

STOCK EXCHANGE ANNOUNCEMENT

21 February 2022

Chorus 2022 half year result

The following are attached in relation to Chorus' half year result for the period to 31 December 2021:

1. Media Release
2. Investor Presentation
3. Letter to investors
4. Management Commentary and Financial Statements (including auditor review report)
5. NZX Results Announcement
6. NZX Distribution Notice

Chief Executive Officer JB Rousselot and Chief Financial Officer David Collins will discuss the half year result by webcast at 10.00am New Zealand time today. The webcast will be available at www.chorus.co.nz/webcast.

Authorised by:

David Collins
Chief Financial Officer

ENDS

For further information:

Steve Pettigrew
Head of External Communications
Mobile +64 (27) 258 6257
Email: steve.pettigrew@chorus.co.nz

Brett Jackson
Investor Relations Manager
Phone: +64 4 896 4039
Mobile: +64 (27) 488 7808
Email: brett.jackson@chorus.co.nz



21 February 2022

Solid result, regulatory clarity and credit rating changes lift dividend

Key results

- Fibre connections increased by 47,000 to 918,000
- Fibre uptake 67% in completed UFB areas (June 2021: 65%)
- 23% of mass-market fibre connections on gigabit plans
- Net profit after tax \$42m (HY21: \$27m)
- EBITDA \$347m (HY21: \$328m restated)
- Operating revenue \$483m (HY21: \$478m restated)
- Credit rating thresholds lifted by S&P and Moody's
- FY22 EBITDA guidance increased to \$665m to \$685m
- FY22 dividend guidance increased to 35 cents, from 26 cents
- Interim dividend of 14 cents per share
- \$150m share buyback announced

Chorus delivered a solid first-half financial performance for the six months ended 31 December 2021 despite COVID disruptions.

Net profit after tax (NPAT) was \$42m, and earnings before interest, tax, depreciation and amortisation (EBITDA) was \$347m for the period. EBITDA for the half-year included \$15m of one-off benefits from a Holidays Act provision and other appropriations. The underlying EBITDA was \$332m for HY22 compared with \$328m in the same six months in FY21¹.

Operating revenues for the period were up slightly at \$483m (HY21: \$478m restated), primarily due to gains from our ongoing network optimisation programme.

Fibre uptake passes the two-thirds mark

Chorus CEO JB Rousselot said he was pleased with the continued broadband growth in the company's fibre areas.

"The continued growth in fibre demand is a testament to the reliability fibre broadband is delivering through the challenges of the ongoing COVID pandemic.

"We saw the lockdowns and other public restrictions in the first-half ramp up the average data usage on fibre to new record highs of more than 600 gigabytes per month.

¹ Previously reported HY21 EBITDA of \$323 million has been increased to \$328 million to reflect a prior period restatement. This reflects an ongoing change in accounting treatment of field services revenue for roadworks that increased HY21 revenue by \$5 million. Refer to page 12 of the HY22 investor presentation for the detailed accounting adjustments. Half year results are unaudited.

“Our fibre rollout is now close to completion with just 30,000 or so premises left to pass. More than 1.3 million homes and businesses have fibre at their doorstep; of these 67 per cent have now chosen to connect.

“During the first half of the year, we saw fibre connections grow by 47,000 to 918,000, and we’re on track to achieve our target of one million fibre connections by the end of the year.”

Big fibre boost for fibre customers

Chorus upgraded more than 600,000 homes and businesses on fibre to even better speeds in December.

“Our big fibre boost was the largest-ever performance upgrade for fibre customers. Working closely with broadband retailers, residential customers on a 100 Mbps fibre plan can now access 300 Mbps, while the upload speed increased five-fold from 20 Mbps to 100 Mbps”, said Mr Rousselot.

“This upgrade builds on our purpose to ensure that New Zealanders have access to the best of internet connectivity.”

When Chorus first started building the fibre network in 2011 across New Zealand, it was ambitious in wanting New Zealand to be envied globally for its broadband. In December, as retailers made the upgrade available to their customers, New Zealand catapulted up the world’s fixed-line broadband rankings, from 22nd place to 11th, based on Ookla’s Global Speed Test.

Dividend guidance increased, share buyback announced

With Chorus on the cusp of becoming free cash flow positive and beginning to earn more than it is investing in the network, it has updated dividend guidance for the next three years.

“Throughout the decade-long fibre build, our shareholders have seen their returns constrained. They endured two years of no dividend payments during the copper pricing review and then the impact of the delayed implementation of the new regulatory framework.

