	New Zealand	Modern slavery risk in subcontracted labour for telecommunications infrastructure build/rollout
Software and IT services	21%	USA	Modern slavery risk in outsourced labour for IT services

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4. Addressing potential impacts (continued)

Spark's Supplier Code of Conduct

Our Supplier Code of Conduct sets out the minimum standards we expect from all our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical business practices. All new suppliers are requested to sign up to the Code, or demonstrate commitment to an equivalent code of practice, as part of their onboarding process.

The Code also requires suppliers to consider risks in their own supply chains. This includes processes for managing the responsible sourcing of materials used in electronic manufacturing, for example, tantalum and cobalt.

Grievance and reporting mechanisms are also an important requirement of the Code. We recognise it is impractical for our 2,000 suppliers to implement customer-specific grievance mechanisms within their supply chains. Instead, we set out clear expectations in our Supplier Code of Conduct, which requires our suppliers to:

- *"Allow all workers to communicate openly with management regarding working conditions and human rights without fear of reprisal, intimidation or harassment in accordance with local laws and in any event in a manner that respects basic rights of open communication, direct engagement and humane and equitable treatment"; and*
- *"Implement and maintain policies and processes to maintain whistle-blower confidentiality and protect whistle-blowers from retaliation and victimisation".*

For priority suppliers we gather information on our suppliers' policies and processes to ensure compliance with our requirements. For suppliers selected for JAC audit the presence of employee reporting mechanisms, and policies for responsible minerals sourcing, is an important part of the audit process. See the Supplier risk assessment and Supplier audit programme sections below for more information.

Supplier risk assessment

We have implemented an annual supplier risk assessment process to analyse our current supplier base and prioritise suppliers for further risk assessment, including self-assessment questionnaires and future JAC audits. This process considers a number of criteria:

- Top suppliers by spend and strategic suppliers – with data derived from spend data and key partnerships
- Suppliers linked to high-risk geographies aligned to World Economic Forum risk factors
- Suppliers in high-risk sectors, such as electronic equipment manufacturing, clothing/merchandising, and solar equipment manufacturing
- JAC database analysis – prioritising suppliers with a pattern of lower audit scores for tier 1/2/3 supplier sites

Our FY24 analysis identified a list of 57 high-priority suppliers. These suppliers were requested to complete a supplier self-assessment, which included disclosure on:

- Locations involved in the provision of goods and services to Spark. Our supplier location information is often tied to local New Zealand branch offices, or global headquarter addresses. By gathering data on supplier factory or support centre locations we can gather useful information to identify high-risk geographies upstream in our supply chain
- Detail on the processes suppliers have in place to identify and address instances of modern slavery, or broader human rights impacts, across their supply chains, or in their direct operations. This includes information on our suppliers' own modern slavery reporting, which many of our priority suppliers produce
- Disclosure on whether any instances of modern slavery, or other human rights impacts, have been identified by the supplier
- Information on suppliers' policies on conflict minerals in their supply chains

To date 25 assessments have been received. These provide useful information for further engagement with suppliers. None of the self-assessments declared any known instances of modern slavery in our suppliers' direct operations.

Some of our large technology providers with mature supplier audit processes did disclose findings of their own supplier audit programmes. These included issues of excessive working hours and forced or bonded labour related to onboarding fees or recruitment bonds – which are similar to the findings of our own supplier audits (see page 20). One supplier also reported six instances of potential risk or non-conformity related to child and young labour protection, not linked to Spark's direct supply chain. These included issues such as missing proof-of-age documents and exceeding the allowed percentage of student workers.

We are comfortable that these suppliers have processes in place to identify and address non-compliance and are transparent about the findings of their supplier audits, with many of them publishing their own annual modern slavery and/or human rights performance statements.

In the past year the Spark Risk, Internal Audit and Fraud team reviewed Spark and Computer Concepts Limited's (CCL) supplier due diligence processes, evaluating the design and effectiveness of due diligence controls and how risks are managed for new and existing suppliers. The review identified a number of opportunities to improve our processes, which are a focus for FY25.

Supplier audit programme

JAC is an international association of telecommunications operators. The core purpose is to enable members to work together to assess, verify, and improve the labour standards, health and safety, environmental, ethics, and management systems of the industry's supply chains, as well as identification of supplier sites to audit. JAC has been running for over a decade and has been gradually growing as new operators join the initiative. As of June 2024, the association included 27 telecommunications operators.

As a JAC member Spark is required to audit a minimum of five supplier locations each calendar year. The suppliers and locations are mutually agreed and allocated across the members. Findings and corrective actions are also shared among all JAC members, which provides visibility of risk across a larger number of suppliers than Spark would be able to audit individually and a platform for collective industry engagement to improve performance.

In the past calendar year (to 31 December 2023) JAC members conducted a total of 123 audits and also performed 13 confidential Mobile Workers' Surveys to complement on-site audits and capture worker sentiment directly. Across these audits 890 corrective actions were raised. The top audit findings were related to health and safety, working hours, environment, and wages and compensation.

As we share common global suppliers with our industry peers, many of the sites audited are relevant to our own supply chain, including a significant number of sites within the past two years. Details shared among JAC members are covered by a Non-disclosure Agreement, which means we cannot share details of JAC audits conducted by other members publicly, but we can use this information in our own internal risk assessment, to inform our engagement with suppliers, and to prioritise and select sites for auditing.

Within Spark our JAC audit programme is led by the Audit and Risk team. To undertake the assessments, we have engaged a third-party auditor experienced in delivering site assessments against the JAC methodology. Following an audit a Corrective Action Plan is agreed with the site that was audited, to address any issues identified. Progress against agreed actions is recorded in the shared JAC database and reported directly to the Spark Board.

We completed eight JAC audits in FY24, with our first five completed in 2023, and the further three audits completed in the first six months of 2024.

The sites audited include five manufacturing sites in China, two audits of our outsourced call centre operations in the Philippines, and one audit of an outsourced IT service provider in India. For our remaining two audits for the 2024 calendar year, we are targeting two New Zealand-based suppliers providing cleaning and security services – sectors we have identified as higher risk for potential modern slavery impacts in our local market.

4. Addressing potential impacts (continued)

Summary of JAC audit findings

Category	Number of minor findings	Number of major findings	Number of highest priority findings	Notes
Child labour	0	0	0	No issues found
Forced labour	0	2	1	Findings related to inadequate employment contracts for contracted workforce, and onboarding/health examinations fees charged to new employees
Health and safety	5	27	4	Majority of health and safety findings were corrected immediately or shortly after audit completion. Related to signage, labelling, access to fire exits, and availability of appropriate personal protection equipment (PPE)
Freedom of association	0	0	0	No issues found
Discrimination	0	1	0	One finding related to lack of policy or procedure to ensure reasonable accommodation for religious practices
Disciplinary practices	0	0	0	No issues found
Working hours	0	3	5	Findings related to excessive working hours – see commentary below
Wages and compensation	3	4	0	Findings related to lack of required social insurance, employee wage deductions, and holiday pay requirements
Environment	7	10	0	Findings related to lack of greenhouse gas (GHG) emissions reporting and reduction planning, supplier engagement on emissions, and environmental hazard identification
Business ethics	1	4	0	Findings related to lack of compliance process and performance review related to business ethics practices
Total findings*	16	51	10	
Total findings closed	8	18	3	

* 24 findings (all open) relate to the most recent audit completed in June 2024. The majority of open findings relate to audits completed in the final quarter of FY24. We are engaging with suppliers to ensure corrective action plans with timely due dates are in place.

Five of the eight sites audited have been tier 1 sites, meaning they are owned and operated directly by Spark suppliers. At these sites the audits found high levels of compliance with our requirements, with limited findings related to site health and safety and compliance issues. At some of the manufacturing sites using contracted labour, we found that the employment protections in place for direct employees were not consistent for workers indirectly employed at the sites. In these instances, we have required sites to implement corrective actions to ensure that conditions for all employees meet requirements.

Three of the sites audited were tier 2 sites, operated by suppliers to our suppliers. Two of these tier 2 sites had higher instances of non-compliance and issues than tier 1 sites. At both sites we found working hours significantly exceeded expectations, with employees working beyond legal maximum weekly working hours and working in excess of seven days continuously. At one site the audit also found concerning practices regarding worker pay deductions for lateness and absences and health examination fees for new workers.

We take these findings seriously. As these are tier 2 suppliers our approach is to engage with our direct supplier and work in partnership with them to ensure corrective actions are implemented to address issues identified at the sites. This includes direct engagement with the Spark Risk, Internal Audit and Fraud Lead, Spark's Sustainability Lead, and the supplier relationship lead within Spark. Both suppliers are global technology companies headquartered in Europe, each with their own modern slavery supply chain processes in place.

Aligned to our overarching human rights approach, our objective is to work alongside our suppliers to remediate issues identified rather than simply removing ourselves from the situation. To date we have found our suppliers are responsive to corrective actions. If we find a supplier unable or unwilling to address serious non-compliance in the future this would cause us to review our commercial relationship with them.

As with all JAC audits, assessment findings and corrective actions are uploaded to the JAC database and are shared with all JAC members. To close an audit, evidence of corrective actions taken must be provided and uploaded. Open corrective actions are tracked and reported. Within Spark we also report the results of JAC audits to our Leadership Squad and Board on a regular basis.

Direct impacts in our operations

Our direct workforce

Our people have a broad range of skillsets, ranging from customer service to engineering and professional services. As of 30 June 2024, Spark directly employed 5,291 people, with more than 99% of these people located in New Zealand. Spark meets all requirements of New Zealand employment law for our New Zealand-based direct workforce and in many cases goes beyond statutory requirements. We seek to remunerate our people with competitive salaries, paying in line with the market so we can recruit and retain the best talent. In FY24 we made above-inflation adjustments for our lowest-paid employees, taking into consideration benchmarks, such as the (voluntary) Living Wage . Our Hiring People Policy ensures that 'right to work' checks are undertaken and work cannot commence without valid documentation.

Spark has a diverse workforce and a robust diversity, equity, and inclusion programme that is focussed on ensuring our people feel valued, respected, and confident to bring their whole selves to work. We use regular engagement and culture surveys with our people, which enables individuals to share their views and experiences confidentially and supports leaders to create healthy, safe, and engaging work environments for, and with, their team members.

Spark people undertake compliance training on a range of topics including, but not limited to, our Code of Ethics, health and safety, security and privacy, sustainability, and our policies around discrimination, bullying, and harassment, and diversity and inclusion. In addition, our people leaders receive training through our People and Culture team, as well as leadership development programmes that ensure they have an understanding of the standards and expectations in place for the protection of our people.

Spark occasionally employs interns in different areas of the business, including as part of our diversity and inclusion activities to provide valuable work experience. We have a general policy of paying our interns at least the minimum wage, and while our internships are not guaranteed pathways to roles at Spark, we provide advice and mentoring on career opportunities.

Our indirect workforce

We have an indirect workforce of around 2,600 people, with the majority located in New Zealand and approximately 500 people located offshore. We recognise our indirect workforce could potentially face higher risks of modern slavery than those employed directly by Spark, and we have checks and balances in place to mitigate these risks.

Our indirect workforce in New Zealand is a diverse mix of agency contractors, consultancy firms, independent contractors, suppliers (including people such as cleaners and security staff working in our buildings), and people employed by our Spark Business Hubs.

Our New Zealand-based indirect employees are all protected by New Zealand employment law and employed on a range of contractual arrangements, depending on the type of work they do and where they have been engaged. Our independent contractors and agency staff who contract directly to Spark are all engaged in accordance with our own employment hiring process in terms of proof of right to work and rates of pay. Our Business Hubs operate under a licensing model with employment terms determined by each of the owner operators independently of Spark.

Before the end of 2024 we plan to complete JAC audits for two New Zealand-based suppliers providing cleaning and security services. These are sectors we have identified as higher risk for potential modern slavery impacts in our New Zealand indirect workforce.

The majority of our people located offshore are based in the Philippines, where we contract with an offshore partner to run customer care centres to serve our customer base in New Zealand. We require our partner in the Philippines to make formal commitments around its mitigation of modern slavery risk. Our partner has confirmed that it adheres to fair pay practices, including paying employees for all time worked and that all its employees,

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Introduction

4. Addressing potential impacts (continued)

contractors, and suppliers must comply fully with its Equal Employment Opportunity Policy and applicable employment laws. As part of our membership of the Joint Audit Cooperation (JAC) initiative we have audited two of our partner's call centre sites in the Philippines. Both site audits found good practices around employee wellbeing and compliance with employment regulations. More information on our JAC audit programme is available on page 19.

We also outsource some IT services work to contract staff at two different IT services businesses, both headquartered in India. The number of contractors from these businesses who are working with Spark fluctuates, depending on the work required, but as of 30 June 2024 it was around 100 people, with around two thirds based in New Zealand and a third offshore in India or Australia. We also completed a JAC audit of our supplier's site in India, which showed good employment practices in place.

Our retail network

We operate 61 retail stores and 24 Business Hubs throughout New Zealand. We also have dealership arrangements with major retail chains across New Zealand to sell Spark products and services. Spark directly operates all its retail stores, and all the people working in Spark stores have an Employment Agreement directly with Spark. Our Business Hubs are operated by third-party licensees and their employees are employed directly by those third parties. We require within the licence terms that the terms of employment between the licensee and the staff member must comply with all statutory and legal requirements. Under the licence agreement, licensees must offer employment on terms substantially consistent with a template agreement provided by Spark (being a fit-for purpose agreement that meets minimum legal requirements).

Demographics of our workforce

Including permanent and fixed-term employees of Spark and its directors, as of 30 June 2024.

