MARKET RELEASE – 22 December 2025

Spark NZ announces new receivables financing structure

- Spark New Zealand (Spark) has partnered with ASX-listed financial services organisation Challenger Limited (Challenger) to establish a new financing structure for the interest free payment (IFP) plans Spark offers its customers to acquire mobile handsets and other accessories.
- The sale of Spark's existing IFP receivables will be used to reduce net debt in H1 26 by ~$240 million.
- Spark will also sell future IFP receivables to Challenger on a regular basis, supporting growth in IFP as a valued option for mobile customers to manage costs over time.
- This partnership enables Spark to continue expanding its mobile business while improving capital efficiency and return on invested capital.

Spark New Zealand (Spark) today announced a partnership with ASX-listed financial services organisation Challenger Limited (Challenger) to establish a new financing structure for the interest free payment (IFP) plans Spark offers its customers to acquire mobile handsets and other accessories.

The new structure will reduce working capital carried on Spark's balance sheet and support the continued growth of IFP as a key acquisition and retention tool in Spark's mobile business.

Spark will sell eligible receivables from its existing IFP customers to Challenger for ~$240 million. The proceeds will be used to reduce net debt, but will not materially affect Spark's net debt to EBITDAI ratio under S&P's methodology[1]. The proceeds will be excluded from free cashflow for the purposes of the H1 26 dividend calculation.

In addition to the sale of Spark's existing IFP receivables, the partnership includes an ongoing arrangement with Challenger to sell future IFP receivables on a regular basis. This will enable Spark to optimise its working capital and increase the overall size of IFP funding offered to its mobile customers.

Spark New Zealand CEO, Jolie Hodson said: "Our mobile customers highly value interest free payment options as a convenient way to purchase the latest devices and manage costs over time. The value of IFP as a highly effective acquisition and retention tool only continues to grow, particularly as mobile device prices increase.

"Mobile is our number one priority as a business, and this new partnership with Challenger will enable us to support the ongoing growth of IFP while improving capital efficiency – allowing us to reinvest in areas that deliver the most value for our customers and shareholders."

Victor Rodriguez, Chief Executive Funds Management, Challenger said: "We're pleased to have partnered with Spark for this transaction. Acquiring their IFP receivables represents high quality, resilient cash flows that are highly attractive for Challenger and institutional investors. Whole loans, encompassing mortgages, personal loans and asset finance, represent a substantial and growing asset class in New Zealand, Australia and globally. We see a significant opportunity to position whole loan investing as a core pillar of Challenger's overall portfolio allocation."

[1] The S&P calculation of Net Debt to EBITDA makes an adjustment for the IFP book

Spark will continue to retain full control of the overall customer experience. The new financing structure will not affect how Spark customers enter into IFP plans or make their IFP payments, nor will it change how Spark manages credit checks, collections, or the sourcing and supply of devices.

Spark will continue to collect repayments from its mobile customers directly and transfer eligible handset receivables to Challenger at a fair value, accounting for financing costs and credit risk.

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