“In that same time, shareholders have also helped further fund the fibre rollout by providing \$279 million through the dividend reinvestment plan”, said Mr Rousselot.

The finalisation of crucial inputs for the new regulatory framework, together with the subsequent increase in credit thresholds for Chorus by ratings agencies, means Chorus now can increase returns to shareholders as network investment demands reduce.

Updated dividend guidance:

- **FY22:** 35 cents
- **FY23:** a minimum of 40 cents
- **FY24:** a minimum of 45 cents

In addition to the increased dividend, Chorus has also announced a share buyback of up to \$150m. The buyback follows the increase in the credit rating thresholds and is a tax-efficient

allocation of surplus capital that will help boost future earnings per share and imputation credit reserves.

Chorus will pay an interim dividend of 14 cents per share, fully imputed, on 12 April 2022 to all shareholders registered at 5.00 pm on 15 March 2022. A dividend reinvestment plan is available, with no discount rate applied, for shareholders who prefer to increase their shareholding rather than receive a cash dividend. Applications must be received by 5.00 pm (NZ time) on 16 March 2022.

FY22 guidance

- EBITDA: Increased to \$665m to \$685m, previously \$640m to \$660m
- Capital expenditure: Decreased to \$520m to \$560m, previously \$550m to \$590m
- Dividend: Increased to 35 cents, with 14 cents to be paid in April

ENDS

Chorus Chief Executive JB Rousselot, and Chief Financial Officer, David Collins, will discuss the half-year results at a briefing in Wellington from 10.00 am on Monday 21 February 2022 (NZDT). The webcast will be available at www.chorus.co.nz/webcast.

For further information:

Steve Pettigrew

External Communications Manager

p: +64 9 975 2951 | m: +64 (27) 258 6257 | e: steve.pettigrew@chorus.co.nz

Brett Jackson

Investor Relations Manager

p: +64 4 896 4039 | m: +64 (27) 488 7808 | e: brett.jackson@chorus.co.nz

HY22 RESULT

21 February 2022

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This presentation:

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- Includes forward-looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus' control, and which may cause actual results to differ materially from those contained in this presentation.
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- Should be read in conjunction with Chorus' audited consolidated financial statements for the year to 30 June 2021 and NZX and ASX market releases.
- Includes non-GAAP financial measures such as "EBITDA". These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. They should not be used in substitution for, or isolation of, Chorus' audited consolidated financial statements. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
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- Contains information from third parties Chorus believes reliable. However, no representations or warranties (express or implied) are made as to the accuracy or completeness of such information.

Agenda

JB Rousselot, CEO

- > HY22 overview 4
- > UFB rollout and connection trends 5-9

David Collins, CFO

- > Financial results 10-14
- > Capex 15-16
- > FY22 guidance, capital management 17-20
- > Regulatory outlook 21