		Gender[1]					Age		
	Number of people	Female %	Male %	Female #	Male #	Gender diverse #[6]	Under 30 years old	30 – 50 years old	Over 50 years old
Directors	**8**	**63%**	**37%**	FY24: 5	FY24: 3		**0%**	**14%**	**86%**
	0	+13%	-13%	FY23: 4	FY23: 4		no change	+14%	-14%
Leadership Squad[2]	**11**[3]	**55%**	**45%**	FY24: 6	FY24: 5		**0%**	**55%**	**45%**
	+2	-1%	+1%	FY23: 5	FY23: 4		no change	-1%	+1%
Other leadership roles[4]	**72**	**43%**	**57%**	FY24: 31	FY24: 41		**2%**	**58 %**	**40%**
	+4	+2%	-2%	FY23: 28	FY23: 40		+1%	-11% %	+11%
Permanent starters	**844**	**39%**	**59%**	FY24: 330	FY24: 497		**33%**	**56%**	**11%**
	-430	-2%	no change	FY23: 518	FY23: 749		-2%	+4%	-1%
Permanent leavers	**975**	**38%**	**60%**	FY24: 369	FY24: 583		**28%**	**53%**	**18%**
	-169	no change	no change	FY23: 434	FY23: 687		-2%	-3%	+5%
Total[5]	**5,298**	**34%**	**66%**	FY24: 1,778	FY24: 3,435	FY24: 16	**17%**	**57%**	**26%**
				FY23: 1,832	FY23: 3,582	FY23: 10			
	-141	0%	0%				-2%	+1%	+2%

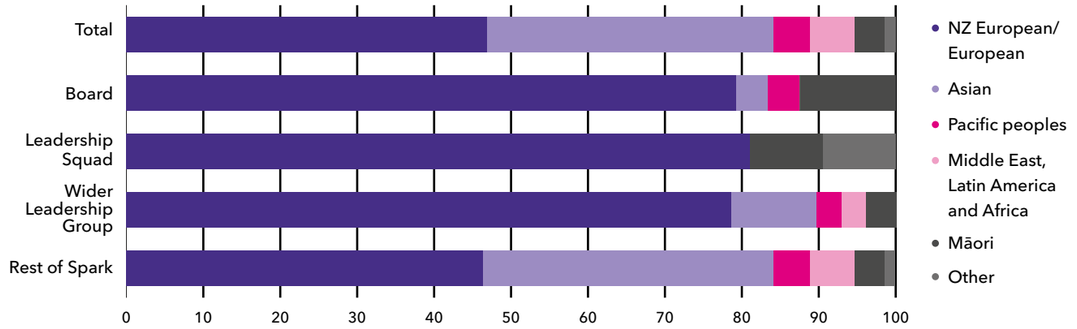
1. For the purposes of NZX Listing Rule 3.8.1(c) no directors or members of the Leadership Squad self-identify as gender diverse.
2. Includes the CEO who is also included as a Director in the line above. The Leadership Squad is considered 'senior managers' for the purposes of the Financial Markets Conduct Act 2013 and 'senior executives' for the purposes of the ASX Corporate Governance Council's Principles and Recommendations.
3. Leadership Squad consists of ten members as at 1 July 2024 with Tessa Tierney leaving Spark on 30 June 2024.
4. Substantive roles that report directly to members of the Leadership Squad.
5. Includes non-executive directors. Spark's employee headcount, including our CEO, is reported as 5,291.
6. Gender diverse totals only reported in total figures. There are an additional 61 people that have not provided/prefer not to disclose their gender.

Workforce by gender and contract type

Employee types	Total		Auckland		Wellington		Christchurch		Other region			
Contract type	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Other/Gender not disclosed	Total
Permanent full time	1,534	3,280	828	1,759	231	613	263	482	212	426	70	4,884
Permanent part time	227	136	62	49	24	18	64	21	77	48	6	369
Temporary full time	14	17	4	11	2	4	3	0	5	2	2	33
Temporary part time	3	2	2	1	0	0	1	0	0	1	0	5
Casual (non-guaranteed hours)	7	3	0	0	1	1	6	2	0	0	0	20
Total	**1,785**	**3,438**	**896**	**1,820**	**258**	**636**	**337**	**505**	**294**	**477**	**78**	**5,311**

Based on headcount. Casual contracts include any individuals on a non-guaranteed hours basis that were active as at 30 June 2024 and had received remuneration for hours worked in FY24.

Workforce ethnic diversity



Modern Slavery
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4. Addressing potential impacts (continued)

Downstream impacts of our products and services

We recognise that human rights risks exist beyond our supply chain and direct operations and could include the downstream impacts of our operations and the way our customers utilise the technology services we provide. This includes risks of potential impacts to the human right to privacy and to live free from discrimination. Digital equity is also a key enabler of human rights, by way of the role it plays in access to education, health and employment, and the ability for all groups to participate in society.

Our privacy programme

Spark puts cyber security, customer safety, and privacy at the forefront of everything we do. We have processes in place to ensure that appropriate ownership, oversight, and ongoing risk management is applied to our customers' and Spark's IT systems. Our processes are independently assured by our risk and internal audit functions. Our approach to privacy is based on the principles of customer centricity, fairness, transparency, autonomy, and simplicity.

Spark's Digital Trust team leads Spark's privacy programme, providing frameworks, tools, and training to support Spark people to follow our Privacy Policy and Values.

Internal processes and controls to safeguard customer privacy:

Risk assessments	Personal information access management	Responding to data breaches
New products and services are assessed for any privacy risks, with appropriate mitigations embedded into their design and implementation. For many of our business units, these assessments are conducted by Spark privacy ambassadors – specially trained team members equipped with Spark-made assessment tools and supported by dedicated privacy experts. New vendors are also screened to ensure privacy will be managed appropriately.	Spark's Call Investigation Centre (CIC) manages requests for personal information from customers and government agencies. We report agency request volumes in our **Spark Transparency Reports**.	Our dedicated Data Breach Reporting Tool enables any breaches to be reported by our people and managed in a customer-focussed way and in compliance with the Privacy Act 2020.

Awareness and support for our people:

Privacy resources	Privacy training	Resolving privacy issues
Our Policy Playbook contains guides for applying privacy considerations to everyday activities and comprehensive resources are provided for our people online.	All our people must complete privacy training on joining and annually, to ensure it remains top of mind.	Our people are encouraged to raise any privacy issues via the Digital Trust team or Spark's internal online whistleblowing tool, the Honesty Box.

For more detailed information on our approach to privacy please refer to our Annual Integrated Report.

Impacts of emerging technologies

The rapid development of AI technologies brings many benefits to New Zealand, while also presenting increasingly complex challenges in ensuring that both data and data applications are used by people and organisations ethically, safely, and lawfully.

Spark's use of AI is guided by our **Artificial Intelligence Principles**, which focus on a responsible and ethical approach to the design and operation of AI technologies within our business. Our principles are focussed around seven key areas: human centred; ethical design; diversity, inclusivity, and bias; safety and reliability; privacy; informed human decision-making; and explicability and transparency. These Principles are regularly reviewed and updated as we continue on our AI journey.

During FY24 we evolved our data governance strategy, restructuring our governance forums to enable a more targeted and purposeful approach.

We established an AI Executive Governance Committee, which provides executive oversight of Spark's deployment of AI across the business, including investment choices, benefit realisation, and associated changes to operating model design.

We also established a Data Ethics Committee, which is more specifically focussed on ensuring we are using data and data applications, including AI, ethically, legally, safely, and in line with stakeholder expectations.

Operational matters have now been integrated into our Information Security Risk Management Committee, which oversees data security and other risk domains more broadly.

The Data Ethics Committee includes representatives from the Leadership Squad, together with relevant subject matter experts, and provides oversight as our Artificial Intelligence Principles are further embedded into our systems and processes.

Up until this year our use of AI within Spark has been narrowly deployed against specific use cases and controlled by a centralised, specialist team who have continued to ensure our use of this technology aligns to our Artificial Intelligence Principles. For example, we have used AI to implement data-driven marketing and to increase automation within our network.

The acceleration of Generative AI opens up new opportunities for a much broader range of Spark people to utilise AI in their day-to-day activities and is another pillar to our overall AI roadmap. We are piloting and then scaling different use cases across the business, while enhancing our deployment approach in a carefully structured and staged manner. As this occurs, we will establish clear ownership by senior leaders across the business for change management in their areas, supported by our subject matter experts, and while maintaining Leadership Squad oversight through our governance forums.

To support this, during FY24 the Data Ethics Committee oversaw the creation and adoption of a new Generative AI Policy. This is an internal policy that operationalises our Artificial Intelligence Principles by providing specific usage guidelines for our people who are working with Generative AI tools within Spark. We are now disseminating and embedding this policy, in line with the staged rollout of Generative AI tools across the business.

To further embed our AI principle of privacy into our processes, we also require all new AI work that uses personal information in a new way to go through a Privacy Impact Assessment, which is then reviewed by a Privacy Ambassador or Privacy Officer. The Privacy Ambassador either approves, declines, or helps reframe requests that sit within guidelines, or escalates the request to the Privacy Officer and the Spark Legal team (as required) for further investigation and discussion. This process ensures that any privacy aspects of proposed data and AI work are considered prior to any development commencing.

4. Addressing potential impacts (continued)

Risk in our customer base

Our human rights due diligence process identified potential risks from our customers' use of our products and services. As a New Zealand-based business, most of our customers operate exclusively within New Zealand where strong human rights protections exist. Although the majority of Spark's customers pose a low risk, there is the potential for human rights impact for some high-risk sectors, high-risk geographies, high-risk product categories, or for customers working with vulnerable groups.

We have designed a new customer human rights risk screening process to help us identify and mitigate human rights risks arising from the use of our products and services. In FY24 we piloted training with customer-facing teams who are most likely to become aware of these risks. This adapted our supply chain training, covering the same introduction to human rights risk, with a focus on vulnerable groups and high-risk categories and geographies relevant to work with our customer base.

Our customer screening process requires us to consider if services provided to customers pose any risk of negative human rights impacts, are used with vulnerable groups, or in high-risk industries or geographies where there is a greater risk of negative human rights impacts. The process flags customers for further consideration where needed, for the Human Rights and Supply Chain Squad to conduct an initial review and provide a recommendation, with complex, high-risk, or high-value cases escalated to the Leadership Squad for a final decision. In line with human rights best practice, this includes understanding opportunities to work in partnership with customers to mitigate any risks and address underlying human rights issues.

In the year ahead our focus is to further embed the customer screening process and rollout training to more customer-facing teams. We will also review the process against our existing governance and due diligence processes covering our high-risk product categories through our privacy and data ethics processes.

Digital equity

Digital equity is an enabler of many other human rights, including access to education, healthcare, employment, and participation in society. Digital equity starts with having access to devices and a connection to the internet but this is really just the beginning. Beyond access, to close the digital divide our communities need the skills to use technology, trust in the digital world, and the motivation to participate.

Through Spark Foundation we invest in community partnerships that improve digital access, digital skills and pathways, and digital wellbeing. We also address cost barriers to digital equity through Skinny Jump, and consider digital inclusion and accessibility in the design of our products and services.

Improving access and affordability through Skinny Jump

Skinny Jump is Spark's not-for-profit wireless broadband service for people, who find cost a barrier to having an internet connection at home. The service is prepaid, so there are no long-term contracts or credit checks needed, removing potential barriers to digital access.

Jump is delivered by a dedicated squad of Spark people alongside a community partner network, which is overseen by Digital Inclusion Alliance Aotearoa (DIAA) and includes nearly 300 local organisations nationwide, spanning community libraries and community hubs amongst others.

There are now over 31,776 households across the country who are actively using Skinny Jump. Jump provides customers with 35GB of data for $5, with the first 15GB of data each month free. Customers can purchase up to six top-ups a month, which means Jump customers can access 225GB of data for just $30 a month.

In FY24 Skinny Jump continued its key partnerships, including the 'Ciena Jump for Students Fund', which gives eligible students free Skinny Jump connections until the end of the school year. There are now 1,160 students using the Ciena Jump for Students Fund.

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

Championing digital equity through Spark Foundation

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

Spark Foundation allocates funding for programmes through a strategic partnership approach, working with organisations whose objectives are aligned to improving digital equity for Aotearoa. Most partnerships focus on empowering and equipping the next generation of digital thinkers and creators, especially Māori and youth, who are disproportionately impacted by digital exclusion.

Last year, Spark Foundation refreshed its strategic direction for the next three years, recognising the significant progress already made improving digital access through Skinny Jump and programmes such as Recycle A Device (RAD). While the Foundation's three focus areas remain, over the coming years the focus on building digital skills and pathways into technology for Māori and Pasifika will be upweighted. We believe that equitable participation in our sector is the ultimate expression of digital equity.

For more information on Spark's digital equity work please refer to our integrated Annual Report.

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5. Reviewing effectiveness and reporting

To review our progress, we have detailed below how we assess the effectiveness of our actions against the stated focus areas and KPIs of our work programme.

This Modern Slavery and Human Rights Statement provides a detailed summary of our progress in FY24, which is also summarised below for completeness.

We review progress against our Human Rights and Modern Slavery Programme every quarter through the Human Rights and Supply Chain Steering Committee and report to the Leadership Squad and Board quarterly. We report publicly on our progress annually through this Statement and our broader Integrated Reporting.

