



Spark Finance Limited
**Intended Offer of
Bonds**

Stefan Knight, Chief Financial Officer

Important Notice

This presentation contains the key terms of a proposed offer by Spark Finance Limited (“SFL”) for up to \$250,000,000 (with the ability to accept oversubscriptions of up to \$50,000,000 at SFL’s discretion) of unsecured, unsubordinated fixed rate bonds (“Bonds”) in two separate series.

No money is currently being sought and applications for the Bonds cannot currently be made. If SFL offers the Bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The Bonds are expected to be quoted on the NZX Debt Market.

The proposed offer of Bonds by SFL, if made, will be made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (“FMCA”), and will be an offer of two series of Bonds that each have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as SFL’s (1) bonds maturing on 7 March 2024 which have an interest rate of 3.37% and which are currently quoted on the NZX Debt Market under the ticker code SPF580; and (2) bonds maturing on 7 September 2026 which have an interest rate of 3.94% and which are currently quoted on the NZX Debt Market under the ticker code SPF570 (together the “Quoted Bonds”).

Accordingly, the proposed Bonds will, if offered, be of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

SFL is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“NZX”) for the purpose of that information being made available to participants in the market. That information can be found by visiting <https://www.nzx.com/companies/SPF>.

The Quoted Bonds are the only debt securities of SFL that are currently quoted and in the same class as the proposed Bonds.

Investors should look to the market price of the Quoted Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Disclaimer

This presentation may include forward-looking statements regarding future events and the future financial performance of Spark New Zealand Limited (“**Spark New Zealand**”). Such forward-looking statements are based on the beliefs of and assumptions made by management along with information currently available at the time such statements were made.

These forward-looking statements may be identified by words such as ‘guidance’, ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘plan’, ‘may’, ‘could’, ‘ambition’, ‘aspiration’ and similar expressions. Any statements in this presentation that are not historical facts are forward-looking statements. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Spark New Zealand’s control, and which may cause actual results to differ materially from those projected in the forward-looking statements contained in this presentation.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements are discussed herein and also include Spark New Zealand's anticipated growth strategies, Spark New Zealand's future results of operations and financial condition, economic conditions and the regulatory environment in New Zealand, competition in the markets in which Spark New Zealand operates, risks related to the sharing arrangements with Chorus, any impacts or risks to Spark’s anticipated growth strategies, future financial condition and operations, economic conditions or the regulatory environment in New Zealand arising from or otherwise with Covid, other factors or trends affecting the telecommunications industry generally and Spark New Zealand’s financial condition in particular and risks detailed in Spark New Zealand's filings with NZX and ASX. Except as required by law or the listing rules of the stock exchanges on which Spark New Zealand is listed, Spark New Zealand undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

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The information contained in this presentation should be considered in conjunction with the financial statements for Spark New Zealand and SFL, which are available at <https://investors.sparknz.co.nz>.

All currency amounts are in New Zealand dollars unless stated otherwise.

The Arranger, the Joint Lead Managers (such party details are defined in the “Details of the intended offer” section of this presentation) and their respective directors, officers, employees and agents:

- a. have not authorised or caused the issue of, or made any statement in, any part of this presentation;
- b. do not make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation; and
- c. to the extent permitted by law, do not accept any responsibility or liability for this presentation or for any loss arising from this presentation or its contents or otherwise arising in connection with the proposed offer of Bonds.

This presentation does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any proposed Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of the Issuer before deciding whether or not to invest in the proposed Bonds.

The background of the slide is a complex, low-poly geometric pattern in various shades of purple. The pattern consists of numerous irregular polygons of different sizes and orientations, creating a textured, crystalline appearance. The colors range from a deep, dark purple to a slightly lighter, more vibrant purple, with subtle gradients and shadows that give the pattern a three-dimensional feel.

Spark Overview

Spark at a glance

98%

of New Zealanders reached by our 4G network

63

retail stores

+2.7m

mobile connections

~1.8m

Internet of Things connections

99%

of the population reached by our Internet of Things network

24

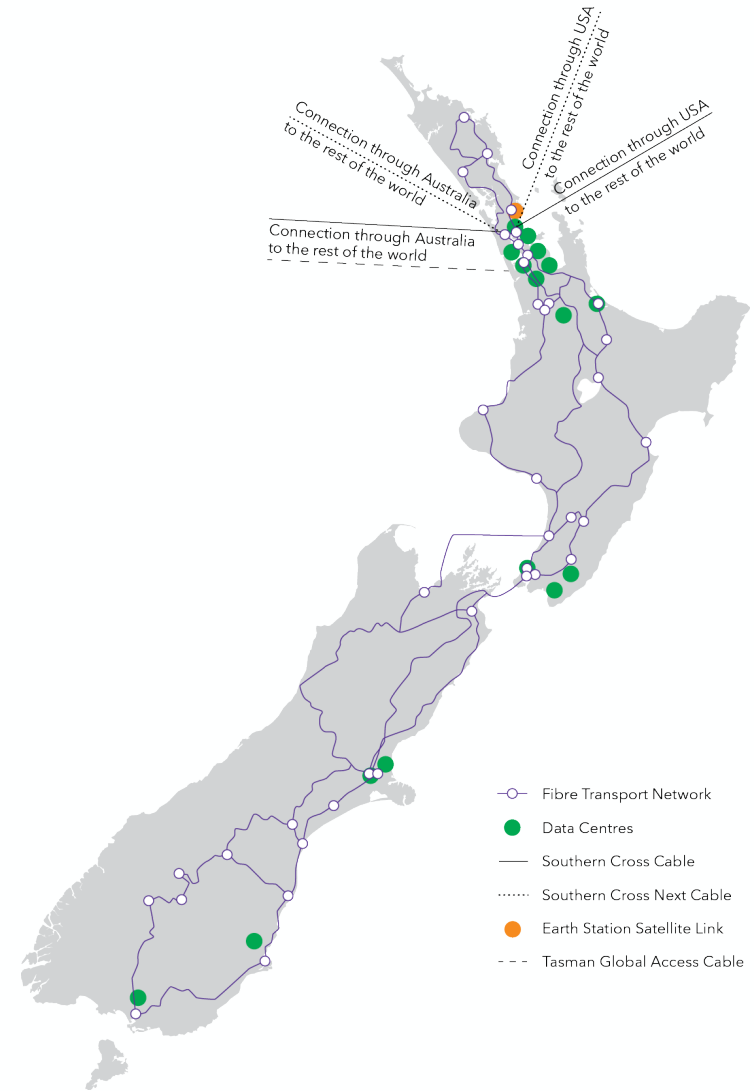
regional business hubs

~700k

broadband connections

~5.5k

New Zealand employees



SPK-26 Strategy

Dual focus on

resilience

and

growth

SPK-26

Strategy Update

Our FY24-26 focus

We will empower the people and businesses creating Aotearoa's tomorrow by:

Bringing New Zealanders the best digital-first experiences, curated to their needs



LEAD
Mobile



OPTIMISE
Broadband

Enabling New Zealand Businesses to grow and become more productive and sustainable through technology