JB Rousselot, CEO

- > COVID and market trends 22-24
- > Strategic focus 25-28

Appendices

- A: Additional financial information 30-33
- B: Chorus connections data 34

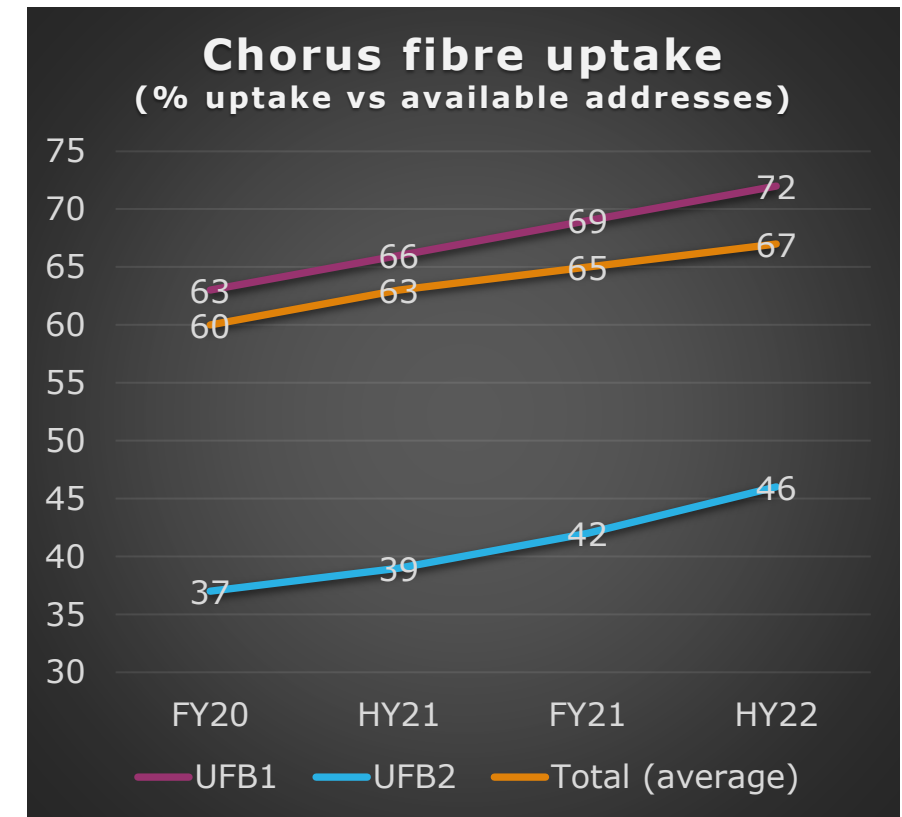
HY22 overview



On track for 1 million fibre connections by end 2022

Fibre uptake keeps growing

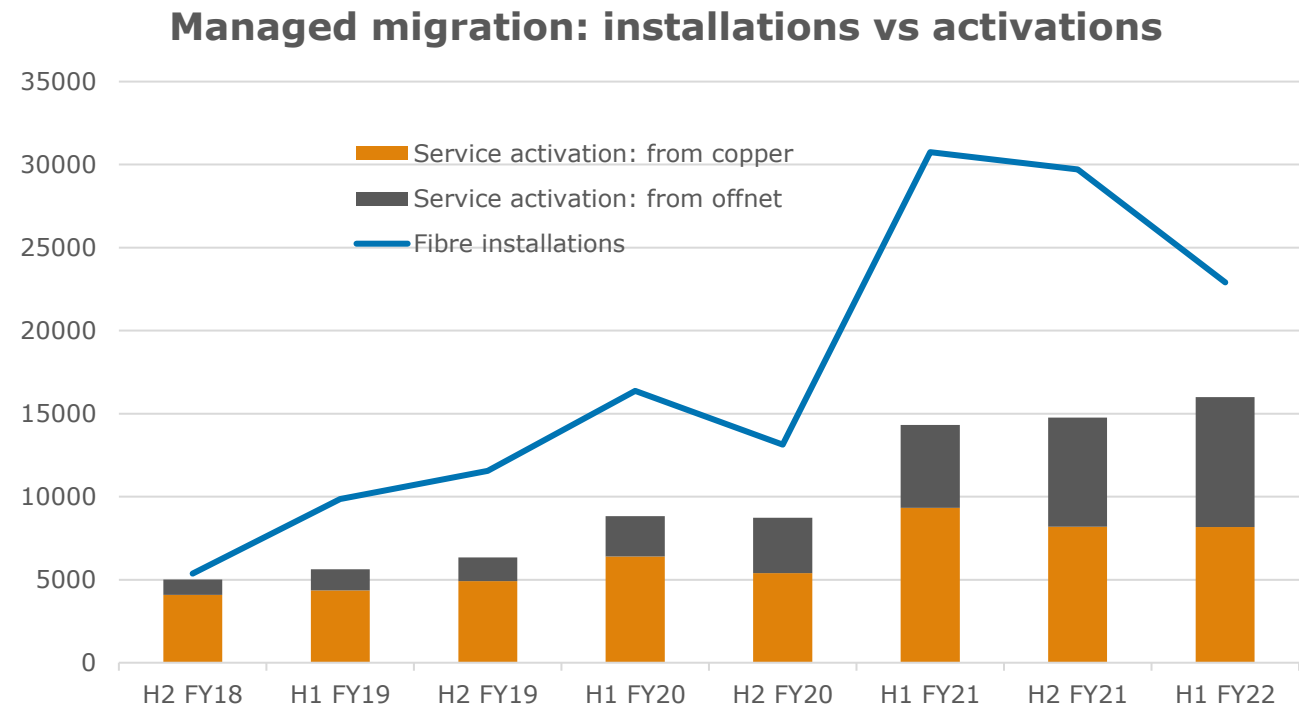
- > **Reached 918,000 fibre connections (GPON + P2P)**
 - fibre broadband connections up 47k in H1, despite COVID 19 constraints on installation activity
 - COVID lockdowns underlined the essential nature of reliable broadband, helping drive consumer migration from copper to fibre and upgrades to 1Gbps plans
- > **Fibre uptake increased from 65% to 67% within the completed UFB rollout footprint**
 - **881,000** connections (including business premium) out of 1,308,000 customers able to connect
 - rollout 97% complete, ~30,000 premises left to pass by December 2022