Focus areas	Description	KPIs	How we assess effectiveness	Progress in FY24
Policies and governance	Robust standards that set clear expectations for our people, suppliers, and stakeholders, with effective governance processes in place to oversee the operationalisation of these standards.	• Our policies are fit for purpose • Our Human Rights and Modern Slavery Framework is aligned to best practice and updated as needed to respond to the evolving risk environment • We have a clear work programme to drive continual improvement	• Regular review of policies by relevant subject matter expert • Feedback from internal and external stakeholders • Feedback from the Leadership Squad and Board during progress updates • Performance in external sustainability benchmarks • Annual approval of the work programme by the Human Rights and Modern Slavery Steering Committee. • Completion of key action items identified by the work programme by financial year close	• Reviewed our Human Rights Policy and Supplier Code of Conduct • Held meetings with investors to gather feedback on our approach and areas for improvement • Human Rights and Modern Slavery Steering Committee established in March 2024 • Evolved our data ethics governance approach, with a new Data Ethics Committee established in June 2024 • Further embedded our AI Principles through the creation of a Generative AI Policy for Spark people • Maintained top-quartile global benchmark ratings in the Corporate Sustainability Assessment (Dow Jones Sustainability Index) and World Benchmarking Alliance Digital Inclusion Benchmark
Training and awareness	Regular, effective communications to our people, suppliers, and other relevant stakeholders to ensure our policies and expectations are well understood.	• Our company-wide communications and training equip our people to understand relevant human rights risks, including how to raise concerns • Our training for supply chain and customer-facing teams equips the people most likely to identify human rights and modern slavery risks across our value chain with effective management approaches	• Regular all-company communications that raise awareness of relevant policies, training, and Spark's Honesty Box (whistleblower process) • Tracking completion rates for our supply chain and high-risk customer team training and monitoring feedback from participants	• All Spark communications on Human Rights Policy, Sustainability Training, and Honesty Box processes delivered • Designed and delivered human rights and modern slavery training to 56 supply chain, subsidiary, and legal team members and piloted with customer-facing teams

5. Reviewing effectiveness and reporting (continued)

Focus areas	Description	KPIs	How we assess effectiveness	Progress in FY24
Due diligence	Effective risk assessment and due diligence processes that enable the accurate and timely identification of potential human rights and modern slavery risks across our value chain, including trusted and accessible reporting mechanisms for employees to raise concerns.	• Our risk assessment processes accurately identify our human rights and modern slavery risks • Our due diligence processes enable us to identify and manage modern slavery risks relating to suppliers and other third parties • Our people have access to our Honesty Box processes to raise concerns if they need to	• Periodic audits of supply chain due diligence processes by the Risk and Audit team • Conducting annual human rights due diligence, alongside our materiality assessment • Contributing to Spark's annual principal risk assessment, conducted by the Audit and Risk team • Ensuring our people have access to whistleblower tools, including our Honesty Box processes	• Supply chain due diligence audit conducted by Risk and Audit team, with areas for improvement planned for implementation in FY25 • Human rights due diligence completed alongside materiality assessment • The Principal Risk Assessment includes consideration of human rights and modern slavery risks • All Spark communications delivered on Honesty Box processes
Addressing potential impacts	Engaging proactively across our value chain to address potential impacts, including third-party JAC audits of high-risk suppliers to identify and address upstream issues in our supply chain.	• Our suppliers have effective grievance mechanisms in place for their own workforces • Any modern slavery-related complaints received are appropriately identified, investigated, and addressed	• Conducting an annual review to identify high-risk suppliers and identify candidates for supplier audits • Issuing an annual supplier self-assessment questionnaire to priority suppliers to identify risks and track compliance with our Supplier Code of Conduct and tracking completion rates • Conducting a minimum of five supplier audits annually via the Joint Audit Cooperation and ensuring corrective actions are closed • Tracking supplier compliance with grievance mechanism availability through our supplier assessment and new supplier onboarding • Implementing processes to address downstream impacts of products and services	• Annual review of high-risk suppliers completed, with 57 priority suppliers identified (see page 18 for details) • 25 suppliers completed self-assessment questionnaire to date (process ongoing) • Eight supplier audits completed (see pages 19 – 20 for details of audit programme and findings) • Data ethics governance processes evolved, with Data Ethics Committee established

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Focus areas	Description	KPIs	How we assess effectiveness	Progress in FY24
Reviewing effectiveness and reporting	We review our progress regularly through our governance processes and provide transparent reporting annually to our stakeholders.	• Our governance process is operating as intended • Our reporting continues to improve year-on-year	• Reporting to Human Rights and Modern Slavery Steering Committee, Leadership Squad and Board is consistent with stated governance processes • Feedback from external stakeholders • Performance in external sustainability benchmarks • Tracking issues identified and sharing a summary of the resolution process in our annual Modern Slavery and Human Right Statement	• Human Rights and Modern Slavery Steering Committee met quarterly, from March 2024. Leadership Squad and Board received quarterly updates • FY24 Modern Slavery and Human Rights Statement significantly expanded from FY23 • Maintained top-quartile global benchmark ratings in Corporate Sustainability Assessment (DJSI) and World Benchmarking Alliance Digital Inclusion Benchmark

Appendix:

Spark Group structure and subsidiaries

Information on significant subsidiaries and controlled entities in the Spark Group as at 30 June 2024 (including ownership percentages and principal activity information) is available in the Spark Annual Report on page 149.

Spark New Zealand Trading Limited is the main trading entity within the Spark Group and is the parent company of many of Spark's operating subsidiaries.

Spark Finance Limited is the finance company for the Spark Group and raises debt funding in New Zealand and internationally. The majority of these funds are then advanced to other members of the Spark Group to assist in funding the Group's operations. Spark Finance has debt securities listed on the NZDX as SPF.

Spark subsidiaries

Adroit Holdings Limited	Environmental IOT solutions
Adroit IOT Limited	Environmental IOT solutions
Adroit Research Limited	Environmental IOT solutions
Circle Investments Limited	Delivers innovative and cost-effective solutions to the Contact Centre Industry
Computer Concepts Limited	IT infrastructure and Cloud services
Digital Island Limited	Business telecommunications provider
Entelar Group Limited	Telecommunications and IT infrastructure build and maintenance services, and distribution and supply chain services
Gen-i Australia Pty Limited	Provides international wholesale and outsourced telecommunications services
MATTR Limited	Software company focussed on decentralised identity and verifiable data
MATTR Trading Australia Pty Limited	Software company focussed on decentralised identity and verifiable data
MATTR Trading US, Inc	Software company focussed on decentralised identity and verifiable data
Qrious Limited	Data analytics business
Revera Limited	IT infrastructure and data centre provider
Spark Finance Limited	Group finance company
Spark New Zealand Cables Limited	Investment company
Spark New Zealand Trading Limited	Telecommunications and digital services company
Spark Trustee Limited	Trustee company
TCNZ Australia Investments Pty Limited	Australian operations
TCNZ (Bermuda) Limited	Holding company
TCNZ Financial Services Limited	Investment company
TCNZ (United Kingdom) Securities Limited	Holding/investment company
Teleco Insurance Limited	Group insurance company
Teleco Insurance (NZ) Limited	Mobile phone insurance
Telecom Capacity Limited	Holding company
Telecom Enterprises Limited	Investment company
Telecom New Zealand (UK) Enterprises Limited	Holding/investment company
Telecom New Zealand USA Limited	Provides international wholesale telecommunications services
Telecom Pacific Limited	Holding company
Telecom Southern Cross Limited	Holding company
Telecom Wellington Investments Limited	Investment company

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Spark nz
hello tomorrow

GREENHOUSE GAS INVENTORY

Spark Greenhouse Gas Inventory Report FY24

About this report

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This document is the 2024 Greenhouse Gas Inventory Report for Spark New Zealand Limited ('Spark' and together with its subsidiaries, the 'Spark Group'). This report covers the emissions for FY24 (the period of 1 July 2023 to 30 June 2024) and the previous four financial years, FY20, FY21, FY22, and FY23. It has been prepared in accordance with ***The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*** ('the GHG Protocol') and ***Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard (2011)*** ('the Corporate Value Chain'). For a detailed summary of our organisational and operational boundaries please see appendices A and B.

This complements our climate-related disclosures contained within our integrated **Annual Report**, which includes climate risk reporting prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3) issued by the External Reporting Board (XRB).

This report was approved by the Spark New Zealand Board on 22 August 2024.

Justine Smyth, CNZM
Chair

Spark New Zealand Limited (NZX: SPK, ASX: SPK)

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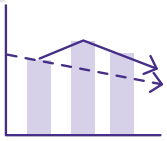
Performance summary FY24

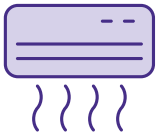


16,874
tonnes CO_2e

Scope 1 and 2 emissions tracking 18.6% above our SBTi reduction target pathway (or 5.7% above when adjusting for one-off event below)

26.7%
scope 1 and 2 emissions

Scope 1 and 2 emissions increased year-on-year, driven largely by a one-off event impacting Scope 1 fugitive emissions

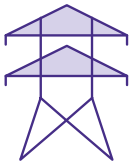


311%
scope 1 fugitive emissions

Increase in scope 1 fugitive emissions, due to an alarm that triggered a fire suppressant gas flood response at an exchange

2.6%
growth in electricity consumption

Driven by investment in mobile networks and data centres, offsetting efficiency and network simplification savings



11.9%
grid emissions intensity

Smaller share of renewables in the generation mix has increased emissions per unit of electricity consumed from the national grid

10 year
renewable energy partnership

Once operational, our solar partnership with Genesis Energy will account for ~60% of Spark's annual electricity requirements, which will significantly reduce future scope 2 emissions

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About Spark New Zealand

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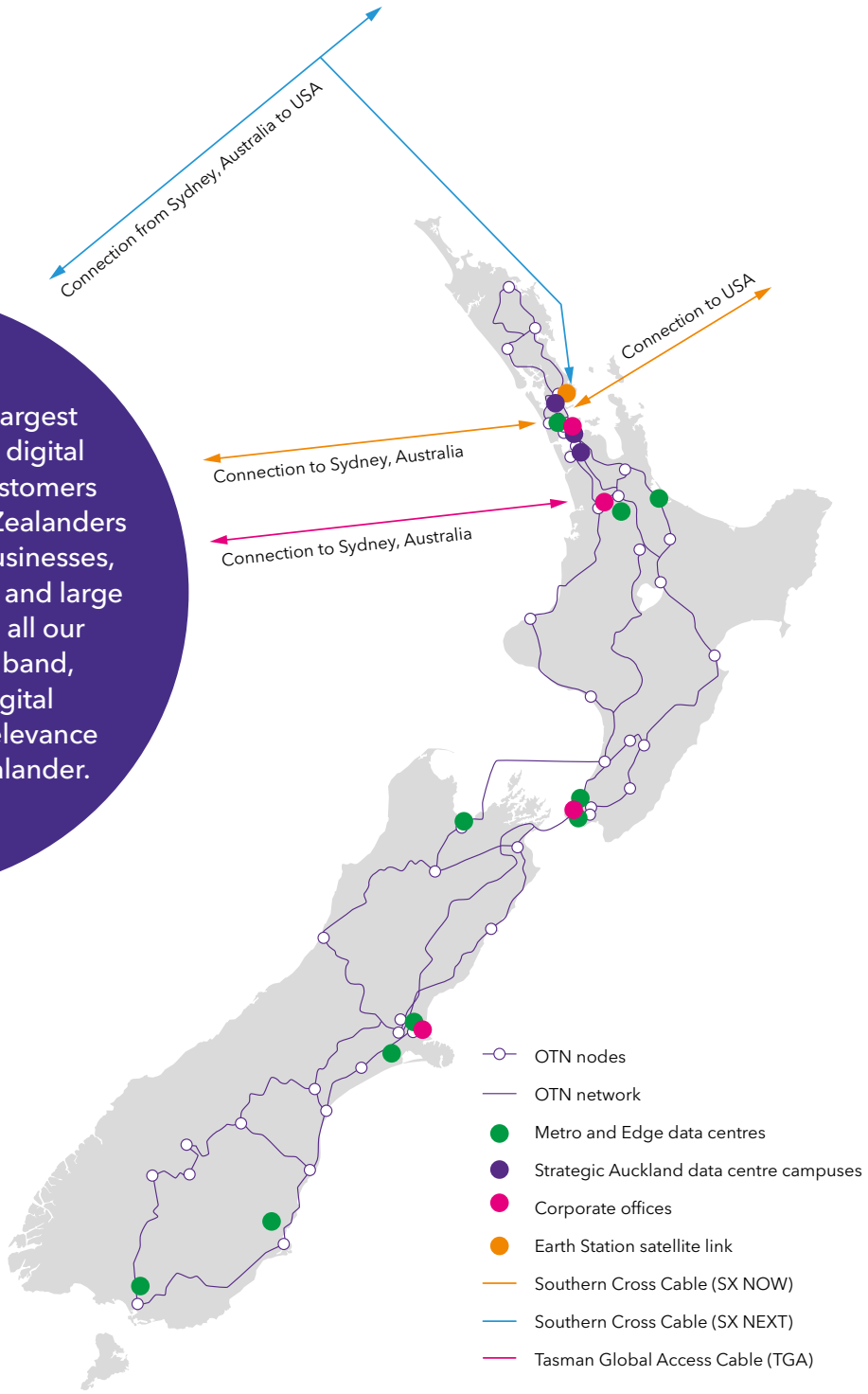
Spark is New Zealand's largest telecommunications and digital services company. Our customers range from individual New Zealanders and households to small businesses, not-for-profits, government, and large enterprise clients. Across all our services – mobile, broadband, digital services, and digital infrastructure – we have relevance for almost every New Zealander.



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98%
of New Zealanders reached by our 4G network

99%
of the population reached by our Internet of Things network[1]

5,291
employees

>2.7m
mobile connections

>680k
broadband connections

>110k
small-medium business customers

~1,100
enterprise and government customers

61
retail stores

24
regional business hubs

2,176
mobile sites housing our active infrastructure[2]

>22MW
data centre capacity

We operate the following brands and businesses:

Consumer	Business	Community	Other brands
Spark	Spark Business Group	Spark Foundation	Spark Wholesale
Skinny	CCL	Skinny Jump	entelar group
	Digital Island		MATTR
	Qrious		
	Spark Health		
	Spark IoT		
	adroit		

1 Cat-M1 Internet of Things network.
2. Includes Spark active equipment on 1,549 third party towers, 514 RCG towers, 98 small cells, and 15 temporary sites active at 30 June 2024.

All data at 30 June 2024.

Governance of emissions reduction programme

Spark's Environmental Policy sets out our expectations for our people to consider environmental impacts when making decisions at work, including examining our business practices, understanding their impacts, and taking reasonable steps to reduce our environmental footprint. This is available at:

www.spark.co.nz/online/about/our-company/governance

To help our people understand their role in creating a sustainable Spark, we have an online training module for all employees that provides information on our approach to sustainability and our expectation that our people consider environmental impacts in their day-to-day activities. We also communicate our progress to our employees through regular sustainability newsletters and direct engagement with teams across the business.

Working within Spark's agile operating model we have an established governance process to manage our most material environmental topics. This includes an Emissions Reduction Squad, led by our Environment Manager and comprising employees working in a variety of roles across the Spark Group. This squad is split into three workstreams, focussed on mobile networks, data centres, and fleet. Over the past year the squad worked to build energy costs and emissions considerations into our capital deployment and funding decision-making processes and templates.

We measure and report our energy use and emissions on a quarterly basis, alongside other broader sustainability key performance indicators (KPIs), to our Leadership Squad. The Leadership Squad act as a steering committee for sustainability across Spark through a standing agenda item at quarterly meetings. We believe sustainability is relevant to all areas of the business, so key updates and decisions are participated in by all members of our Leadership Squad. The Spark Board is provided a sustainability update on a quarterly basis, including as part of annual integrated reporting for year-end. In the past year these updates covered a range of topics, including performance against KPIs (including tracking emissions and energy use) and on broader topics, such as climate risk.