LEAD
SME and Business



GROW
High-tech Solutions

Our enablers

Next evolution technology

Simple, data-driven organisation

Innovation culture

Our commitment: to stand together for generations to come

Toitū Sustainability at Spark

Te Korowai Tupu



Economic Transformation



Digital Equity



Sustainable Spark



Our Māori Strategy

Our FY26 outcomes

Low / mid-single digit CAGR EBITDAI growth

>10% Free cash flow growth

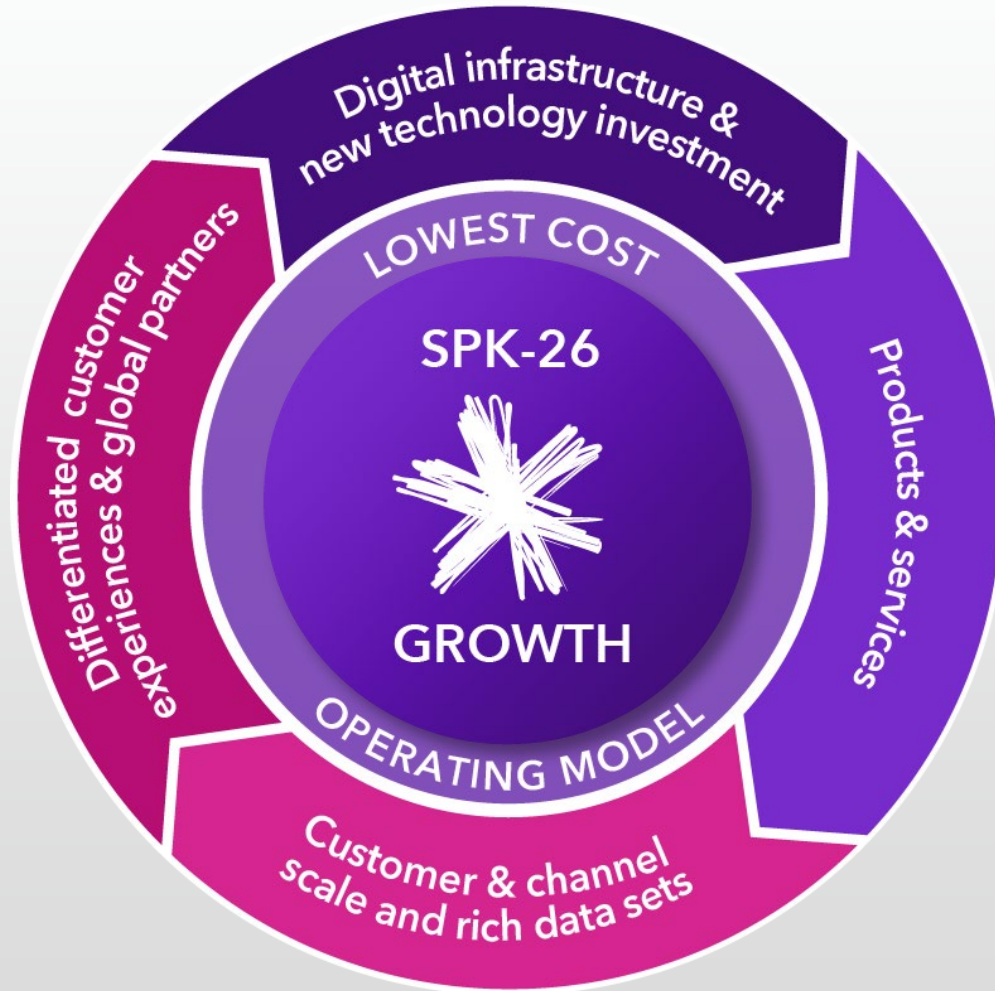
+10 lift Customer engagement

Top decile People engagement

Top quartile Sustainability benchmarking

Digital Infrastructure Growth Investments

Building on the strength of Spark's core connectivity assets, data centre and 5G Standalone investments will underpin ongoing competitive advantage



Digital infrastructure and new technology investments underpin products and services

Product and service density creates customer and channel scale, which supports lowest cost structure and provides rich data sets

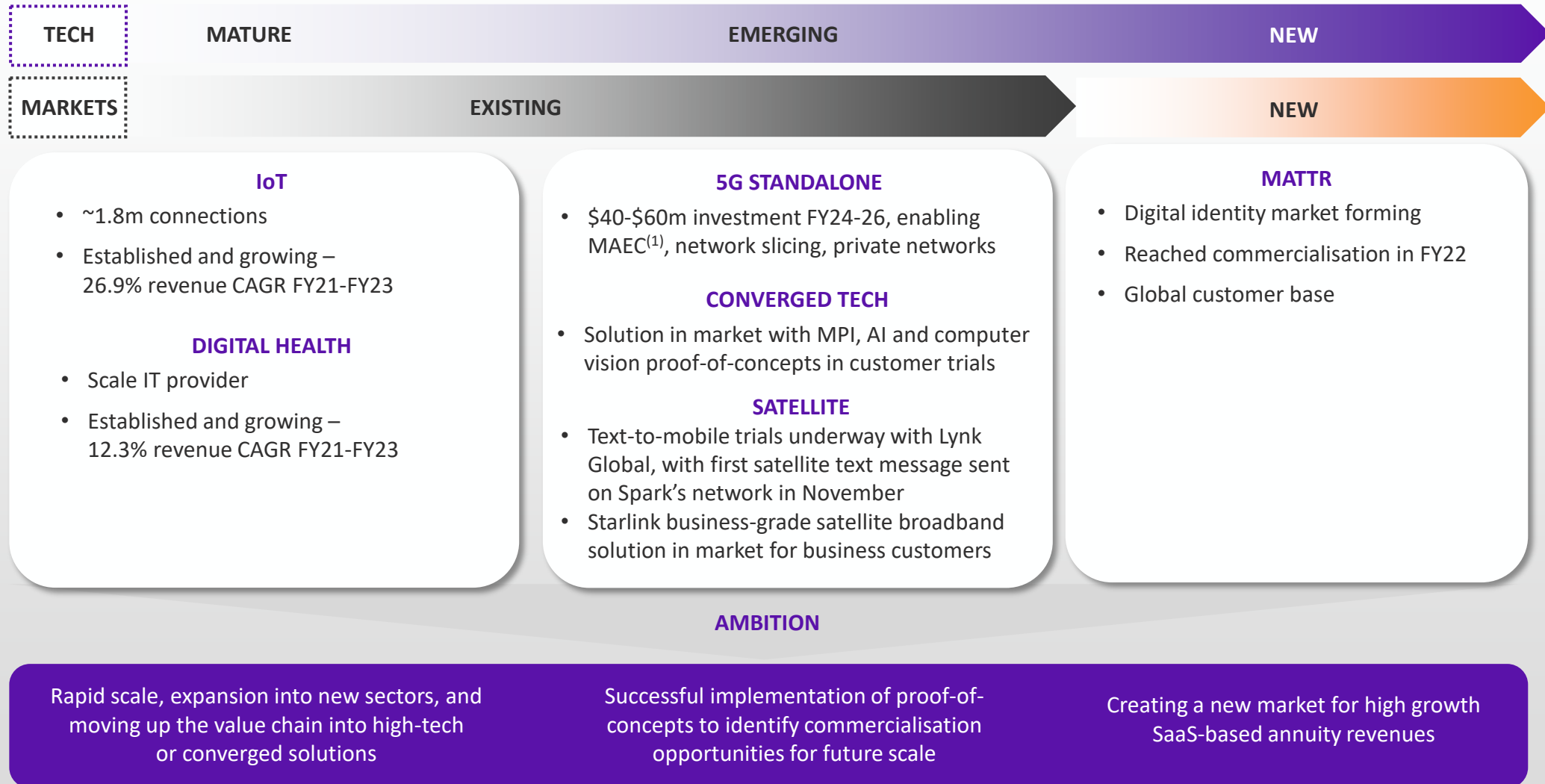
This supports improved, personalised customer experiences, and attracts global partners who need local channels to market