Growing fibre activations from offnet

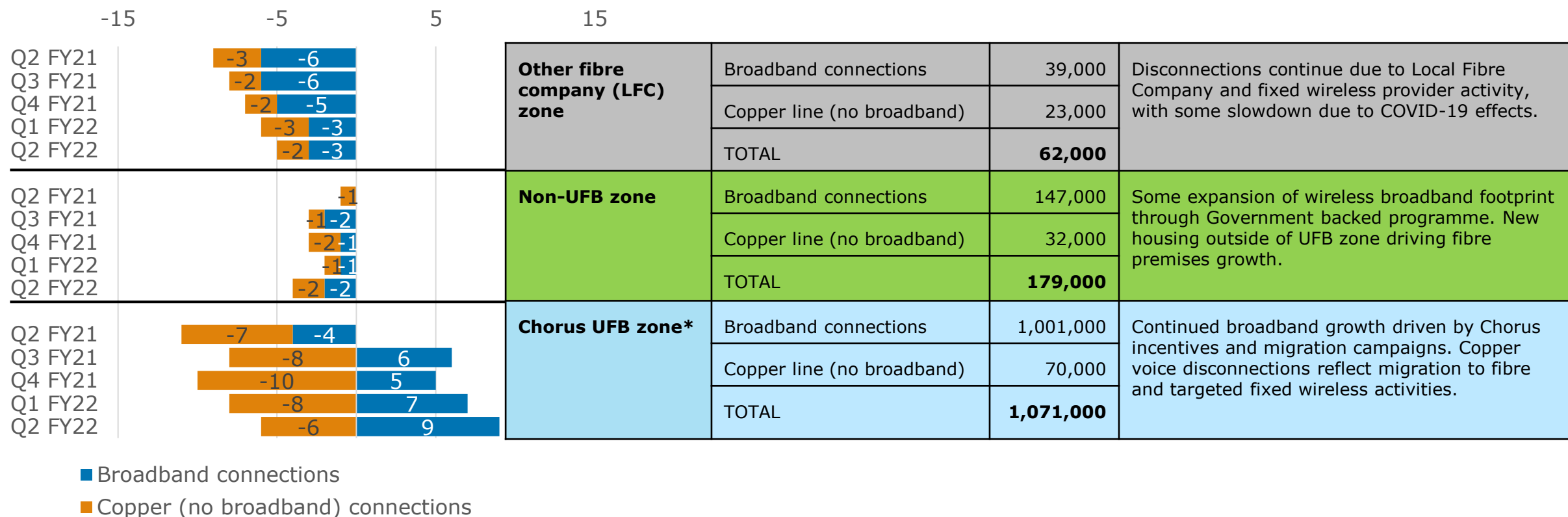
Despite COVID slowing managed installation activity

- ~23k managed installations completed in H1 vs 30k in H2 FY21 as COVID restrictions affected door knocking activity
- activations continued to grow, reaching 16k in H1
- 49% of programme generated activations came from offnet addresses vs 45% in H2 FY21



Connection changes by Zone (indicative as at 31 December)