More information on our approach is available in the Environment section of our **Annual Report** or on our website: **www.spark.co.nz/online/about/sustainability/environment**

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Spark's science-based emissions reduction target

56%

Spark New Zealand commits to **reduce absolute Scope 1 and 2 Greenhouse Gas (GHG) emissions 56% by 2030** from a FY2020 base year.

70%

Spark New Zealand commits that **70% of its suppliers by spend** covering purchased goods and services and capital goods, **will have SBTi-aligned targets in place by 2026.**

In August 2021, Spark received verification of its science-based emissions reduction target. The Science Based Targets initiative (SBTi) is established as the global standard for corporate emissions reduction targets. All SBTi targets must have a strict absolute reduction target for scope 1 and 2 emissions and include a separate scope 3 target if these emissions are greater than 40% of the total footprint.

- **Scope 1**: Direct emissions from sources owned or controlled by Spark
- **Scope 2**: Indirect emissions from purchased electricity
- **Scope 3**: Indirect emissions from other sources in the value chain – e.g. production of purchased materials, transportation, business travel and use of sold products

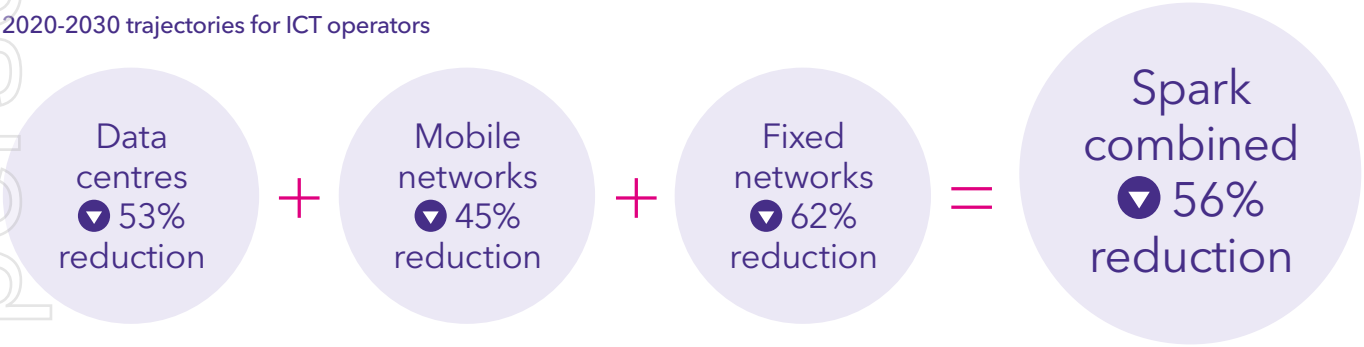
SBTi targets are set against sector-specific emissions trajectories. The ICT sector pathways were developed with the International Telecommunications Union (ITU) and provide specific emissions reductions for mobile and fixed networks and data centres, based on projected growth and efficiency gains. The wording of targets are set and verified by the SBTi, and follow a common format requiring companies to 'commit' to the target that has been established.

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

The SBTi also set rules for recalculating targets for organisations that have significant changes to their structure, for example investing or divesting business from group structures. See page 14 for information on our reporting scope and changes made to our reporting in previous years. Any changes in reporting for scope 1 and 2 are backdated to our FY20 emissions baseline, meaning our ambition level remains the same.

Setting our scope 1 and 2 emissions target:

2020-2030 trajectories for ICT operators



Source: Guidance for ICT companies setting science-based targets, ITU, GESI, GSMA, SBTi.

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Spark's scope 1, 2 and 3 emissions

SCOPE 1

Direct emissions from sources owned or controlled by Spark

56%
REDUCTION
from a FY20 base year

Emissions from the Spark Group fleet, as well as natural gas and diesel generators, which are used as alternative energy sources for Spark's data centres and mobile and fixed networks, and refrigerants (air conditioning and chillers), which are used for cooling in data centres.

SCOPE 2

Indirect emissions from purchased electricity

Electricity purchased for corporate office, retail, data centres, mobile network, and fixed network.

SCOPE 3

Indirect emissions from other sources in Spark's value chain

70%
SUPPLIERS
have SBTi-aligned targets

Purchased goods and services, capital goods, fuel- and energy-related activities (not included in scope 1 or 2), transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets (emissions from the operation of assets leased by Spark that are not included in scope 1 or scope 2), use of sold products, downstream leased assets (customer on-charge for data centres), franchises, and investments.

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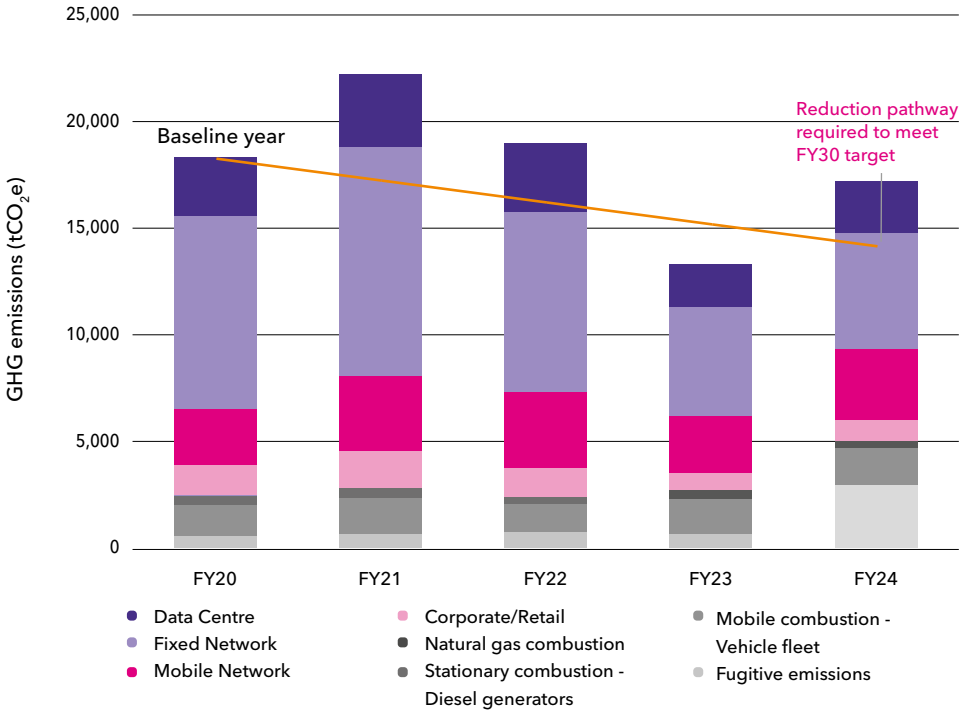
Our emissions reduction performance

Please see pages 15–17 for our detailed scope 1, 2, and 3 disclosure tables



Our emissions performance

In the past year we saw our emissions increase, with our scope 1 and 2 emissions up 26.7%. This increase means we are tracking 18.6% above the SBTi pathway required to reach our 56% reduction target from FY20 to FY30. A comprehensive summary of our scope 1 and 2 emissions can be found on page 15.

The majority of this increase was driven by our scope 1 emissions, which increased 73.4%. This increase was primarily due to a single event – a significant fire suppressant release that was triggered by an alarm at one of our exchange sites. Without this one-off event our scope 1 emissions would have been largely flat. See the fugitive emissions section on page 10 for further details.

Our scope 2 electricity use, which powers our networks and infrastructure, remains our largest overall source of emissions related to our direct operations, at 72.3% of our total scope 1 and 2 emissions. The emissions intensity of the electricity we use is dependent on whether it is generated renewably or from fossil fuels, such as coal and gas. The mix of sources determines our emissions factor per unit of electricity. Over the past year our scope 2 emissions increased 14.8%, driven by a 2.6% increase in electricity consumption and an 11.9% increase in the grid emissions factor.

Our scope 1 emissions associated with fleet also increased slightly, up 6.6% compared to FY23. This was due to more diesel consumption as a result of additional field service vehicles added to our Entelar Group fleet. We saw a decrease in reported stationary diesel combustion emissions (measured through diesel purchase records from the year) of 82 tonnes of CO_2e, down 20.9% compared to FY23. This reduction was due to having no major diesel tank top-ups this year, in contrast to FY23 where a significant volume of diesel was purchased to fill tanks at our new data centre facilities.

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Our emissions reduction performance (continued)

Fugitive emissions

In FY24, we worked closely with our refrigerant supplier to enhance our fugitive emissions reporting. Beginning in Q3, we now receive monthly refrigerant recharge data. This improvement has allowed us to transition from a screening method to a more accurate measurement of refrigerant recharges, enabling year-round monitoring. Through this improved methodology, we identified slow refrigerant leaks as the most common source of fugitive emissions.

During the last quarter of the year, an alarm triggered a fire suppressant gas flood response at one of our exchange sites. Due to the high global warming potential of the gas released, this incident resulted in emissions of 1,892 tonnes CO_2e. This contributed to a 311% increase in our fugitive emissions compared to FY23.

In FY25 we plan to deploy IoT sensors across relevant assets and investigate low-carbon refrigerant and fire suppressant alternatives to avoid similar events occurring in the future.

Our fleet

In FY24, Spark's fleet was responsible for 10.5% of our scope 1 and 2 emissions. Our fleet emissions were up 6.6% on the previous year, due to increased fuel use in the fleet of our subsidiary Entelar Group. Entelar Group provides services to all of New Zealand, including network and fibre build and maintenance. This work requires an extensive tool-of-trade fleet that is partially made up of diesel-fuelled utes and vans. To keep pace with business demands, Entelar added 19 diesel vehicles to its field fleet in FY24, while also looking for opportunities to adopt more sustainable options, including 26 new hybrids to support non-field operations and the ongoing removal of petrol vehicles.

We introduced our 'Electric First' policy for Spark Corporate fleet in FY22, with all vehicles due for renewal to be replaced by an electric vehicle (EV). In FY24 all vehicles introduced were electric or plug-in hybrid electric vehicles (PHEVs), with an increase of 39 EVs.

Over the past year we have made great progress in transitioning our Spark corporate fleet to EV. However, we continue to face challenges across the Spark Group, particularly in areas where low-carbon alternatives for tool-of-trade vehicles are limited. We also have roles that require long-distance travel or involve areas with insufficient fast charging infrastructure, proving a barrier to the uptake of EV.

For those who have range and charging issues, we have looked to extend the leases on hybrid vehicles. Additionally, when a low-carbon vehicle is no longer needed in one part of the business, we reassign it to another driver who is operating a less efficient vehicle, improving the overall efficiency of our fleet. We are continually monitoring the New Zealand market for new electric vehicle options, focussing on models that offer extended range and field-service capabilities.

Spark New Zealand fleet composition

Vehicle type	Spark	Spark Subsidiaries
EV	80 (+39)	4 (+2)
PHEV	13 (-8)	0 (-2)
Hybrid	85 (-47)	76 (+24)
Combustion engine	3 (N/C)	201 (+1)
Total	**181 (-16)**	**281 (+25)**

Bracketed figures represent the change from FY23.

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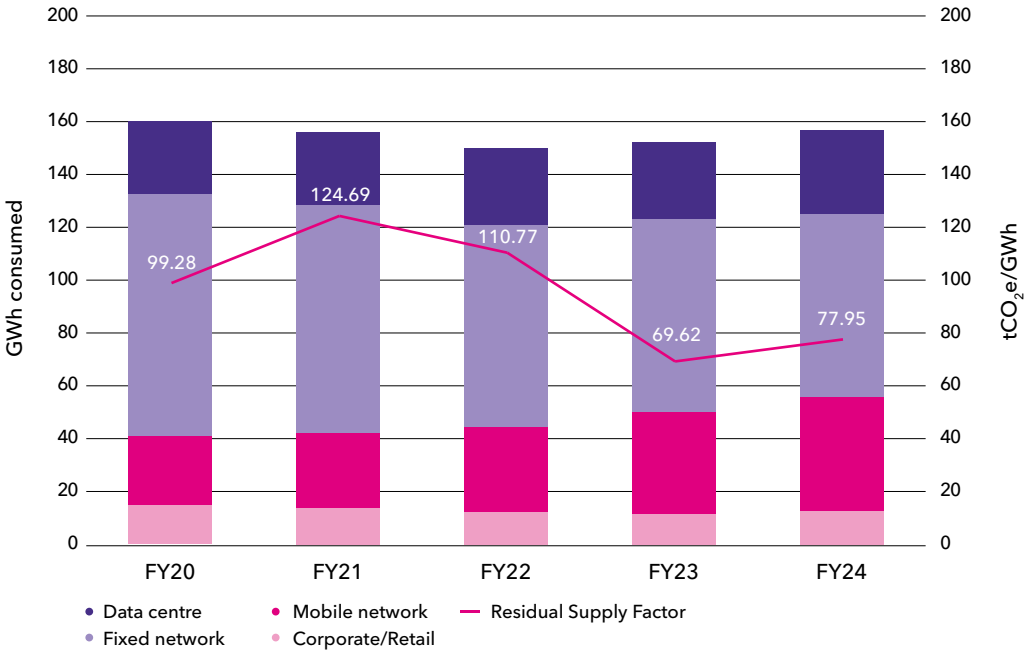
Our electricity consumption performance



Our electricity consumption performance

In the past year we have seen an increase in electricity consumption across the Spark Group, as we have continued to roll-out our 5G network and invested to increase data centre capacity. Overall electricity consumption is up 2.6%, from 152.6 GWh to 156.6 GWh. The majority of the variance in our emissions since setting our target against our FY20 baseline has been in changes to annual hydrological conditions impacting hydroelectric generation. This saw a significant increase in non-renewable electricity generation on the New Zealand grid in FY21. In FY22 and FY23 this trend was reversed, with a cleaner electricity mix and underlying reductions in energy use delivering a significant emissions reduction over the previous two years.

In FY24 we saw this trend reverse again, with a slight increase in the grid emissions factor, which is up from 0.0696 kg/kWh to 0.0779 kg/kWh, an 11.9% increase.