This supports growth, and reinvestment back into digital infrastructure and new technologies, which are then commercialised into new products and service



High-tech Roadmap

Growing returns in mature markets while building growth markets of the future

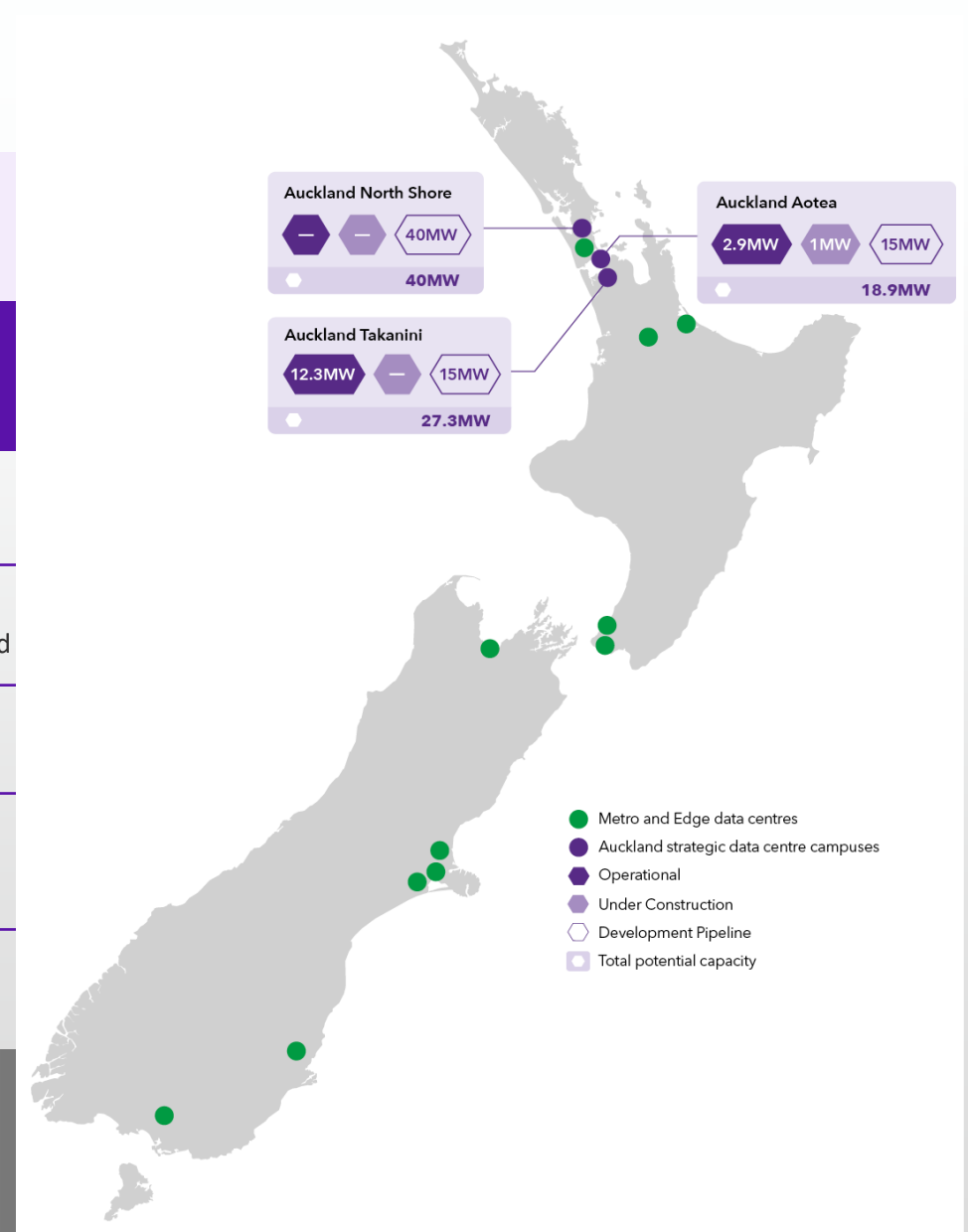


⁽¹⁾ Multi-Access Edge Computing

Data Centre Growth Ambition

Data centre investments accelerating in line with strategic ambition

Supportive tailwinds	Exponential growth in data, continued migration to the cloud, and the advent of generative AI boosting demand for data centre capacity	
Growth Ambition	Three large-scale Auckland locations: Takanini, Aotea, and North Shore, supported by regional data centres across the country	
Competitive advantages	Existing Portfolio and Capabilities	New Zealand's most extensive network of data centres, combined with technical, engineering, security, and infrastructure capabilities
	Available Capacity	Potential long-term capacity incrementally increasing to ~90MW North Shore site acquisition to add up to ~40MW capacity once completed
	Hyperscaler Relationships	Established relationships with hyperscalers as both resale partners and customers with committed long-term tenancies at key sites
	Complementary Core Business	Spark is uniquely positioned to add value at the connectivity layer (international subsea, national, and metro fibre services), across the product layer (IT and cloud), and as a sales channel to market
	Diversity of Assets	Diversity of data centre assets a key differentiator, enabling Spark to meet a very broad range of customer requirements
Value creation	<ul style="list-style-type: none"> • Growing revenue at pace through long-term annuity revenues and scaled contracts • Ability to cross-sell other services as customers migrate to the cloud • Targeting returns of ~9-10% over time as utilisation scales • Optionality exists around partnerships and funding models 	