Quarterly change ('000s) by zone**



* Includes planned Chorus UFB1, 2 and 2+ coverage

**Excludes 10k partly subsidised education connections and 13k fibre premium and data services (copper) connections

Fibre upgrade propels NZ towards global Top 10

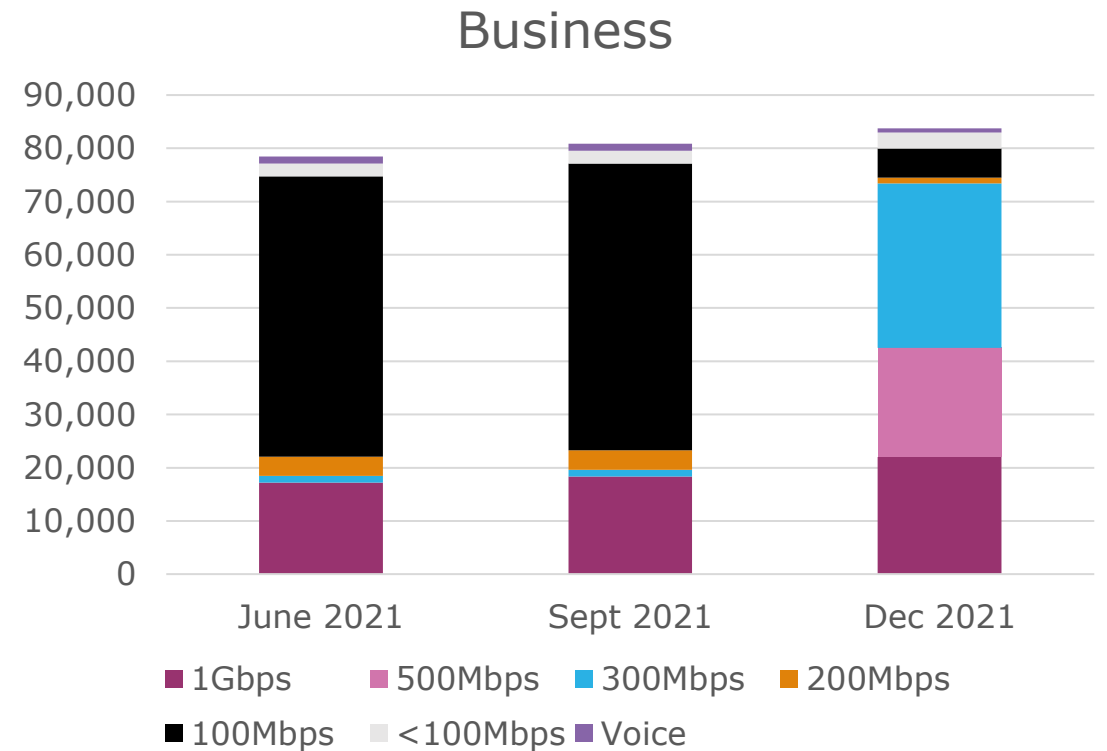
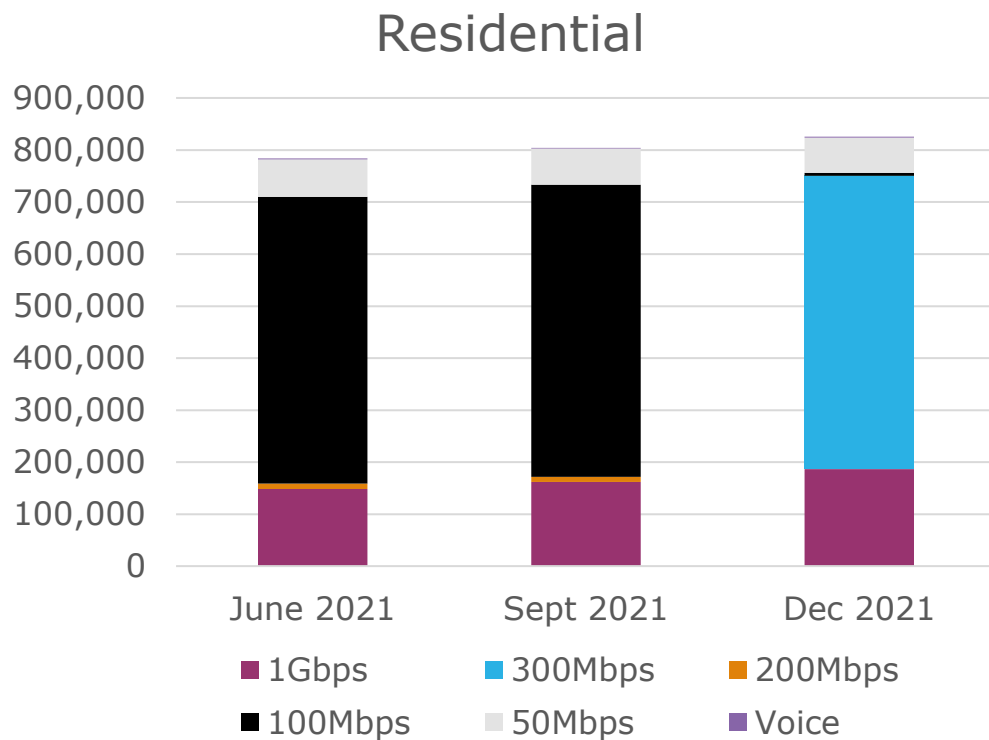
600,000 100Mbps plans flawlessly migrated to 300Mbps



#		Country	Mbps
1	-	Singapore	192.17
2	-	Chile	187.50
3	-	Thailand	175.93
4	-	Hong Kong (SAR)	168.66
5	+2	Monaco	165.47
6	-1	Denmark	156.04
7	-1	China	153.33
8	-	United States	136.53
9	-	Spain	130.86
10	+1	Macau (SAR)	126.42
11	+11	New Zealand	121.91