The largest user of electricity across the Spark Group is our fixed network, which includes our exchanges and legacy copper networks. We have a long-running programme of network simplification, including the decommissioning of legacy equipment, such as the public switched telephone network (PSTN), which has driven year-on-year reductions in electricity use across our business. Over the last year our fixed network energy consumption reduced 5.5%. We will continue to reduce electricity consumption through a focus on energy efficiency and removing old, inefficient equipment.

We expect our fixed network consumption to continue to decrease over time, with our data centres expected to become our largest energy users over the medium term. In FY24, our electricity consumption associated with data centres increased by 8.2%. Our investment in expanded connectivity, network capacity, and data centre capacity is important to support innovation and enable emissions reductions across all sectors of the economy. However, we cannot pursue this growth without also reducing our own emissions against our SBTi target pathway.

Our strategy is to decouple our business growth from emissions growth by working in partnership with our energy partner to utilise our electricity procurement to support the development of new renewable energy generation in New Zealand.

Our electricity consumption performance (continued)

Supporting renewable energy investments

Through our existing energy supply agreement, dating back to 2021, Spark has been working with our energy partner, Genesis Energy, on opportunities to work together to achieve Spark's SBTi target. In May 2024 this culminated in the announcement of a new renewable energy partnership with Genesis.

Under a ten-year Power Purchase Agreement (PPA), we will purchase all of the electricity generated by Genesis' first solar farm in Lauriston Canterbury. The 63MW Lauriston solar farm is expected to generate enough electricity to meet 60% of our current annual requirements and will make a significant contribution towards our scope 1 and 2 emissions reduction target.

The energy generated by the Lauriston site will be zero-carbon and we will be able to count this renewable energy against our market-based scope 2 emissions target through the transfer of Renewable Energy Certificates. These certificates transfer the renewable attributes of the energy to Spark and enable transparent tracking and reporting.

In exploring renewable energy partnership opportunities, it was important to us to support investment in new renewable energy – rather than buying certificates for existing renewables that were added to the grid many years ago. It is only through the addition of new renewable sources that New Zealand's grid will further decarbonise and our country will reach its long-term climate goals. Long-term commercial commitments, delivered by PPAs, support new renewable generation to become operational faster by providing projects with commercial backing and increasing confidence to invest in further developments.

Under the agreement, the remaining 40% of our electricity needs will continue to be sourced by Genesis from the grid as occurs today. However, as we continue to grow our energy use, and we look beyond our FY30 emissions target to our long-term transition to net-zero, we will ultimately need to transition 100% of our electricity consumption to new renewable sources. The partnership with Genesis includes a commitment to explore additional renewable energy opportunities, supporting Genesis to achieve its target to have 95% renewable generation by 2035.

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Scope 3 emissions commentary

This year we have expanded our scope 3 emissions reporting (see page 16). The majority of our scope 3 emissions are related to category 1 (purchased goods and services). We calculate these emissions by analysing our spend across different categories and applying spend-based emissions factors. To do this we use the UK Department for Environment, Food and Rural Affairs (DEFRA, 2021) standard industrial classification emission factors, which we have adjusted for inflation and New Zealand currency. These factors account for the emissions intensity of different industries, with higher factors for more emission intensive spend (e.g. construction) and lower factors for spend that is less emission intensive (e.g. software). For each spend category, we apply the closest aligned adjusted DEFRA industry factor to the total dollar amount spent in that category. See Appendix B, Operational Boundary (page 21) for a detailed description of our reporting inclusions and methodology.

Our biggest categories by spend are:

- Electronic equipment, mobiles, accessories, network equipment
- Telecommunications services: interconnect, broadband
- Software and IT services

We report our performance against our scope 3 supplier engagement target in our integrated **Annual Report**.

Business travel

Flights and business travel are classed as scope 3 emissions, so are not included in our scope 1 and 2 emissions reduction target. However, business travel is a significant source of emissions that can be easily influenced by our policies and behaviour.

Following the post-Covid travel rebound we saw in FY23, emissions associated with business travel have reduced by 13.0% in FY24, which is 35.4% below our FY20 baseline. We saw a decrease across all business travel activities, most notably a 32.1% reduction in domestic air travel emissions.

To contain growth in business travel we have implemented a new sign-off process for international travel. We have also built quarterly travel data into our sustainability dashboard to maintain greater oversight and determine whether any further action is required to manage business travel.

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Our base year for reporting

FY20 is our baseline year for scope 1 and 2 emissions reporting and for our SBTi-verified emissions reduction target.

In FY23 we rescoped our scope 1 and 2 emissions reporting and baseline to account for changes to our business. This included the:

- sale of a 70% stake in our passive mobile tower assets to Connexa. At these sites we have retained ownership of the site electricity consumption and associated emissions. This includes emissions from electricity used to run cooling systems and lights, alongside active mobile network equipment
- investment to take full control of Connect 8, which has been integrated into Entelar Group. This includes the integration of a fleet of field services vehicles and equipment, and two depots.

These changes were not significant enough to require recalculating our scope 1 and 2 SBTi emissions reduction target, which remains a 56% reduction from FY20 to FY30. These reporting scope changes were applied to our FY20 emissions baseline, so our ambition level remains unchanged. No adjustments were made to our scope 1 and 2 emissions reporting in FY24.

This year we expanded our scope 3 inclusions, prompting us to rebaseline our scope 3 emissions to FY24 as it now represents the most complete and accurate year of data. This approach aligns with the GHG Protocol, which recommends updating the base year when significant changes in data completeness or boundary definitions occur.

In the future we will re-baseline our emissions for significant changes in Spark's operational footprint or reporting boundary, including acquisitions and divestments, or outsourcing and insourcing of activities that have a 5% or greater impact on our scope 1 and 2 emissions. We will apply the same 5% threshold to changes in our scope 3 emissions reporting. A recalculation of baseline emissions will also be triggered in the instance of a discovery of significant errors, a number of cumulative errors that are cumulatively significant, changes in calculation methodology, improvements in the accuracy of emissions factors, or activity data that results in a significant impact on the base year.

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Greenhouse gas emissions inventory

Scope 1 and 2 emissions

Scope/category	GHG Emissions (tCO_2e) FY20 (SBTI baseline year)	FY21	FY22	FY23	FY24
Scope 1	**2,485**	**2,799**	**2,372**	**2,694**	**4,670**
Fugitive emissions	561	637	702	628	2,581
Mobile combustion – vehicle fleet	1,483	1,678	1,337	1,659	1,768
Stationary combustion – diesel generators	426	470	325	393	311
Natural gas combustion	15	15	8	14	10
Scope 2 (Market based)*	**15,855**	**19,428**	**16,609**	**10,624**	**12,204**
Corporate/Retail	1,450	1,722	1,361	799	989
Mobile network	2,589	3,535	3,546	2,687	3,350
Fixed network	9,061	10,725	8,474	5,116	5,415
Data centre	2,756	3,446	3,228	2,023	2,450
Scope 2 (Location based)*	15,836	19,319	16,318	10,301	11,684
Total scope 1 and 2 (SBTi target emissions, market based)	**18,341**	**22,227**	**18,981**	**13,318**	**16,874**

Notes:
Please see appendices A and B for information on methodologies used to calculate and measure emissions and specific exclusions of sources. Note: numbers may not sum due to rounding.

We split our scope 2 electricity reporting across four categories – Corporate/Retail, Mobile network, Fixed network, and Data centre. These operational categories align with the ICT sector pathways developed with the International Telecommunications Union (ITU) in its guidance for setting a science-based emissions reduction target.

* For reporting and tracking our performance against our emissions reduction target we use a market-based emissions factor. This will allow us to account for emissions savings from our renewable energy partnership and Power Purchase Agreements, an important mechanism to reduce our emissions and support investment in new renewable generation (see page 12). This year we have also included scope 2 emissions reporting using a location-based factor, using historic activity data to report previous years' emissions. We use the Residual Supply Factor (for market based) and National Supply Factor (for location based) published by BraveTrace. Refer to page 21 for more information.

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Greenhouse gas emissions inventory (continued)

Scope 3 emissions

	GHG Emissions (tCO_2e)				
GHG Protocol category	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**
Category 1: Purchased goods and services					358,987
Category 2: Capital goods					401
Category 3: Fuel-and energy-related activities					1,489
Category 4: Upstream transport and distribution					17,128
Category 5: Waste generated in operation					391
Category 6: Business travel	3,236	707	620	2,402	2,089
Category 7: Employee commuting					3,565
Category 8: Upstream leased assets					567
Category 9: Downstream transport and distribution					1,302
Category 11: Use of sold products					9,699
Category 13: Downstream leased assets	1,647	2,063	1,728	1,104	1,176
Category 14: Franchises					338
Category 15: Investments					158
Total scope 3 emissions (tCO_2e)					**397,290**

Notes:
Please see appendices A and B for information on methodologies used to calculate and measure emissions and specific exclusions of sources.
Note: numbers may not sum due to rounding.

We have expanded our reporting to include all relevant scope 3 categories and have rebaselined to FY24 as this is our most comprehensive year of scope 3 reporting. We have provided comparisons of our historical reporting for category 6 and category 13.

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Greenhouse gas emissions inventory (continued)

Greenhouse gas emissions by gas type

Scope/category	GHG emissions (tCO_2e)	CO_2	CH_4	N_2O	HFC
Scope 1	**4,670**	**2,040**	**12**	**37**	**2,581**
Fugitive emissions	2,581	–	–	–	2,581
Mobile combustion – fleet fuel	1,768	1,721	11	36	–
Stationary combustion – diesel	311	309	1	1	–
Natural gas combustion	10	10	–	–	–
Scope 2	**12,204**	**11,839**	**244**	**122**	–
Corporate/Retail	989	959	20	10	–
Mobile network	3,350	3,250	67	34	–
Fixed network	5,415	5,253	108	54	–
Data centre	2,450	2,377	49	25	–

Note: Spark does not have emissions of SF6, NF3, and PFCs. We exclude scope 3 emissions from our reporting by gas type due to incomplete data. Numbers may not sum due to rounding. Greenhouse gas emissions are calculated by multiplying the Ministry for Environment (2024) factor for each gas by the activity level (e.g., kWh or litres). For scope 2, we use the proportional gas breakdown of the Ministry for Environment's scope 2 emission factor to derive the gas breakdown associated with the market-based emission factor published by BraveTrace.

Scope 1 and scope 2 energy usage by type

Scope/category	FY20	FY21	FY22	FY23	FY24
Scope 1					
Fugitive emissions	N/A	N/A	N/A	N/A	N/A
Vehicle fleet – premium petrol (litres)	60,079	60,387	24,624	26,235	29,258
Vehicle fleet – regular petrol (litres)	225,672	212,408	183,263	307,627	272,302
Vehicle fleet – diesel (litres)	197,756	245,046	240,181	309,282	392,537
Stationary combustion – diesel generators (litres)	160,004	176,367	121,763	146,304	116,082
Natural gas combustion (KWh)	78,927	75,731	43,460	70,564	52,934
Scope 2					
Corporate/Retail (GWh)	14.67	13.83	12.28	11.48	12.69
Mobile network (GWh)	26.18	28.38	32.02	38.59	42.97
Fixed network (GWh)	91.62	86.12	76.50	73.48	69.47
Data centre (GWh)	27.87	27.67	29.14	29.05	31.43

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Appendix A: Organisational boundary

Our organisational emissions reporting boundary takes an operational control approach as defined by the GHG Protocol and includes Spark and its subsidiaries.

Spark New Zealand Limited is the parent entity of the Spark Group. Spark is publicly listed, and our issued shares are quoted on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX). As at 30 June 2024 the Spark Group comprised 30 controlled entities.

More information on significant subsidiaries and controlled entities in the Spark Group as at 30 June 2024 (including ownership percentages and principal activity information) is available in the Spark FY24 **Annual Report**.

Spark subsidiary inclusions

Name	Principal activity	Emissions reporting inclusions/exclusions
Adroit Holdings Limited	Environmental IoT solutions	Included in Spark Corporate reporting
Adroit IoT Limited	Environmental IoT solutions	Included in Spark Corporate reporting
Adroit Research Limited	Environmental IoT solutions	Included in Spark Corporate reporting
Computer Concepts Limited (NZ)	IT infrastructure and cloud services	Electricity, business travel, fleet, refrigerants, purchased goods and services, capital goods, fuel-and-energy related activities, employee commuting, use of sold products, downstream leased assets
Circle Investments Limited	Contact centre solutions	Excluded as no operational emissions
Digital Island Limited (NZ)	Business telecommunications provider	Included in Spark Corporate reporting
Entelar Group Limited	Telecommunications and IT infrastructure build, and maintenance services, and distribution and supply chain services	Electricity, business travel, fleet, refrigerants, purchased goods and services, capital goods, fuel-and-energy related activities, employee commuting
Gen-I Australia Pty Limited (Australia)	Provides international wholesale and outsourced telecommunications services	Excluded as no operational emissions
MATTR Limited (NZ)	Software company focussed on decentralised identity and verifiable data	Office electricity (on a headcount estimate basis for FY22 and earlier), natural gas, business travel, fleet, purchased goods and services, capital goods, fuel-and-energy related activities, employee commuting
MATTR Trading US, Inc	Software company focused on decentralised identity and verifiable data	Excluded as no significant emissions
MATTR Trading Australia Pty Limited	Software company focussed on decentralised identity and verifiable data	Excluded as no significant emissions
Qrious Limited (NZ)	Data analytics business	Included in Spark Corporate reporting
Revera Limited (NZ)	IT infrastructure and data centre provider	Electricity, business travel, fleet, refrigerants, purchased goods and services, capital goods, fuel-and-energy related activities, employee commuting, use of sold products, downstream leased assets
Spark Finance Limited (NZ)	Group finance company	Excluded as no operational emissions
Spark New Zealand Cables Limited (NZ)	International telecommunication cable	Included in Fixed network electricity (scope 2)
Spark New Zealand Trading Limited (NZ)	Telecommunication and digital services company	Included in Spark Corporate reporting

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Appendix A: Organisational boundary (continued)