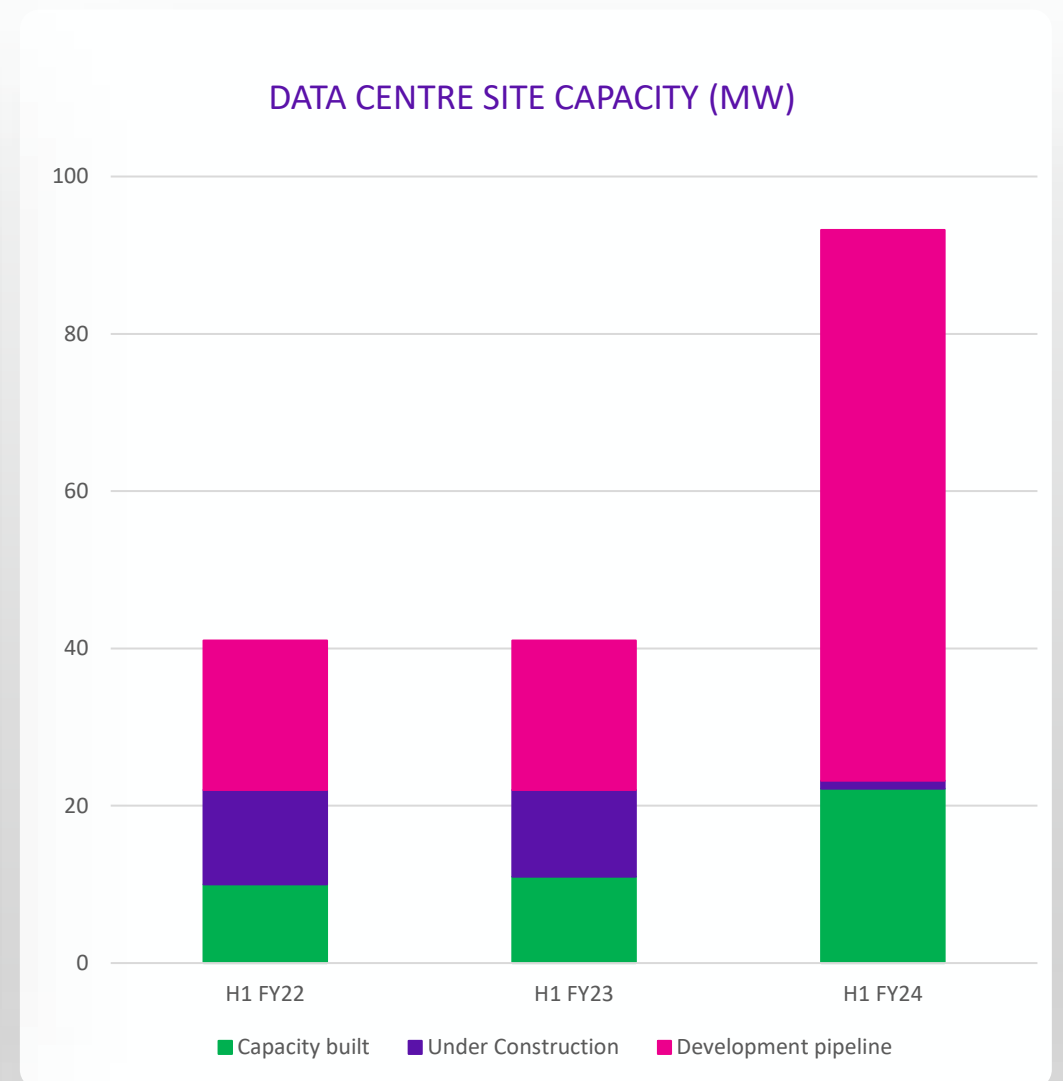
* All investment decisions subject to capital management framework, investment principles, and customer demand



Data Centre Portfolio Overview

Total built capacity at 88% contracted utilisation and significant pipeline of potential development opportunities available

FACILITY	STATUS	SITE CAPACITY (MW)
Auckland – Takanini Campus	Built	12.3
Auckland – Aotea Campus	Built	2.9
Other sites	Built	7.1
TOTAL CAPACITY BUILT		22.3
Auckland - Aotea Campus	Under construction	1.0
TOTAL CAPACITY UNDER CONSTRUCTION		1.0
Auckland - North Shore Campus	Development pipeline	40.0
Auckland - Takanini Campus	Development pipeline	15.0
Auckland - Aotea Campus	Development pipeline	15.0
TOTAL DEVELOPMENT PIPELINE (UP TO)		70.0
TOTAL POTENTIAL CAPACITY		93.3



Toitū Sustainability Performance

Continued ESG progress secured ongoing inclusion in the Dow Jones Sustainability Australia Index (DJSI)



ECONOMIC TRANSFORMATION

5G live in 95 locations across the country, with nationwide 5G standalone roll-out progressing to plan

Research collaboration with NZIER launched, demonstrating how advanced technologies can accelerate productivity

Trials underway with customers on high-tech solutions that improve productivity, health and safety, and sustainability



DIGITAL EQUITY

Over 29,000 households now utilising not-for-profit wireless broadband service Skinny Jump

Extended online protections for Spark customers through an MoU with the DIA to block internet domains that contain child sexual abuse material

\$1 million investment by Spark Foundation in newly formed national organisation for Māori in technology, Te Ao Matihiko



SUSTAINABLE SPARK

People engagement up 3pp YoY and progressing towards FY26 ambition

FY24 H1 Scope 1 and 2 greenhouse gas emissions down 8% compared to H1 FY23

Completed 2023 commitment to undertake five JAC⁽¹⁾ supplier audits

⁽¹⁾ Joint Audit Cooperation





H1 FY24 Results Overview

H1 FY24 Results Summary

Market momentum and cost control underpinning adjusted revenue and EBITDAI growth in challenging environment

Top-line growth⁽¹⁾ in challenging economic environment

- Delivered adjusted revenue growth of 1.3% to \$1,976 million, reflecting strength of market positions
- In telco, mobile remains central to growth, with service revenue up 6.3%, while broadband revenue and share remained broadly stable
- In digital services, cloud is back in growth, while total IT revenues were flat and digital health revenues down, primarily due to lower public sector demand
- Data centres revenue up as Takanini expansion came online, and high-tech growth driven by strong IoT performance
- Cost discipline held operating expenses broadly flat, supporting adjusted EBITDAI growth of 3.9% to \$530 million
- Adjusted NPAT decreased 4.8% to \$157 million due to higher average interest rates on debt and higher interest payments on Connexa leases, with second half improvement expected in line with stronger H2 EBITDAI⁽²⁾
- Larger share of capital investment in H1 to gain a fast start on strategy and implement upgrade programmes resulting in lower free cash flow. Remain committed to FY24 capex guidance and FCF aspiration of ~\$490-\$530 million

SPK-26 strategy on track, with growth investments progressing to plan

- Data centre growth strategy accelerating with conditional agreement to purchase land within new development on Auckland's North Shore, and intent to develop an initial 10MW hyperscale data centre campus on the site, with the option for further expansion
- Broader digital infrastructure investments progressing to plan, with 5G now in 95 locations and 5G core build on track
- Business fundamentals healthy and growing – customer satisfaction up 5 points, people engagement up 3 percentage points, and maintained position in Dow Jones Sustainability Australia Index

Continue to deliver shareholder returns

- Continue to deliver shareholder returns with \$305 million returned to shareholders via on-market share buy-back to date, a H1 FY24 dividend of 13.5 cps 100% imputed declared, and total FY24 dividend of 27.5 cps 100% imputed reaffirmed in line with guidance

⁽¹⁾H1 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. 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

⁽²⁾In line with FY24 guidance



H1 FY24 Financial Snapshot

SPK-26 strategy delivering adjusted revenue and EBITDAI growth



\$1,976m

1.3% increase vs. adjusted H1 FY23

ADJUSTED REVENUE⁽¹⁾⁽²⁾



\$530m

3.9% increase vs. adjusted H1 FY23

ADJUSTED EBITDAI⁽²⁾⁽³⁾



\$157m

4.8% decrease vs. adjusted H1 FY23

ADJUSTED NPAT⁽²⁾⁽⁴⁾

\$286m

14.4% increase vs. H1 FY23

CAPEX⁽³⁾



\$46m

60% decrease vs. H1 FY23

FREE CASH FLOW



13.5c

H1 FY24 dividend

TOTAL FY24 DIVIDEND OF 27.5cps

0.5c increase vs. FY23



\$1,976m

22.0% decrease vs. reported H1 FY23

REPORTED REVENUE⁽¹⁾



\$530m

49.1% decrease vs. reported H1 FY23

REPORTED EBITDAI⁽³⁾



\$157m

81.8% decrease vs. reported H1 FY23

REPORTED NPAT⁽⁴⁾

⁽¹⁾ Operating revenues and other gains

⁽²⁾ H1 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. 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⁾ H1 FY23 reported NPAT is restated for the final tax calculation on the sale of Connexa Limited as described in note 2 of the Spark New Zealand Limited Interim Financial Statements