1 Gigabit plans now 23% of mass market

More than half a million customers upgraded to 300Mbps plans in December



Financial performance

David Collins, Chief Financial Officer

Income statement

	H1 FY22 unaudited \$m	H2 FY21 unaudited restated \$m	H1 FY21 unaudited restated \$m
Operating revenue	483	477	478
Operating expenses	(136)	(148)	(150)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	347	329	328
Depreciation and amortisation	(215)	(217)	(210)
Earnings before interest and income tax	132	112	118
Net interest expense	(71)	(75)	(77)
Net earnings before income tax	61	37	41
Income tax expense	(19)	(13)	(14)
Net earnings	42	24	27

> prior periods restated for changed treatment of roadworks revenue

> cost base trending down and one-off benefits

> weighted average interest rate on debt reduced from 4.0% to 3.7% vs H1 FY21

Restatements and underlying EBITDA

	H1 FY22 unaudited reported \$m	H2 FY21 statutory results \$m	Adjustment \$m	H2 FY21 unaudited restated \$m	H1 FY21 statutory results \$m	Adjustment \$m	H1 FY21 unaudited restated \$m
Field services products	35	31	+3	34	31	+5	36
Total operating revenue	483	474	+3	477	473	+5	478
EBITDA	347	326	+3	329	323	+5	328
Holidays Act provision	(9)						
Lease change	(3)						
Legal settlement	(3)						
UNDERLYING EBITDA	332			329			328

Revenue

	H1 FY22 unaudited \$m	H2 FY21 unaudited restated \$m	H1 FY21 unaudited restated \$m
Fibre broadband (GPON)	267	249	228
Fibre premium (P2P)	33	34	34
Copper based broadband	80	93	110
Copper based voice	27	32	36
Data services copper	3	4	5
Field services	35	34	36
Value added network services	13	15	15
Infrastructure	15	15	12
Other	10	1	2
Total	483	477	478

> growing fibre uptake and ARPU: \$50.65 end of HY22 vs \$49.87 end of FY21

copper revenues declining as customers migrate to Chorus fibre or competing fibre/wireless networks. CPI increase of 4.93% applied to some services from mid December.

> changed accounting treatment for roadworks revenue

> \$3m property disposal; \$3m legal settlement; \$3m change in lease contract

see p30 for regulated fibre revenue by category

Expenses

	H1 FY22 unaudited \$m	H2 FY21 unaudited \$m	H1 FY21 unaudited \$m
Labour	28	36	38
Network maintenance	28	29	34
IT	23	23	25
Other network costs	15	16	13
Rent, rates and property maintenance	14	12	12
Electricity	8	11	7
Provisioning	1	1	1
Insurance	2	2	2
Consultants	3	5	2
Regulatory levies	4	4	4
Other	10	9	12
Total	136	148	150

- > release of \$9m provision for holiday pay, partially offset by \$2m COVID impact on capitalisation of labour
- > fault volumes reducing, assisted by COVID lockdowns

HY22 gross capex: \$263 million

Sustaining capex of \$70m (see p32 for summary)

Fibre capex	H1 FY22 \$m	H2 FY21 \$m	H1 FY21 \$m	
UFB communal	47	61	86	
Fibre installations & layer 2	103	129	146	> 64,000 installations (UFB1:42,000; UFB2:22,000)
Fibre products & systems	7	6	8	
Other fibre & growth	43	50	41	> West Coast fibre rollout \$11m
Fibre sustain	5	5	6	> previously included in Other fibre & growth
Customer retention costs	19	16	13	> fibre incentive campaigns increased
Subtotal	224	267	300	

- **Average cost per UFB1 premises connected: \$1,043*** vs \$1,025 - \$1,175 guidance
- **Average cost per UFB2 premises connected: \$1,193*** vs \$1,200 - \$1,350 guidance

* excludes layer 2 and includes standard installations, some non-standard single dwellings and service desk costs

Capex: Copper and Common

Copper capex	H1 FY22 \$m	H2 FY21 \$m	H1 FY21 \$m
Network sustain	13	15	14
Copper connections	1	0	1
Copper layer 2	1	2	2
Customer retention costs	3	5	6
Subtotal	18	22	23

> continuing to trend down as connections reduce

Common capex	H1 FY22 \$m	H2 FY21 \$m	H1 FY21 \$m
Information technology	16	24	22
Building & engineering services	5	6	8
Subtotal	21	30	30