Name	Principal activity	Emissions reporting inclusions/exclusions
Spark Trustee Limited (NZ)	Corporate trustee entity	Excluded as no operational emissions
TCNZ Australia Investments Pty Limited	Australian operations	Excluded as no significant operational emissions
TCNZ (Bermuda) Limited	Holding company	Excluded as no operational emissions
TCNZ Financial Services Limited	Investment company	Excluded as no operational emissions
TCNZ (United Kingdom) Securities Limited	Holding/investment company	Excluded as no operational emissions
Teleco Insurance Limited	Group insurance company	Excluded as no operational emissions
Teleco Insurance (NZ) Limited	Mobile phone insurance	Excluded as no operational emissions
Telecom Capacity Limited (NZ)	Holding company	Excluded as no operational emissions
Telecom Enterprises Ltd)	Investment company	Excluded as no operational emissions
Telecom New Zealand Enterprises Ltd (UK)	Holding/investment company	Excluded as no operational emissions
Telecom New Zealand USA Limited (USA)	Provides international wholesale telecommunications services	Excluded as no significant emissions
Telecom Pacific Limited	Holding company	Excluded as no operational emissions
Telecom Southern Cross Limited (NZ)	Holding company	Excluded as no operational emissions
Telecom Wellington Investments Limited	Investment company	Excluded as no operational emissions

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Appendix A: Organisational boundary (continued)

Investments in associates and joint ventures (at 30 June 2024)

Name	Type	Country	Ownership / investment	Principal activity	Inclusion/exclusion
Hutchison Telecommunications Australia Limited	Equity	Australia	10%	Telecommunications company	Excluded – no significant operational emissions
Flok Limited	Associate	New Zealand	37.7%	Hardware and software development	Excluded – no operational emissions
FrodoCo Holdings Limited	Associate	New Zealand	17%	A holding company for Connexa	Captured in Mobile network electricity scope 2
Hourua Limited	Joint Venture	New Zealand	50%	Delivering the Public Safety Network	Captured in scope 1 and 2
Pacific Carriage Holdings Limited, Inc.	Associate	United States	41%	A holding company	Excluded – no operational emissions
Rural Connectivity Group Limited	Joint Venture	New Zealand	33%	Rural broadband	Captured in Category 15 – Investments
Southern Cross Cables Holdings Limited	Associate	Bermuda	41%	A holding company	Excluded – no operational emissions
TNAS Limited	Joint Venture	New Zealand	50%	Telecommunications development	Excluded – no operational emissions

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Appendix B: Operational boundary

Greenhouse gas emissions source inclusions

Name	Activities	Methodology, data quality, uncertainty
Scope 1: Fugitive emissions	Refrigerant top ups/ leakage	FY20 to FY23 fugitive emissions data (excluding CCL data) is based on the screening method, using a 3% annual loss estimate (based on *Ministry for the Environment - Guidance for voluntary greenhouse gas reporting*) using cooling system data held in our eMaint asset management system, including estimated holdings for equipment without recorded refrigerant volume or type. Our FY24 data uses a combination of the screening method and actual top-up data, being supplier records of refrigerant top-ups (kg). We worked with our refrigerant supplier to enhance our fugitive emissions reporting, which has been implemented from Q3 FY24. Our fire suppressant gas supplier provided us with the volume (kg) of HFC227ea released to atmosphere, which was used to calculate associated emissions. For CCL (Computer Concepts Limited) data centres actual refrigerant top-up data received from the supplier is reported from FY20 to FY24.
Scope 1: Stationary combustion	Diesel generator fuel usage	Records from supplier invoices and reporting.
Scope 1: Natural gas	Gas usage for heating	Records from supplier invoices and reporting.
Scope 1: Mobile combustion fleet	Petrol and Diesel use for Spark vehicles	Records from vehicle lease supplier reporting, including reporting of fuel card purchases. This includes fuel purchased at filling stations which may be used to fill portable generators deployed in the field. Fuel used by Spark franchisees is excluded where fuel-use data is captured under the Spark lease agreement but fuel cost is paid by franchisees. This data is reported in Scope 3, Category 14: Franchisees For FY20 CCL fleet emissions used a per-km emissions factor due to unavailability of data in litres.
Scope 2: Electricity	Electricity usage	Reporting of monthly electricity supplier billing for all sites. Includes Spark electricity usage in shared Chorus sites based on billing records between Spark and Chorus. FY20/FY21 Spark retail store electricity use is based on an extrapolation of available FY21 data. From FY22 onwards data is from billing records. The split in data across four categories (Corporate/Retail, Mobile network, Fixed network, and Data centre) is based on records from electricity supplier billing against site type, e.g. data centre, telephone exchange, mobile sites. For sites with multiple category types, including exchange sites with significant office space and sites sharing fixed network and data centre equipment, we adjust allocation of electricity based on a standard per-employee or per-rack calculation. For our mobile sites, we assume an additional 10% electricity use in the 'mobile core' based on a conservative estimate referencing a number of industry reports. Electricity consumed by customer equipment hosted in our data centres is reported as Scope 3, Category 13: Downstream leased assets (see below). For reporting and tracking our performance against our emissions reduction target, we use a market-based emissions factor. This will allow us to account for emissions savings from our renewable energy partnership and Power Purchase Agreements, an important mechanism to reduce our emissions and support investment in new renewable generation (see page 12). This year we have also included scope 2 emissions reporting using a location-based factor, using historic activity data to report previous years' emissions. We use the Residual Supply Factor (for market-based) and National Supply Factor (for location-based) published by BraveTrace.

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Appendix B: Operational boundary (continued)

Name	Activities	Methodology, data quality, uncertainty
Scope 3, Category 1: Purchased goods and services	Indirect impacts of procurement, including embedded emissions	Category 1 emissions have been estimated based on Spark's expenditure on purchased goods and services which are not already included in other scopes or other scope 3 categories. Transactional purchase data was sourced from Spark's finance system for the reporting period. The general ledger and sub-ledger mapping of transactions has been utilised to allocate expense groupings to what was determined to be the best available emission factor category. CCL expenditure was separately sourced and the categorisation of spend to emission factor was completed based on expense groupings. UK DEFRA input-output schedule of spend-based emission factors were used. These were adjusted for the currency conversion to NZD and adjusted for average inflation from a 2021 base. The emissions were calculated by multiplying the adjusted emission factor by total spend allocated to each. We also account for emissions associated with call centre services in category 1, using Spark attributed monthly kWh at this site and using the Philippines local electricity emissions factor to determine its impact.
Scope 3, Category 2: Capital goods	Indirect impacts of procurement, including embedded emissions	Category 1 emissions have been estimated based on Spark's expenditure on capital goods which are not already included in other scopes or other scope 3 categories. Transactional purchase data was sourced from Spark's finance system for the reporting period. The general ledger and sub-ledger mapping of transactions has been utilised to allocate expense groupings to what was determined to be the best available emission factor category. CCL expenditure was separately sourced and the categorisation of spend to emission factor was completed based on expense groupings. UK DEFRA input-output schedule of spend-based emission factors were used. These were adjusted for the currency conversion to NZD and adjusted for average inflation from a 2021 base. The emissions were calculated by multiplying the adjusted emission factor by total spend allocated to each.
Scope 3, Category 3: Fuel and Energy Related Activities	Transport and distribution losses for electricity, fuel and gas consumption	Calculated by applying transmission and distribution factors to our electricity usage, gas and fuel consumption data collected for scope 2 reporting as above. Emission factors for electricity and UK DEFRA (2024) well-to-tank emission factors were used for fuel and gas.
Scope 3, Category 4: Upstream transportation and distribution	Spend on upstream transport and distribution of physical goods	Category 4 emissions have been estimated based on Spark's expenditure on upstream transportation and distribution which are not already included in other scopes or other scope 3 categories. Transactional purchase data was sourced from Spark's finance system for the reporting period. The general ledger and sub-ledger mapping of transactions has been utilised to allocate expense groupings to what was determined to be the best available emission factor category. CCL expenditure was separately sourced and the categorisation of spend to emission factor was completed based on expense groupings. UK DEFRA input-output schedule of spend-based emission factors were used. These were adjusted for the currency conversion to NZD and adjusted for average inflation from a 2021 base. The emissions were calculated by multiplying the adjusted emission factor by total spend allocated to each.
Scope 3, Category 5: Waste generated in operations – Waste-to-landfill	Emissions from operational waste-to-landfill	Estimated from office and operational site waste management supplier reporting and site headcount. A waste per person factor was determined and applied across all staff across Spark Group.
Scope 3, Category 6: Business Travel	Flights, taxis, hire cars and accommodation	Records from business travel partners, including type and class of air travel, kms flown, hotel nights, and hire car usage. Taxi and Uber expenditure is extracted from finance reports and supplier data.

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Appendix B: Operational boundary (continued)

Name	Activities	Methodology, data quality, uncertainty
Scope 3, Category 7: Employee commuting	Employee travel to work	Estimated from data collected from a group-wide commuting survey, completed in June 2024. We used survey responses to estimate the total kilometres travelled by Spark staff by mode of transport.
Scope 3, Category 8: Upstream leased assets	Electricity use at leased sites.	Electricity usage at leased sites (e.g., rooftops, in-building sites) where energy costs are included in the site lease is estimated by using the average annual electricity consumption of metered Spark sites. This estimated usage is then applied to sites without direct energy use data, such as those located in buildings without separate electricity meters.
Scope 3, Category 9: Downstream transport and distribution	Spend on downstream transport and distribution of physical goods	Category 9 emissions have been estimated based on Spark's expenditure on downstream transport and distribution which are not already included in other scopes or other scope 3 categories. Transactional purchase data was sourced from Spark's finance system for the reporting period. The general ledger and sub-ledger mapping of transactions has been utilised to allocate expense groupings to what was determined to be the best available emission factor category. CCL expenditure was separately sourced and the categorisation of spend to emission factor was completed based on expense groupings. UK DEFRA input-output schedule of spend-based emission factors were used. These were adjusted for the currency conversion to NZD and adjusted for average inflation from a 2021 base. The emissions were calculated by multiplying the adjusted emission factor by total spend allocated to each.
Scope 3, Category 11: Use of sold products	Emissions from energy use of sold products, e.g. modems, mobile device charging	Emissions calculated from number of units sold to Spark consumer and enterprise customers in FY24 and their estimated lifetime energy emissions. Includes data from supplier device lifecycle assessments, product information sheets and technical specifications. Where kWh was used to determine emissions, we applied the FY24 electricity grid residual supply factor. Where a sold product did not have emissions data available, we have used a similar model's emissions data to estimate. Where no information is available, we use the known usage emissions for a similar item. For smaller products and accessories, we apply a general usage factor based on the average of a small electronic device, for example headphones. This assessment excludes products distributed via Entelar Group. Entelar Group supplies Spark with products that are resold to customers, with their use captured under products sold by Spark (Scope 3, Category 11). Additionally, Entelar Group distributes network and data centre equipment to Spark (captured in scope 2). Entelar Group also supplies other customers, including data centre equipment for customers hosted in our data centres (captured in scope 2 and Scope 3, Category 13). The upstream impacts of Entelar Group's procurement are accounted for in our Scope 3, Category 1.
Scope 3, Category 13: Downstream leased assets	Electricity use on-billed to customers	In many of our data centres we host customer equipment. This equipment draws electricity which is on-billed to our hosted customers. Records from customer billing data based on automated direct metering systems, manual meter and load readings, and maximum input power of customer equipment. Revera Limited (NZ)'s FY20 on-billed electricity is estimated from its FY20 total electricity usage based on the proportion of on-billed electricity to total electricity usage in FY21. Electricity use to power data centre services, including cooling and lighting, are included in our scope 2 reporting.
Scope 3, Category 14: Franchisees	Franchisee electricity and fleet fuel usage	Electricity billing and fuel card data for Spark Business Hub operations.
Scope 3, Category 15: Investments	Electricity use	Electricity billing to RCG (Rural Connectivity Group), adjusted for our 33% ownership share. RCG data for scope 1 emissions is unavailable. An overview of investment inclusions and exclusions can be found on page 20.

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Appendix B: Operational boundary (continued)

GHG emissions source exclusions

Name	Activities	Methodology, data quality, uncertainty
Category 10	Processing of sold products	Not applicable to Spark – we do not provide unfinished goods.
Category 12	End-of-life treatment of sold products	Not reported. We have product stewardship processes in place to capture sold products (e-waste) for recycling. Reprocessing and recycling emissions are reported as part of the upstream impacts of the next part of the material lifecycle.

Guidance documents used in the preparation of Carbon Footprint, including source of emissions factors and global warming potential (GWP) rates

Greenhouse Gas Protocol

- **Scope 2 Guidance**
- **Scope 3 Calculation Guidance**

Ministry for the Environment

- Measuring emissions – A guide for organisations: 2024 detailed guide (MfE 2024)

Other emission factor sources

For our scope 2 electricity reporting, we have used National and Residual grid supply factors sourced from BraveTrace – **www.bravetrace.co.nz**.

For our reporting of refrigerant R438C, we have used a factor published by **The California Air Resources Board**.

For our scope 3 spend-based emission factors, we used UK Department for Environment, Food and Rural Affairs (DEFRA, 2021) standard industrial classification emission factors, which we have adjusted for inflation and New Zealand currency. We determined the inflation rate from 2021 and 2021 currency from the Reserve Bank of New Zealand (New Zealand's central bank - Reserve Bank of New Zealand – Te Pūtea Matua (rbnz.govt.nz).

For emissions associated with our call centre (Scope 3, Category 1), we used the Philippines 2023 grid electricity factor sourced from **www.carbonfootprint.com**.

We used suppliers' publicly available lifecycle assessments, product information sheets, and technical specifications to determine emissions associated with our use of sold products (Scope 3, Category 11).

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Independent Assurance Report

Report on Greenhouse Gas Emissions ('GHG') Inventory Report

To the Directors of Spark New Zealand Limited

Report on Greenhouse Gas Emissions ('GHG') Inventory Report

We have undertaken a limited assurance engagement relating to the Greenhouse Gas Emissions Inventory Report (the '**Inventory Report**') of Spark New Zealand Limited (the '**Group**' or '**Spark Group**') for the year ended 30 June 2024, comprising the emissions inventory and the explanatory notes set out on pages 14 to 24.

The Inventory Report provides information about the greenhouse gas emissions of the Group for the year ended 30 June 2024 and is based on historical information. This information is stated in accordance with the requirements of the Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard (2004)* ('**the GHG Protocol**') and *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard (2011)* ('**the Corporate Value Chain**') which can be accessed at **https://ghgprotocol.org/**.