Telco Market Performance

Strong mobile growth and stability in broadband continues

 **\$510m**

6.3% increase vs. H1 FY23

MOBILE SERVICE REVENUE

Service revenue and pay-monthly ARPU growth driven by price increases, connection growth, and roaming revenues tracking above pre-Covid levels

#1 in mobile market share by service revenue and total connections⁽¹⁾

Brand strength and data driven marketing continues to drive differentiation with Spark capturing 47% of total mobile connection growth in the half⁽¹⁾

 **\$309m**

1.3% decrease vs. H1 FY23

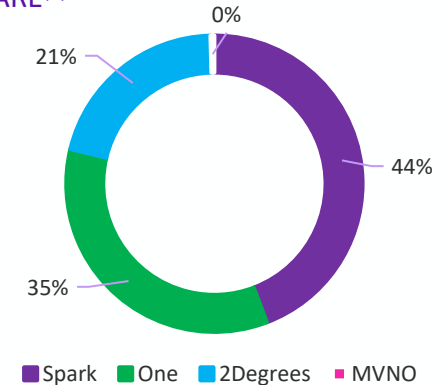
BROADBAND REVENUE

Revenue held broadly flat despite high levels of price competition in an inflationary environment

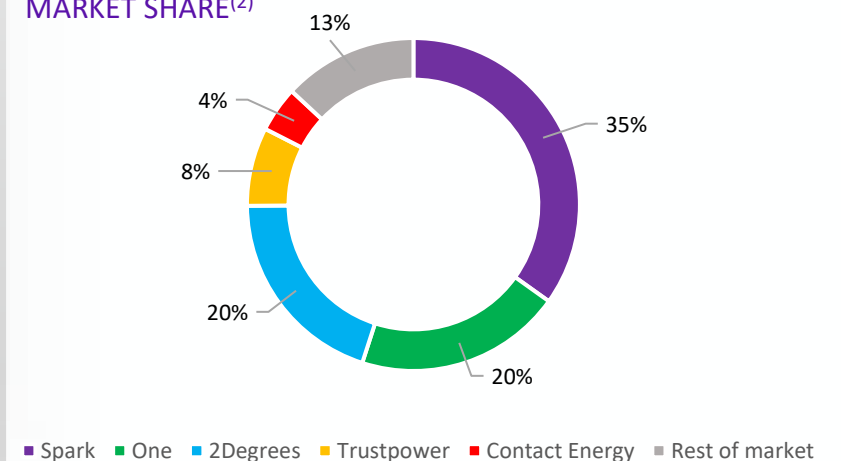
Margins maintained as input cost increases passed through alongside growth in wireless broadband and successful BYOD modem campaign

~31% of base now on wireless broadband with ongoing mobile network investment increasing addressable market

MOBILE SERVICE REVENUE MARKET SHARE⁽¹⁾



BROADBAND CONNECTION MARKET SHARE⁽²⁾



⁽¹⁾ Market share estimates sourced from IDC as at 31 December 2023

⁽²⁾ Market share estimates sourced from IDC as at 30 September 2023



Digital Services Market Performance

Stabilisation in IT and growth in data centres and high-tech

— **\$345m**

flat vs. H1 FY23

TOTAL IT

Cloud revenue up 3.8%, driven by increased private and public cloud workloads and launch of new hybrid cloud service CloudIQ

Cloud gross margin improved 7.6% with cost base reset. Further benefits to flow through in H2

IT service management revenue down 10.0%, primarily due to lower public sector demand. Focus on ServiceFlex⁽¹⁾ proposition continues in H2

▲ **\$18m**

Up 38.5% vs. H1 FY23

DATA CENTRES

Data centre investment and expansion on track with plans for new Auckland North Shore development announced

Takanini 10MW expansion completed in August 2023 with revenue stream now billing. 1MW Aotea campus expansion due to complete by end of calendar year

Further expansion at Takanini campus with additional 5MW currently under design⁽²⁾

▲ **\$35m**

12.9% increase vs. H1 FY23

TOTAL HIGH-TECH

IoT continues to see strong revenue growth underpinned by significant connectivity growth

MATTR customers moving into production environments, laying the foundation for future growth

Converged technology proof-of-concepts underway with multiple customers, to identify future commercialisation opportunities

▼ **\$42m**

Down 8.7% H1 FY23

DIGITAL HEALTH

Revenues impacted by public health sector slowdown

Focus on growing new revenue streams through further expansion into the private sector

New app bundle proposition for both public and private sectors in development with partners

⁽¹⁾ ServiceFlex is a new modular Service Management offering that provides flexibility for clients to consume new functionality as needed and delivers a more automated lower-touch service experience

⁽²⁾ Planned Takanini investment to be funded within previously communicated TowerCo proceeds allocation of \$250m-\$300m



Net Debt

Increase in net debt as TowerCo proceeds are returned to shareholders and growth capex is invested

Net Debt	H1 FY23 (\$m)	H1 FY24 (\$m)
Net debt at hedged rates	\$798	\$1,557
Net debt at hedged rates including lease liabilities	\$1,645	\$2,359
Debt Ratios		
Borrowing costs (annualised)	4.3%	5.9%
Weighted average debt maturity (years)	4.3	3.2
Debt servicing ⁽⁵⁾	1.29x	1.79x
Gearing	44%	59%
Interest cover	16	10

⁽¹⁾ Subject to market conditions

⁽²⁾ With the ability to accept oversubscriptions of up to NZ\$50m at Spark's discretion

⁽³⁾ No money is currently being sought and applications for the bonds cannot currently be made. If Spark Finance offers the bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities

⁽⁴⁾ The bonds are expected to be quoted on the NZX Debt Market

⁽⁵⁾ 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

Increase in debt levels and interest rates reflecting:

- On-market share buy-back returning \$305m of TowerCo proceeds to shareholders to date;
- Higher weighting of cash capex invested in H1; and
- Increase in working capital

Net debt expected to reduce below 1.7x in H2 consistent with long-term Capital Management Framework:

- Completion of on-market buy-back⁽¹⁾;
 - H2 cash capex to reduce with full year spend in line with guidance; and
 - Improvement in working capital
-
- In 2023 a NZ\$100m bond matured. Spark's next long-term maturity is a NZ\$125m bond maturing in March 2024 (SPF 580)
 - Spark is considering making an offer of up to NZ\$250m⁽²⁾ of unsecured, unsubordinated fixed rate bonds via its wholly owned subsidiary Spark Finance
 - If Spark Finance offers these bonds, it is expected that full details of the offer will be released on 5 March 2024⁽¹⁾⁽³⁾⁽⁴⁾



Key takeouts for H2

Spark is well positioned to build further momentum as economic conditions improve

1

Emerging signs of economic conditions improving, with ongoing demand for data supporting core growth engine of mobile

2

SPK-26 on track, with key digital infrastructure investments accelerating and building a platform for future growth