> planned building projects delayed by COVID impacts

FY22 guidance update

EBITDA: increased to \$665m to \$685m
(previously \$640m to \$660m)

- guidance lifted to reflect accounting changes and one-off benefits in H1
- subject to no material changes in circumstances or outlook
- does not include specific allowance for additional Omicron impact in H2

GROSS CAPEX: reduced to \$520m to \$560m
(previously \$550m to \$590m)

- fibre installations & layer 2 capex reduced to **\$200m to \$220m** (previously \$230m to \$250m)
 - based on mass market 125,000–145,000 fibre installations (unchanged – at lower end of range) and 5,000 to 6,000 backbone builds (reduced), including service desk costs
 - average cost per UFB2 premises connected guidance reduced to \$1,150 - \$1,300 (previously \$1,200 - \$1,350)

Net debt/EBITDA

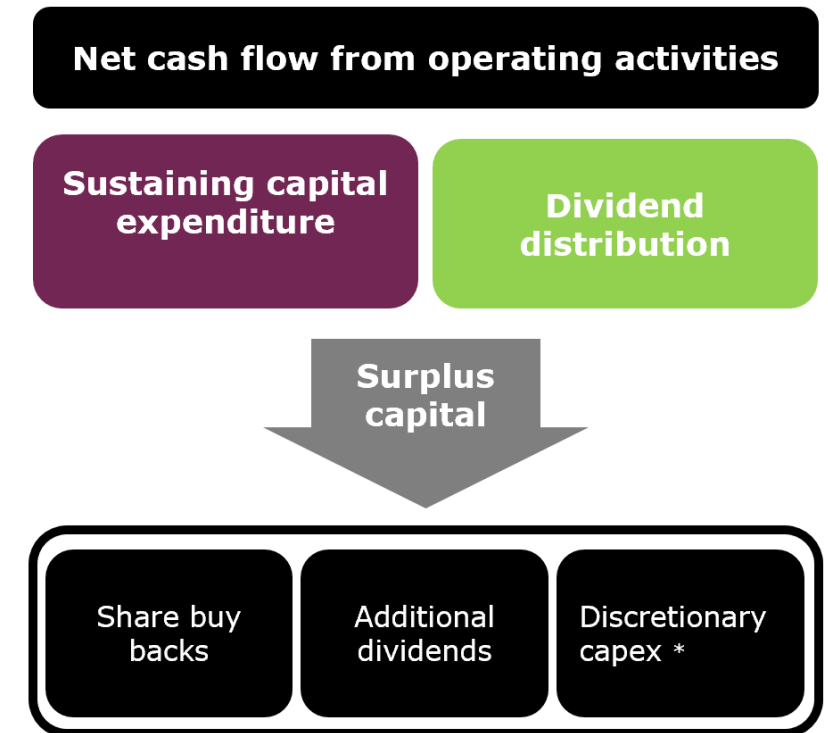
	As at 31 Dec 2021 \$m
Borrowings	2,369
+ PV of CIP debt securities (senior)	207
+ Net leases payable	<u>191</u>
Sub total	2,767
- Cash	84
Total net debt	2,683
Net debt/EBITDA*	4.03x

*Based on S&P and bank covenant methodologies

- > ND/EBITDA reduced from 4.24x (FY21) to 4.03x
 - leases reduced from \$264m (FY21) due to change in third party lease arrangements
 - ND/EBITDA calculation excludes release of \$9m holiday pay provision
- > ratings agency thresholds now reflect new regulatory framework:
 - **Moody's** increased from 4.2x to **5.25x**
 - **S&P** increased from 4.25x to **5.0x**
- > the Board considers that a 'BBB' credit rating or equivalent is appropriate for a company such as Chorus
 - intention that in normal circumstances the ratio of net debt to EBITDA will not materially exceed 4.75x
 - intention to increase financial covenants to align with new ratings thresholds – currently require senior debt ratio to be no greater than **4.75x**

Return of \$150m capital via share buyback

- > As per our capital allocation framework (February 2020), surplus capital is allocated based on maximising shareholder value, with discretionary capex only pursued where:
 - greater shareholder value is created compared to share buybacks and/or additional dividends; and
 - regulatory incentives are appropriate (e.g. regulatory WACC vs Chorus WACC)
- > We consider it prudent to utilise our new credit thresholds to return \$150 million to shareholders via an on-market share buyback:
 - tax efficient and will boost future earnings per share and imputation credit reserves
 - buyback will be via NZX and ASX
 - Board reserves option to suspend the buyback if more accretive opportunities for shareholder value are identified