Directors' Responsibility

The Directors are responsible for the preparation of the Inventory Report, in accordance with the GHG Protocol and the Corporate Value Chain. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of an Inventory Report that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Inventory Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410: *Assurance Engagements on Greenhouse Gas Statements* ('**ISAE (NZ) 3410**'), issued by the New Zealand Auditing and Assurance Standards Board ('**NZAuASB**'). That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Inventory Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of the GHG Protocol and the Corporate Value Chain as the basis for the preparation of the Inventory Report, assessing the risks of material misstatement of the Inventory Report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Inventory Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through enquiries, obtained an understanding of the Group's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Undertook site visits at one site to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The site selected for testing was chosen taking into consideration their emissions in relation to total emissions, emissions sources, and sites selected in prior periods. Our procedures did not include testing information systems to collect and aggregate facility data, or the controls at these sites.

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Independent Assurance Report (continued)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Spark New Zealand Limited's Inventory Report have been prepared, in all material respects, in accordance with the GHG Protocol and the Corporate Value Chain.

Inherent Limitations

Non-financial information, such as that included in the Group's Inventory Report, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. Specifically, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

We note that a limited assurance engagement is not designed to detect all instances of non-compliance with the GHG Protocol and the Corporate Value Chain, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the NZAuASB, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Our firm carries out other assignments for Spark New Zealand Limited in relation to regulatory audit, other assurance related services (such as trustee reporting and agreed upon procedures in relation to the sustainability linked loans) and non-assurance services provided to the Corporate Taxpayers Group, of which the Group is a member. These services have not impaired our independence as assurance provider to the Company and Group. In addition to this, the Chief Executive has both a sister and brother-in-law that are partners at Deloitte. These Deloitte partners are not involved in the provision of any services to the Group and its subsidiaries and this matter has not impacted our independence. Also, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Group.

We apply Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of Report

Our limited assurance report is made solely to the Directors of the Group in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Directors those matters we have been engaged to state in this report and is for no other purpose. To the fullest extent permitted by law, we accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the conclusions expressed in this report.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Spark New Zealand Limited's Inventory Report for the year ended 30 June 2024 is not prepared, in all material respects, in accordance with the requirements of the GHG Protocol and the Corporate Value Chain.

Deloitte Limited

22 August 2024

Auckland, New Zealand

This limited assurance report relates to the GHG Inventory Report of Spark New Zealand Limited (the 'Group') for the year ended 30 June 2024 included on Spark New Zealand Limited's website. The Group's Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the Inventory Report since they were initially presented on the website. The limited assurance report refers only to the Inventory Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Inventory Report. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the Inventory Report and related limited assurance report dated date to confirm the information included in the Inventory Report presented on this website.

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DIVIDEND REINVESTMENT PLAN

Offer Document

This is an Offer Document in respect of Shares offered under the Spark New Zealand Dividend Reinvestment Plan.

It is updated as at 22 August 2024.

Spark New Zealand operates a Dividend Reinvestment Plan which offers Shareholders the opportunity to directly increase their investment in Spark New Zealand.

This booklet explains how the plan works.

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This document is important.

If you do not understand it or are in any doubt as to how to act you should consult your financial adviser.

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From the Chair

Shareholders' interests are paramount for Spark New Zealand and your company's primary aim is to increase value for Shareholders. This Dividend Reinvestment Plan gives Shareholders a way to structure their investment in Spark New Zealand according to their own investment needs and goals.

The Plan lets Shareholders conveniently increase their investment in Spark New Zealand without incurring brokerage fees. This booklet explains how the Plan works.

Participation in the Plan is entirely optional. If you wish to conveniently increase your investment in Spark New Zealand, you can enrol in the Plan and Spark New Zealand will reinvest your dividends in additional Shares and pay for them with the net proceeds of your cash dividends.

Shares are issued under the Plan at the prevailing market price, or (at the Spark New Zealand Board's discretion), at a small discount to the market price.

For the latest dividend information and to see if a discount currently applies go to: investors.sparknz.co.nz

If dividends are an important income source, you can do nothing and you will continue to receive all future dividends as cash without reinvesting the net proceeds, or you can choose to receive a mix of both cash dividends and Shares. Please read this booklet thoroughly and consult your own financial adviser if you have any questions.

Justine Smyth
Chair

Choice 1

Reinvest your dividends in further Spark New Zealand Shares

Participation Notice

You should complete a Participation Notice online or a Participation Notice Form (in a form provided by Spark New Zealand from time to time) if you wish to reinvest some or all of your cash dividends in further Shares.

If you participate, promptly after each dividend payment date you will be sent a statement detailing your dividend entitlement and the number of additional Shares issued to you under the Plan.

The Participation Notice Form should be delivered to the Registrar at the address on page 21. Online Participation can be completed as per below:

New Zealand registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.nz

If you have not previously registered a Portfolio, you will need your CSN/Holder number and FIN to register.

Australian registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.com

If you have not previously registered a Portfolio, you will need your Holder number and Postcode to register.

Select 'Reinvestment Plans' from the Payments & Tax Menu to complete your Participation Notice.

Level of Participation

You can opt for full or partial participation in the Plan. If you tick the Full Participation box in the Participation Notice, this will cover your current shareholding and any future Shares you acquire (including under the Plan).

If you insert a number in the Partial Participation box of the Notice, you will be electing to participate in respect of the number of Shares specified.

Investor Centre

If the number you insert in the box exceeds the number of Shares held by you, your application will be deemed to be an application for full participation.

Partial participation in the Plan means that the Terms and Conditions of the Plan will apply, both now and in the future, only to the number of Shares nominated by you now, until you notify the Registrar in writing of a variation.

Variation or termination of Participation

If, at a later date, you decide you wish to vary or terminate your participation in the plan, simply complete the Participation Notice online or provide written notice to the Registrar at the address on page 21.

Choice 2

Receive dividends in cash

If you do nothing, you will continue to automatically receive by direct credit the net proceeds of any dividend on your Shares which do not participate in the Plan. There will be no reinvestment of those proceeds.

Accordingly, unless you wish to apply for or vary your participation in the Plan, you do not need to complete a Participation Notice.

If, at a later date, you decide you do wish to participate, simply complete the Participation Notice in accordance with the instructions under Choice 1.

To update your direct credit bank account:

New Zealand registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.nz

If you have not previously registered a Portfolio, you will need your CSN/Holder number and FIN to register.

Proposal

Australian registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.com

If you have not previously registered a Portfolio, you will need your Holder number and Postcode to register.

Select the 'Payment Instructions' from the Payments & Tax Menu to update your bank account.

You will still receive a dividend statement by mail or email advising the amount credited.

Key Features of the Plan

Shares acquired with the net proceeds of cash dividends

The Plan provides Shareholders with an opportunity to reinvest the net proceeds of any cash dividends payable or credited on their Shares, in further Shares. This is a convenient method of increasing your investment by acquiring further Shares free of brokerage charges.

Eligibility

Participation in the Plan is optional and is open to all Shareholders except where Spark New Zealand elects not to offer participation under the Plan to Shareholders whose address is outside New Zealand or Australia if Spark New Zealand considers that to do so would:

(i) risk breaching the laws of places outside New Zealand or Australia; or

(ii) be unreasonable having regard to the associated costs of ensuring that the laws of those places are complied with.

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Full or Partial Participation

You may elect to participate in the Plan in respect of some or all of your Shares. Participation in the Plan applies to all future dividends on Participating Shares (unless you vary your level of participation).

Dividend Policy

Details of Spark New Zealand's current dividend policy will be available from **investors.sparknz.co.nz**

Shares at or around market price

Under the Plan, additional Shares acquired in respect of a cash dividend will be issued at market price as determined around the time of issue, or (at the Spark New Zealand Board's discretion) at a small discount to the market price.

Details of your entitlement

If you elect to participate in the Plan, details of your total dividend entitlement and the number of additional Shares issued or transferred to you under the Plan will be sent to you promptly after each dividend payment date. Please contact the Registrar if you need to change your contact details.

Shares rank equally and can be sold

Shares issued under the Plan will rank equally in all respects with existing Shares and can be sold at any time.

Flexible joining and withdrawal arrangements

Shareholders can join, vary their participation or withdraw from the Plan. Notice of joining, variation, or withdrawal from the Plan received by the Registrar after 5pm (New Zealand time) on an Election Date will be effective as at the following Election Date.

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Guide to Completing the Participation Notice

Full Participation

Means that the Terms and Conditions of the Plan will apply, both now and in the future, to your total holding of Shares, unless you vary the number of participating Shares by providing notice to the Registrar or you sell your total shareholding.

Full Participation	Partial Participation
(including any future Spark New Zealand Shares purchased)	(state number of Spark New Zealand Shares to participate)

Partial Participation in the Plan

Means that, if you insert a number in the Partial Participation box in the Participation Notice, this will be treated as partial participation for that number of Shares.

This means that the Terms and Conditions of the Plan will apply, both now and in the future, only to the number of your Shares nominated by you on this form, unless you vary the number of participating Shares by providing notice to the Registrar or you sell your total shareholding.

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An Online Participation Notice can be completed as follows:

New Zealand registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.nz

If you have not previously registered a Portfolio, you will need your CSN/Holder number and FIN to register.

Australian registered holders

Login to your Portfolio at:
https://investorcentre.linkgroup.com

If you have not previously registered a Portfolio, you will need your Holder number and Postcode to register.

Select 'Reinvestment Plans' from the Payments & Tax Menu to complete your Participation Notice.

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Terms and Conditions

1. Introduction

Spark New Zealand's Board has approved the establishment of the Spark New Zealand Dividend Reinvestment Plan. The Plan enables Shareholders to reinvest the net proceeds of cash dividends payable or credited on all or some of their Shares by acquiring further fully paid Shares. The terms and conditions of the Plan (the "Terms and Conditions") as determined by the Board are set out below.

Words defined on pages 22 and 23 of this Offer Document have the same meaning in these Terms and Conditions.

2. Participation in the Plan

a. Subject to these Terms and Conditions, Spark New Zealand offers to all Shareholders the right to elect to participate in the Plan.

b. Spark New Zealand may, in its absolute discretion, elect not to offer participation under the Plan to Shareholders whose address is outside New Zealand or Australia if Spark New Zealand considers that to do so would (i) risk breaching the laws of places outside New Zealand or Australia; or (ii) be unreasonable having regard to the associated costs of ensuring that the laws of those places are complied with. The Board may, in its sole discretion, elect to amend the jurisdictions in which participation is offered under the Plan at any time.

c. Shareholders who apply to participate in the Plan and who reside outside New Zealand or Australia will represent and warrant to Spark New Zealand that the offer of the Plan and their participation in it would not breach any laws in their country of residence.

d. Any person residing outside New Zealand or Australia who holds Shares through a New Zealand or Australian resident nominee should not allow their nominee to participate in the Plan if participation in respect of their Shares

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would be contrary to the laws of their country of residence.

e. Any person residing outside New Zealand or Australia who participates in the Plan through a New Zealand or Australian resident nominee will be deemed to represent and warrant to Spark New Zealand that they can lawfully participate through their nominee.

f. Spark New Zealand accepts no responsibility for determining whether a Shareholder is able to participate in the Plan under laws applicable outside of New Zealand or Australia.

g. Additional Shares to be issued to a Shareholder under the Plan will be issued on the terms set out in this Offer Document and with the same rights as all other Shares.

h. Normal cash dividend payments will be paid out to those Shareholders not participating in the Plan and on a Participant's Non-Participating Shares, and will not be reinvested in further Shares.

i. Every shareholder eligible to participate in the Plan shall be given a reasonable opportunity to do so.

3. Participation Notice

a. An election to participate in the Plan must be made on the prescribed Participation Notice, in a form provided by Spark New Zealand, or by electronic means specified by Spark New Zealand.

b. If a correctly completed Participation Notice is received by the Registrar before 5pm (New Zealand time) on an Election Date, participation will commence on that Election Date, otherwise participation will commence on the first Election Date after receipt, subject to any termination of the Plan becoming effective before then.

c. A separate Participation Notice must be given by a Shareholder in respect of each holding of

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Shares identified by a separate holder number or CSN.

4. Degree of participation

a. Participation may be either full or partial.

b. In the case of full participation in the Plan, these Terms and Conditions will apply to the cash dividends payable or credited in respect of all the Participant's Shares from time to time registered in the Participant's name, until such number of Shares participating in the Plan is varied or participation in the Plan is terminated in accordance with clause 11 of these Terms and Conditions.

c. Partial participation applies only to the number of Shares nominated by the Participant in a Participation Notice, as varied from time to time in accordance with clause 11 of these Terms and Conditions. However, if at the relevant Record Date the number of Shares held by the Participant is less than the number of Participating Shares, then the provisions of the Plan will only apply to such lesser number of Shares.

d. If the Participation Notice does not indicate the degree of participation, it will be deemed to be an application for full participation provided it is otherwise correctly completed and signed.

e. A Participation Notice will not attach to the Shares in respect of which it has been given but will be personal to the Shareholder giving it.

f. Any Shares over which Spark New Zealand has a lien or charge under the Constitution or otherwise, for a sum which is presently payable, will not be eligible to participate in the Plan.

5. Operation of the Plan

a. By accepting this offer, each Participant directs Spark New Zealand to apply the net proceeds of every cash dividend payable or credited on the Participating Shares held by the Participant on the relevant dividend's Record Date as payment

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for the Shares to be issued to the Participant, in accordance with the Plan.

b. Such direction shall continue until the Participant or Spark New Zealand terminates the Participant's participation in the Plan in accordance with these Terms and Conditions and shall not apply while Spark New Zealand suspends the Plan.

c. Notice of termination, or variation, of a Participant's participation in the Plan must be received prior to 5pm on the relevant Election Date (New Zealand time) to be effective for a particular dividend.

d. The number of Shares to be issued to the Participant in each case will be determined in accordance with clause 7 of these Terms and Conditions.

e. The Board will, on the day that a Participant would have otherwise received the net proceeds of cash dividends on Participating Shares, either issue new Shares or arrange the transfer of existing Shares to the Participant in accordance with clause 7 of these Terms and Conditions

f. Additional Shares issued or transferred to the Participant under the Plan will, from the date of allotment, rank equally in all respects with all other fully paid Shares.

g. Additional Shares acquired by the Participant under the Plan will be registered on the register where the Participant already holds Shares.