3

SPK-26 Operate Programme to deliver more efficient operating model, with benefits starting to flow through in H2

4

Strong business fundamentals in brand and data, customer experience, people, and sustainability continue to support competitive advantage

5

Reaffirmed FY24 EBITDAI, capital expenditure, and total dividend guidance





Capital Structure

Capital Management Policy

Capital Management Framework

1

**Maximising
shareholder
value**

- Growing dividends via growth in earnings and sustainable free cash flow⁽¹⁾
- Dividend Policy: pay-out ratio of ~80%-100% of free cash flow on a long run basis with annual guidance expressed on a cents per share basis
- Returning excess capital to shareholders using capital management options (e.g. on-market buybacks, special dividends)

2

**Investing
for growth**

- Investing to sustain and grow the business organically
- Investing for growth via mergers and acquisitions that are EPS accretive over time

3

**Maintaining
financial strength and
flexibility**

- Committed to maintaining an appropriate investment grade credit rating

Key principles for investing in growth



Strategic alignment



NPV positive



**ROI greater than
Spark's hurdle rate
in years 3-5**



**Long run capex to
revenue ~10%-11%⁽²⁾**

⁽¹⁾FCF defined as EBITDAI less tax paid, interest paid, maintenance capex (pre growth and spectrum capex), lease payments and pre any movements in working capital.

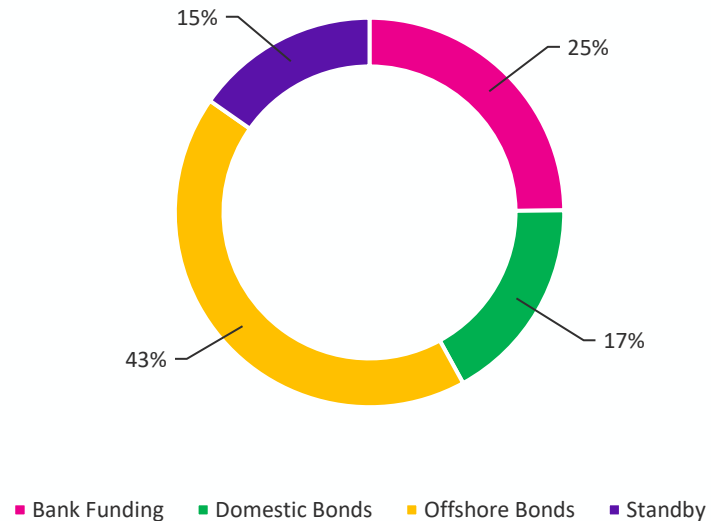
⁽²⁾Excluding any spectrum purchases and renewals



Debt profile

Proposed new issue will further diversify Spark's debt profile and reduce reliance on short term funding

Sources of long term debt as at 31 December 2023⁽¹⁾



The proposed new issue of up to NZ\$250m⁽²⁾ of unsecured, unsubordinated fixed rate bonds reduces reliance on short-term funding and smooths Spark's overall maturity profile

Spark manages funding risk by spreading maturities to avoid material funding requirements in any 12-month period

Next long-term funding maturities:

- NZ\$125m bond maturing 7 March 2024 (SPF 580);
- NZ\$100m committed revolving bank facility maturing in November 2024;
- AU\$100m bond maturing on 5 June 2026; and
- NZ\$125m bond maturing 7 September 2026 (SPF 570)

⁽¹⁾Sources of long-term debt at face value excludes NZ\$125m bond maturing 7 March 2024 and a NZ\$100m committed revolving bank facility maturing in November 2024

⁽²⁾ With the ability to accept oversubscriptions of up to NZ\$50m at Spark's discretion





Details of the Intended Offer

Details of the intended offer

Issuer	Spark Finance Limited (“ SFL ”)	
Description	Unsecured, unsubordinated, fixed rate bonds	
Guarantee	The Bonds will, if offered, be jointly and severally guaranteed by Spark New Zealand Limited and the other Guaranteeing Group Members (as defined in the Trust Deed) on an unsecured basis	
Credit Rating	Issuer credit rating A- (stable) (S&P Global Ratings) Expected issue credit rating: A- (S&P Global Ratings)	
Issue Amount	Up to NZ\$250,000,000 (with the ability to accept oversubscriptions of up to NZ\$50,000,000 at SFL's discretion) in two separate series.	
Term	5.5 year	7.5 year
Maturity Date	September 2029	September 2031
Further Details	Expected to be released on 5 March 2024	
Arranger	ANZ Bank New Zealand Limited	
Joint Lead Managers	ANZ Bank New Zealand Limited, Commonwealth Bank of Australia (ABN 48 123 123 124) (acting through its New Zealand branch) and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	





Q&A

INDICATIVE TERMS SHEET

Spark Finance Limited

**Indicative Terms Sheet
dated 5 March 2024**

Up to NZ\$250,000,000 Fixed Rate Bonds

(plus oversubscriptions of up to NZ\$50,000,000 at Spark Finance Limited's discretion) across two series:

- 5.5 year bond maturing on 18 September 2029
- 7.5 year bond maturing on 18 September 2031

ARRANGER AND JOINT LEAD MANAGER:



JOINT LEAD MANAGERS:



Spark Finance Limited Indicative Terms Sheet

Important notice

This Indicative Terms Sheet sets out the key terms of an offer by Spark Finance Limited ("**SFL**") for up to NZ\$250,000,000 (with the ability to accept oversubscriptions of up to NZ\$50,000,000 at SFL's discretion) of fixed rate bonds ("**Bonds**") in two separate series:

- the first series is a 5.5 year Bond maturing on 18 September 2029 ("**2029 Bonds**"); and
- the second series is a 7.5 year Bond maturing on 18 September 2031 ("**2031 Bonds**").

Each series of Bonds will be issued under a master trust deed dated 25 October 1988 (as most recently amended and restated on 4 November 2015) ("**Trust Deed**") between Spark New Zealand Limited ("**Spark NZ**") and The New Zealand Guardian Trust Company Limited ("**Supervisor**") and a supplemental trust deed in respect of the series dated 5 March 2024 entered into between SFL, Spark NZ and the Supervisor (together with the Trust Deed, the "**Trust Documents**").

The offer of Bonds by SFL is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The offer contained in this Indicative Terms Sheet is an offer of two series of Bonds, each of which have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as SFL's:

- bonds maturing on 7 March 2024 which have an interest rate of 3.37% and which are currently quoted on the NZX Debt Market under the ticker code SPF580; and
- bonds maturing on 7 September 2026 which have an interest rate of 3.94% and which are currently quoted on the NZX Debt Market under the ticker code SPF570,

(together the "**Quoted Bonds**").

Accordingly, the Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

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The Quoted Bonds are the only debt securities of SFL that are currently quoted and in the same class as the Bonds.

Investors should look at the market price of the Quoted Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

Spark Finance Limited Indicative Terms Sheet

Issuer	Spark Finance Limited (“SFL”)							
Guarantors	<p>Spark New Zealand Limited (“Spark NZ”) and the other Guaranteeing Group Members from time to time (as defined in the Trust Deed)</p> <p>As at the date of this Indicative Terms Sheet, the Guaranteeing Group Members are SFL, Computer Concepts Limited, Revera Limited, Spark NZ, Spark New Zealand Trading Limited, TCNZ (United Kingdom) Securities Limited, Telecom Enterprises Limited and Telecom Pacific Limited</p>							
Guarantee	The principal amounts of, and interest due on, the Bonds are jointly and severally guaranteed by the Guaranteeing Group Members on an unsecured basis in accordance with the Trust Deed							
Status	The Bonds will constitute unsecured, unsubordinated indebtedness obligations of the Issuer and rank equally and without any preference or priority among themselves and at least equally with all other unsecured, unsubordinated indebtedness of the Issuer, except indebtedness preferred by law							
Arranger	ANZ Bank New Zealand Limited							
Joint Lead Managers	ANZ Bank New Zealand Limited, Commonwealth Bank of Australia (ABN 48 123 123 124) (acting through its New Zealand branch) and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)							
Instrument	Fixed Rate Bonds							
Purpose	General corporate purposes, including the refinancing of the SPF580 bonds which mature on 7 March 2024							
Issue Amount	<p>SFL is offering up to NZ\$250,000,000 of Bonds in aggregate across both series of Bonds (with the option to accept oversubscriptions of up to NZ\$50,000,000 in aggregate at SFL’s discretion)</p> <p>The minimum Issue Amount in each series is NZ\$125,000,000</p>							
Credit Ratings	<table border="1"> <thead> <tr> <th></th> <th>Spark NZ Credit Rating</th> <th>Expected Bond Credit Rating</th> </tr> </thead> <tbody> <tr> <td>S&P Global Ratings</td> <td>A-/Stable</td> <td>A-</td> </tr> </tbody> </table>		Spark NZ Credit Rating	Expected Bond Credit Rating	S&P Global Ratings	A-/Stable	A-	
	Spark NZ Credit Rating	Expected Bond Credit Rating						
S&P Global Ratings	A-/Stable	A-						
	A rating is not a recommendation by any rating organisation to buy, sell or hold Bonds and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation							
Opening Date	Tuesday, 5 March 2024							
Closing Date	11:00 a.m. (New Zealand time) on Thursday, 7 March 2024							

Spark Finance Limited Indicative Terms Sheet

Rate Set Date	Thursday, 7 March 2024	
Issue Date/Allotment Date	Monday, 18 March 2024	
Expected Date of Initial Quotation and Trading on NZX Debt Market	Tuesday, 19 March 2024	
Maturity Date	2029 Bonds	2031 Bonds
	18 September 2029	18 September 2031
Interest Rate	<p>The Interest Rate for each series will be equal to the relevant Base Rate plus the relevant Issue Margin on the Rate Set Date. Interest will accrue from the Issue Date of the Bonds</p> <p>The Interest Rate for each series will be announced by the Issuer via NZX on or shortly after the Rate Set Date</p>	
Base Rate	<p>The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the relevant Maturity Date as calculated by the Joint Lead Managers on the Rate Set Date in accordance with market convention with reference to Bloomberg page ICNZ4 (or any successor page) and expressed on a quarterly basis, rounded to 2 decimal places if necessary, with 0.005 being rounded up</p>	
Indicative Issue Margin	2029 Bonds	2031 Bonds
	0.85 to 0.95 per cent per annum	1.10 to 1.20 per cent per annum
Issue Margin	<p>The Issue Margin applicable to each series (which may be within, above or below the indicative Issue Margin range) will be determined by SFL in consultation with the Joint Lead Managers following completion of the bookbuild process and announced via NZX on or shortly after the Rate Set Date</p>	
Issue Price	NZ\$1.00 per Bond	
Interest Payments	Interest will be payable quarterly in arrear in four equal payments. Interest paid on the Bonds will be paid to the registered holder on the relevant Record Date	
Interest Payment Dates	18 March, 18 June, 18 September and 18 December each year up to and including the relevant Maturity Date, commencing on 18 June 2024	
Business Day Convention	Following Business Day (unadjusted)	

Spark Finance Limited Indicative Terms Sheet

Settlement Price Formula	Reserve Bank of New Zealand (“RBNZ”) pricing formula	
ISIN	2029 Bonds	2031 Bonds
	NZSPFD0590L3	NZSPFD0600L0
NZX Quotation	SFL will take any necessary steps to ensure that each series of Bonds is, immediately after issue, quoted. Application has been made to NZX for permission to quote each series of Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Indicative Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Indicative Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013	
NZX Debt Market Ticker Code	2029 Bonds	2031 Bonds
	SPF590	SPF600
Record Date	10 days before the Interest Payment Date or, if not a Business Day, the immediately preceding Business Day	
Business Days	Auckland, Wellington	
Minimum Subscription Amount	Minimum subscription amount of NZ\$5,000 with multiples of NZ\$1,000 thereafter. The minimum subscription amount applies separately in respect of each series	
Transfer Restrictions	No transfer may be made if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds of a series with a principal amount of less than NZ\$5,000 (other than zero) or not in multiples of NZ\$1,000	
No Underwriting	The offer contained in this Indicative Terms Sheet is not underwritten	
Brokerage	You are not required to pay brokerage or any charges to SFL in relation to applications under the offer contained in this Indicative Terms Sheet. However, you may have to pay brokerage to the firm from whom you receive an allocation of the Bonds	
Registrar and Paying Agent	Link Market Services Limited	
	The Bonds will be accepted for settlement within the NZClear system	
Supervisor	The New Zealand Guardian Trust Company Limited	
Documentation	This Indicative Terms Sheet and the Trust Documents	
Repo Eligibility	SFL intends to apply to the RBNZ for the Bonds to be included as eligible securities for domestic market operations	
Further Bonds	SFL is able to issue further series of bonds without the consent of Holders on such terms and conditions (not being inconsistent with the provisions contained in the Trust Deed) as SFL may from time to time determine	

Spark Finance Limited Indicative Terms Sheet

Early Repayment

Holders have no right to require SFL to redeem their Bonds prior to the relevant Maturity Date, except if an Event of Default occurs (as described below)

Events of Default

The Events of Default are contained in clause 15.1 of the Trust Deed. They include a failure by SFL to make a payment on bonds issued by it under the Trust Deed and a breach by SFL or a Guarantor of a provision in the Trust Deed or the Bonds (subject in each case to applicable grace periods), and also insolvency-type events that affect SFL or a Guarantor

If an Event of Default occurs, subject to the Trust Deed the Supervisor may in its discretion, and must upon being directed to do so in accordance with the Trust Deed by holders of bonds issued under the Trust Deed, declare the Bonds to be immediately due and payable at their principal amount together with accrued but unpaid interest (subject to any deduction for or on account of tax)

The above is a summary of the Events of Default. For full details of the Events of Default, see clause 15.1 of the Trust Deed

Financial Covenants

There are no financial covenants in the Trust Documents other than the Guaranteeing Group coverage ratios described below

Under the Trust Deed, Spark NZ must ensure that the Guaranteeing Group (being SFL and the Guarantors) meets the following coverage ratios, which are to be tested twice yearly:

- earnings (calculated before interest and tax) of the Guaranteeing Group must be at least 90% of earnings (calculated before interest and tax) of the Spark NZ consolidated group; and
- the total tangible assets of the Guaranteeing Group (excluding balances with other members of the Spark NZ consolidated group) must be at least 70% of total tangible assets of the Spark NZ consolidated group