6. Compliance with laws, listing rules and Constitution

a. The Plan will not operate in relation to a dividend to the extent that the allotment, issue or transfer of additional Shares under the Plan would breach any applicable law, the listing rules of any stock exchange on which Shares are listed, or any provision of the Constitution.

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b. If and to the extent that the Plan does not operate for such reason in respect of a Participant's Participating Shares, the relevant dividend on Participating Shares will, until such time as the issue is resolved, be paid or distributed in the same manner as in respect of Shares which are not Participating Shares.

7. Additional Share entitlement

a. General: the number of Shares to be issued under the Plan as fully paid to a Participant in return for a cash dividend will be:

   i. based on the net amount of the dividend the shareholder would have otherwise received; and

   ii. calculated on the basis that the issue price of the additional Shares will be the market price as determined in accordance with the formula set out below less a discount (if any) at the discretion of the Board.

b. The number of Shares to be issued under the Plan as fully paid to a Participant in return for a cash dividend will be calculated in accordance with the following formula:

$$N = \frac{PS \times D + B}{P}$$

Where:

N is the number of additional Shares which the Participant will receive;

PS is the number of Participating Shares;

D is the net proceeds per Share from Spark New Zealand (expressed in cents and decimals of cents, including any supplementary dividends in respect of Participating Shares payable to non-resident Shareholders but excluding any tax credits and after deduction of any withholding or other taxes, if any) of cash dividends paid or credited on that Share and which would otherwise have been paid

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to a Shareholder in cash if the Shareholder had not elected to participate in the Plan;

B is the amount, if any, held to the order of the Participant under the Plan in accordance with paragraph 7(f) below as a result of rounding Share entitlements when the Plan last operated; and

P is the volume weighted average sale price (expressed in cents and decimals of cents) for a Share, calculated on all price setting trades of Shares which took place through the NZX Main Board over a period of five Business Days commencing on the Ex Date (less a discount (if any) at the discretion of the Board, as contemplated by paragraph 13(a)(i) of these Terms and Conditions).

c. If no sales of Shares occur during such period then the volume weighted average sale price will be deemed to be the sale price for a Share on the first price setting trade of Shares on the NZX Main Board which takes place after such period.

d. Any volume weighted average sale price so determined may be reasonably adjusted by the Board to allow for any bonus or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances have artificially affected the volume weighted average sale price so determined, the Board may make such adjustments to that sale price as it considers reasonable.

e. Where the number calculated in accordance with the preceding provisions is not a whole number, then the number of Shares a Participant receives will be rounded down to the nearest whole number of Shares.

f. Any net proceeds per Share as described in the definition of "D" in clause 7(b) above which are not applied to acquire a part of a Share because of clause 7(e) above shall be held to the order of the Participant and applied under the Plan on the Participant's behalf the next time the Plan operates.

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Should the Participant:

i. terminate their participation in the Plan, under clause 11(a)(ii) of these Terms and Conditions; or

ii. cease to be a Shareholder of Spark New Zealand, any amount which at the time is held to the order of the Participant under this clause 7(f), shall be forfeited.

8. Statements to Participants

Spark New Zealand will send to each Participant, promptly after each dividend payment date, a statement detailing in respect of that Participant:

a. the number of Participating Shares as at the relevant Record Date;

b. the amount of cash dividend reinvested in respect of Participating Shares and the amount of dividend paid in cash on the Non-Participating Shares (if applicable);

c. the amount of any taxation deduction made;

d. the number of Shares the Participant has received under the Plan and the per unit issue price;

e. advice as to the amount of any taxation credits;

f. advice as to the amount held to the order of the Participant under the Plan under clause 7(f); and

g. such other matters required by law with respect to dividends and/or reinvestment.

Participants should contact the Registrar if they need to change their contact details.

9. No brokerage or commission costs to Participants

No brokerage or commission costs will be payable by Participants in respect of the Shares they receive under the Plan.

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10. Source of additional Shares

Additional Shares to be acquired by Participants under the Plan may, at the Board's discretion, be:

a. new Shares issued by Spark New Zealand; or

b. existing Shares acquired by Spark New Zealand or its nominee or agent and transferred to Participants; or

c. any combination of (a) and (b) above.

11. Variation or termination of participation

a. A Participant may, at any time, by giving notice to the Registrar:

   i. increase or decrease the number of Participating Shares participating in the Plan; or

   ii. terminate participation in the Plan.

b. Such alteration or termination will take effect immediately upon receipt by the Registrar of the notice, provided that any notice received after 5pm (New Zealand time) on an Election Date will take effect on the first Election Date after receipt.

c. If a Participant dies, receipt by the Registrar of a notice of death in a form acceptable to Spark New Zealand will be treated as notice under clause 11(a)(ii) of these Terms and Conditions. Death of one of two or more joint holders will not automatically terminate participation.

12. Reduction or termination of participation where no notice given

a. Where a Participant that has elected partial participation disposes of part of their holding of Shares then, unless the Participant advises the Registrar otherwise:

   i. the Shares disposed of will be deemed to be the Participant's Non-Participating Shares; except

   ii. if the number of Shares disposed of is more than the number of the Participant's Non-Participating Shares, the balance will be attributed to Participating Shares.

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b. If a Participant that has elected full participation disposes of part of their holding of Shares without giving the Registrar written notice terminating their participation in the Plan, the Participant will be deemed to have terminated their participation in the Plan with respect to the Shares disposed of by them from the date that Spark New Zealand registers a transfer of those Shares.

c. If a Participant disposes of all of their holding of Shares and ceases to be a Shareholder without giving the Registrar written notice terminating their participation in the Plan, the Participant will deemed to have terminated participation in the Plan from the date that Spark New Zealand registers a transfer of those Shares.

13. The Board's discretion on termination, suspension and modification

a. In addition to any other clauses in these Terms and Conditions granting the Board discretion, the Board may also in its sole discretion resolve:

i. that the price at which additional Shares are to be issued under the Plan will be at a discount to market price;

ii. that participation in the Plan will not apply to the whole or a part of the net proceeds of any cash dividend and that the applicable part will be paid out in cash and not be reinvested;

iii. that a Participation Notice will cease to be of any effect;

iv. that the terms and conditions of the Plan be modified, suspended or terminated;

v. in the event of the subdivision, consolidation or reclassification of Shares into one or more new classes of Shares, that a Participation Notice will be deemed to be a Participation Notice in respect of the Shares as subdivided, consolidated or reclassified unless such Participation Notice is subsequently changed or withdrawn by the Participants; and

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vi. that the Plan may be underwritten on such terms as agreed between Spark New Zealand and an underwriter.

b. If the Plan is modified under clause 13(a)(iv) then a Participation Notice will be deemed to be a Participation Notice under the Plan as modified unless such Participation Notice is subsequently changed or withdrawn by the Participant.

c. Notice of any modification, suspension or termination by Spark New Zealand under clause 13(a) (iv) will be given to all Participants.

d. However, no such modification or termination by Spark New Zealand under clause 13(a)(iv) will be made during the period commencing on a date 21 days before a Record Date for the purposes of determining entitlement to a dividend and ending on the date of payment of that dividend.

e. Notwithstanding clauses 13(c) and (d), Spark New Zealand may at any time, without the need of any notice:

i. modify or terminate the Plan to comply with any applicable law, the listing rules of any stock exchange on which Shares are listed, or any provision of the Constitution; and

ii. make minor amendments to the Plan where such amendments are of an administrative or procedural nature.

14. Stock Exchange Listing

Spark New Zealand will apply for Shares which may be issued under the Plan to be quoted on the NZX Main Board and the Australian Securities Exchange promptly after they have been issued. NZX and ASX accept no responsibility for any statement in this Offer Document.

15. No inside information

At the time the price for the Shares is set under clause 7 of these Terms and Conditions, Spark New Zealand will ensure that it has no information that is not publicly available that would, or would be likely to,

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have a material adverse effect on the realisable price of the Shares if the information were publicly available.

16. Taxation

The taxation consequences for each Shareholder should they elect to participate in the Plan will differ depending upon their particular circumstances. Accordingly, each Shareholder should consult their own tax adviser as to the taxation implications of the Plan. Spark New Zealand does not accept any responsibility for the financial or taxation effects of a Shareholder's participation or non-participation in the Plan.

17. Information for Australian Shareholders

a. The offer of Shares under the Plan does not require disclosure for the purposes of section 708 of the Corporations Act 2001 (Cth). Accordingly, this Offer Document will not be lodged with the Australian Securities and Investments Commission.

b. Australian resident Shareholders should note that Spark New Zealand is not licensed to provide financial product advice in relation to the Shares offered under the Plan. There is no cooling-off regime that applies in respect of the issue of Shares under the Plan. This Offer Document does not take into account your personal objectives, financial situation or needs. You should consider obtaining your own financial product advice in relation to the proposed offer from an independent person who is licensed by Australian Securities and Investments Commission to give such advice.

18. Governing Law

The Plan and its operation and these Terms and Conditions will be governed by the laws of New Zealand.

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19. Available information

Copies of Spark New Zealand's most recent Annual Report, financial statements and auditor's report are available online at: **investors. sparknz.co.nz.**

A hard copy is also available free of charge on request from:

Spark New Zealand Limited

Spark City

167 Victoria Street West

Auckland 1142, New Zealand

FAX: 09 303 3430

EMAIL: investor-info@spark.co.nz

WEBSITE: investors.sparknz.co.nz

20. Registrar's address

The contact details of the Registrar are as follows:

Registrar in New Zealand

MUFG Pension & Market Services

Level 30, PwC Tower, 15 Customs Street West,

Auckland 1010, New Zealand

PHONE: 09 375 5998

EMAIL: enquiries@linkmarketservices.co.nz

NZ CALL FREE: 0800 737 100

WEBSITE: www.linkmarketservices.co.nz

Registrar in Australia

MUFG Pension & Market Services,

Locked Bag A14, Sydney South NSW 1235 Level 12, 680 George Street, Sydney NSW 2000

PHONE: +61 2 8280 7100

EMAIL: registrars@linkmarketservices.com.au

AUS CALL FREE: 1300 554 474

WEBSITE: www.linkmarketservices.com.au

Definitions

The following words have these meanings in this Offer Document:

ASX: ASX Limited.

Australian Securities Exchange: The equity security market operated by ASX.

Board: Spark New Zealand's Board of Directors.

Business Day: A day on which the NZX Main Board and the Australian Securities Exchange are open for trading.

Constitution: Spark New Zealand's constitution.

Election Date: The first Business Day following a Record Date, or such later date as may be set by the Board and advised to NZX and ASX.

Ex Date: The first Business Day before the relevant Record Date, unless NZX determines otherwise.

Issue: In the case of existing Shares, includes transfer where the context requires.

Non-Participating Share: A Share registered in the name of a Participant, the dividends on which are not subject to the Plan, and in respect of a particular Election Date, the Non- Participating Shares that are not participating in the Plan on that date.

NZX: NZX Limited.

NZX Main Board: The main board equity security market operated by NZX.

Participant: Any eligible holder of Shares who has completed (and has not withdrawn) a Participation Notice which has been accepted by the Board.

Participating Share: A Share registered in the name of a Participant, the net proceeds of cash dividends on which are subject to the Plan, and in respect of a particular Election Date, the Participating Shares participating in the Plan on that date.

Participation Notice: The Participation Notice for the Plan as approved by Spark New Zealand.

Proposed

Plan: The Spark New Zealand Dividend Reinvestment Plan established by the Board pursuant to the Constitution on the terms and conditions set out in this Offer Document, as amended from time to time.

Record Date: The date and time fixed by the Board for determining entitlement to the relevant dividend.

Registrar: MUFG Pension & Market Services

Shares: Ordinary Shares in Spark New Zealand.

Shareholders: Holders of Shares.

Spark New Zealand: Spark New Zealand Limited.

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investors.sparknz.co.nz

ARBN 050 611 277

Dividend Reinvestment Plan

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Do not complete this form if you wish to continue to receive in cash all dividends declared.

Participation Notice to reinvest your dividend.

A Dividend Reinvestment Plan operates for your Spark New Zealand Shares.

If you wish to reinvest all or part of the net proceeds of your cash dividends, simply complete this form, and return it in the post-paid envelope provided.

If you already participate in the Plan and wish to vary your participation, then you will need to complete and return this form.

Information about the Dividend Reinvestment Plan is set out in the enclosed Offer Document.

- Complete the appropriate box if you wish to participate in the Plan for all, or for some, of your Spark New Zealand Shares or vary your existing participation.
- Tick the first box if full participation is required.
- If partial participation is required, state the number of Spark New Zealand Shares you wish to participate in the second box.
- When completed, sign the form and post.

Joint holders must each sign. Companies must execute by an authorised officer or attorney. If signed under a power of attorney, a non-revocation declaration must accompany this Notice, and the relevant power of attorney must either have been exhibited previously to the Registrar or must accompany this Notice.

Spark New Zealand may suspend, vary or terminate your participation, subject to the Terms and Conditions of the Dividend Reinvestment Plan.

Full Participation	Partial Participation
(including any future Spark New Zealand Shares purchased)	(state number of Spark New Zealand Shares to participate)

I/We acknowledge receipt of a copy of the Offer Document.

I/We agree to be bound by the Terms and Conditions of the Dividend Reinvestment Plan set out in the Offer Document dated 22 August 2024.

I/We hereby direct that the net proceeds of all cash dividends I am/we are entitled to be paid or credited in respect of my/our Participating Shares be applied toward the purchase of additional Spark New Zealand Shares in accordance with the Plan.

I/We warrant that if at any time I/we reside outside New Zealand or Australia and accept or continue to participate in the Plan, the offer of the Plan and my/our participation in it does not breach any laws in my/our country of residence.

Name(s) _____

_____ Shareholder number _____

Address _____

Email _____

Signature of Shareholder(s) _____

Date _____ Daytime phone number _____

This notice may be returned at any time to the Share Registrar. This Participation Notice must be received prior to 5pm on the relevant Election Date (New Zealand time) to be effective for a particular dividend.

MUFG Pension & Market Services, PO Box 91976, Auckland 1142, New Zealand

MUFG Pension & Market Services, Locked Bag A14, Sydney South NSW 1235, Australia