For full details of these provisions, see clause 12.8 of the Trust Deed

Negative Pledge

Each Guaranteeing Group member has agreed with the Supervisor that, while any bonds issued under the Trust Deed remain outstanding, none of its assets will be secured. Notwithstanding this restriction, the Guaranteeing Group is permitted to create security, or permit security to exist, over their assets, if:

- the aggregate principal amount secured does not exceed 5% of the total tangible assets of the Spark NZ consolidated group; or
- in certain other limited circumstances set out in the Trust Deed (namely, if the security arises by operation of law, relates to the acquisition of an asset or a project, is already in existence when the relevant asset was acquired, supplements or substitutes an existing permitted security or is made in favour of, or with the consent of, the Supervisor)

For full details of these provisions, see clauses 11.2 and 11.3 of the Trust Deed

Governing Law

New Zealand

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How to Apply

All of the Bonds of both series offered under the offer (including any oversubscriptions) contained in this Indicative Terms Sheet have been reserved for subscription by clients of the Joint Lead Managers, primary market participants and other approved financial intermediaries, and will be allocated to those persons by SFL in consultation with the Joint Lead Managers

There is no public pool for the offer. Retail investors should contact any primary market participant for details as to how they may acquire the Bonds. You can find a primary market participant by visiting www.nzx.com/services/market-participants/find-a-participant

Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for them to trade the Bonds, including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place

Contact Details

Issuer	Spark Finance Limited Level 2, Spark City 167 Victoria Street West Auckland 1010	Legal Advisers to the Issuer	Russell McVeagh Level 24 157 Lambton Quay Wellington 6011
Registrar and Paying Agent	Link Market Services Limited Level 30, PwC Tower 15 Customs Street West Auckland 1010	Arranger and Joint Lead Manager	ANZ Bank New Zealand Limited Level 26, ANZ Centre 29 Albert Street Auckland 1010
Supervisor	The New Zealand Guardian Trust Company Limited Level 2, Perpetual Guardian House 99 Customhouse Quay Wellington 6140	Joint Lead Managers	Commonwealth Bank of Australia (ABN 48 123 123 124) (acting through its New Zealand branch) Level 6, ASB North Wharf 12 Jellicoe Street Auckland 1010 Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) Level 8, 16 Takutai Square Auckland 1010

Spark Finance Limited Indicative Terms Sheet

Selling Restrictions

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and:

- in the case of Australia, in conformity with the specific selling restrictions set out below; or
- in the case of any other country or jurisdiction, with the prior consent of SFL.

This Indicative Terms Sheet may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Indicative Terms Sheet.

This Indicative Terms Sheet does not constitute an offer of securities for sale in the United States or to, or for the account or benefit of, **"US Persons"** (as defined in Regulation S under the US Securities Act of 1933 (the **"US Securities Act"**)) and may not be sent to or disseminated in, directly or indirectly, the United States or to any US Person in any place. The Bonds have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to, or for the benefit of, any US Person except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and the securities laws of any state or any other jurisdiction in the United States.

Set out below are specific selling restrictions that apply to an offer of the Bonds in Australia. These selling restrictions do not apply to an offer of the Bonds in New Zealand.

The selling restrictions in this Indicative Terms Sheet may be modified by SFL and the Joint Lead Managers, including following a change in a relevant law, regulation or directive. Persons into whose hands this Indicative Terms Sheet comes are, and each Holder is, required by SFL and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

By purchasing Bonds, each Holder agrees to indemnify SFL, the Supervisor, the Arranger, the Joint Lead Managers and their respective directors, officers, employees and agents in respect of any loss, liability or expense sustained or incurred as a result of the Holder breaching the selling restrictions contained in this Indicative Terms Sheet.

Spark Finance Limited Indicative Terms Sheet

Selling Restrictions - Australia

This Indicative Terms Sheet (a) does not constitute a prospectus, product disclosure statement or any other "disclosure document" for the purposes of the *Corporations Act 2001* of the Commonwealth of Australia ("**Corporations Act**"); (b) does not purport to include the information required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the *Corporations Act*; (c) has not been, nor will it be, lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors who are able to demonstrate that they (i) are either a "sophisticated investor" or "professional investor" within the meaning of sections 708(8) and (11) of the *Corporations Act*, respectively, to whom an offer may be made without disclosure under Part 6D.2 of the *Corporations Act*; and (ii) are "wholesale clients" for the purpose of section 761G of the *Corporations Act*, such that disclosure to them is not required under Part 6D.2 and Part 7.9 of the *Corporations Act* (collectively "**Exempt Investors**").

The Bonds may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Bonds may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Bonds may be distributed, received or published in Australia, except to Exempt Investors or where disclosure to investors otherwise is not required under Part 6D.2 and Part 7.9 of the *Corporations Act* and otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Bonds, each purchaser or subscriber of Bonds in Australia represents and warrants to SFL, the Joint Lead Managers and their respective affiliates that such purchaser or subscriber is an Exempt Investor.

Prospective investors should not construe anything in this Indicative Terms Sheet as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the *Corporations Act*. As any offer of Bonds under this Indicative Terms Sheet, any supplement accompanying this Indicative Terms Sheet or any other document will be made without disclosure in Australia under Part 6D.2 and Part 7.9 of the *Corporations Act*, the offer of those Bonds for resale in Australia within 12 months after their issue may, under the *Corporations Act*, require disclosure to investors if none of the exemptions in the *Corporations Act* applies to that resale. By applying for the Bonds each purchaser or subscriber of Bonds undertakes to SFL and the Joint Lead Managers that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Bonds, offer, transfer, assign or otherwise alienate those Bonds, or grant, issue or transfer interests in or options over them, to investors in Australia except in circumstances where disclosure to investors is not required under the *Corporations Act* or where a compliant disclosure document is prepared and lodged with ASIC.

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Arranger and Joint Lead Managers Important Information

The Arranger and the Joint Lead Managers and their respective directors, officers, employees and agents:

- (a) have not authorised or caused the issue of, or made any statement in, any part of this Indicative Terms Sheet;
- (b) do not make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Indicative Terms Sheet; and
- (c) to the extent permitted by law, do not accept any responsibility or liability for this Indicative Terms Sheet or for any loss arising from this Indicative Terms Sheet or its contents or otherwise arising in connection with the offer of Bonds.

This Indicative Terms Sheet does not constitute financial advice or a recommendation from the Arranger or the Joint Lead Managers or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.

You must make your own independent investigation and assessment of the financial condition and affairs of SFL before deciding whether or not to invest in the Bonds.

Other information about the offer

The dates set out in this Indicative Terms Sheet are indicative only and are subject to change. SFL has the right in its absolute discretion and without notice to open or close the offer contained in this Indicative Terms Sheet early, to accept late applications, and to extend the Closing Date. If the Closing Date is extended, subsequent dates may be extended accordingly. Any such changes will not affect the validity of any applications received.

SFL reserves the right to cancel the offer contained in this Indicative Terms Sheet and the issue of the Bonds.

The terms and conditions of the Bonds are set out in the Trust Documents. Holders are bound by, and are deemed to have notice of, the Trust Documents. Copies of the Trust Documents can be obtained on request to the Registrar or SFL at the addresses set out above (or such other addresses as may be notified to Holders).

It is important that before making any investment decision, investors give consideration to the suitability of an investment in the Bonds in light of their individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).