*Examples include fibre footprint expansion, greenfield connections & customer retention spend

Accelerated transition to FCF dividend policy

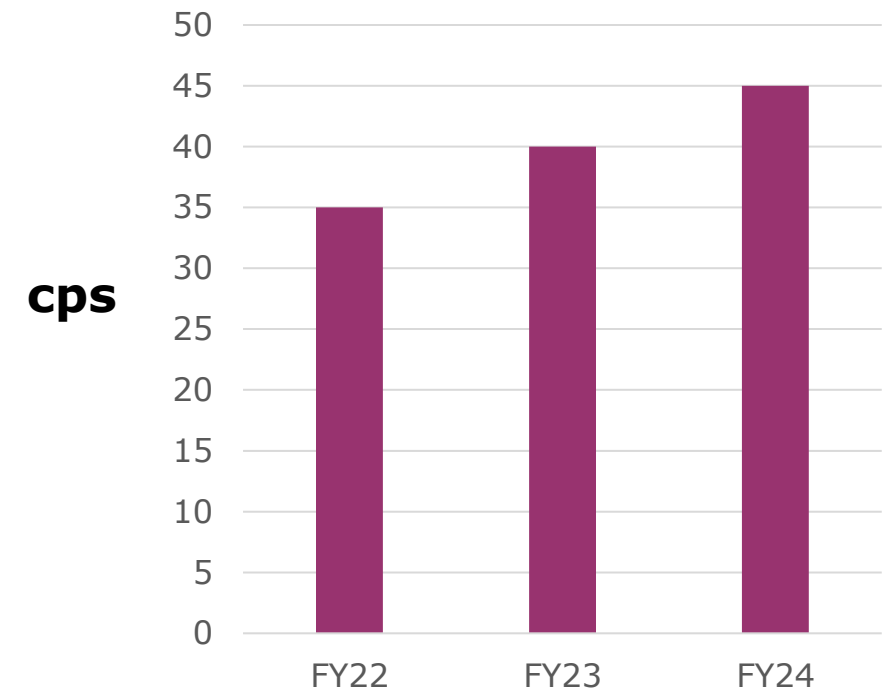
> FY22 dividend guidance increased from 26cps to 35cps*

- interim dividend of 14cps, fully imputed, with supplementary dividend of 2.47cps payable to non-resident shareholders
 - **record date:** 15 March 2022
 - **payment date:** 12 April 2022
 - **Dividend Reinvestment Plan** (no discount) open to NZ/Australian resident shareholders

> providing shareholders with dividend predictability, stability and sustainable growth

- credit ratings changes enable acceleration of transition period
- intention to pay out 60% to 80% of free cash flow from FY24
- free cash flow = net cash flows from operating activities minus sustaining capex
- dividend guidance for first regulatory period: a minimum of 40cps* in FY23 and a minimum of 45cps* in FY24
- dividends unimputed in short to medium term

Dividend guidance



* subject to no material adverse changes in circumstances or outlook

Regulatory outlook

- > **Maximum allowable revenue (MAR) in first regulatory period (RP1) not expected to constrain business plan**
- > **expect MAR for second period (RP2) to reflect:**
 - future risk-free rate – currently 1.96%
 - inclusion of tax building block from ~FY27 once tax loss is used up
 - ~\$250m (current value) of existing shared assets that should be eligible to enter the RAB over time
 - 2025 repayment of Crown financing (regulator only allows ~2% return on funded assets)
- > **we estimate 51% of HY22 opex would qualify as regulated fibre opex vs 64% of HY22 total revenue** – see p30
 - cost allocations will need to be addressed in RP2, or reflected in policy framework for copper Telecommunications Service Obligations

WACC parameter	RP1 ¹ WACC (1 July 2021)	ID ² WACC (1 Feb 2022)
Risk-free rate	0.51%	1.96%
Average debt premium	1.70%	1.62%
Cost of debt	2.54%	3.91%
Cost of equity	5.62%	6.66%
Mid-point vanilla WACC	4.72%	5.86%
Mid-point post-tax WACC	4.52%	5.54%

Source: Commerce Commission

1. RP1: Regulatory Period 1 from 2022-2024

2. ID: Information Disclosure. Latest calculated WACC is used for reporting purposes only.

Boosting New Zealand broadband

JB Rousselot, Chief Executive Officer

COVID continues to reinforce value of fibre

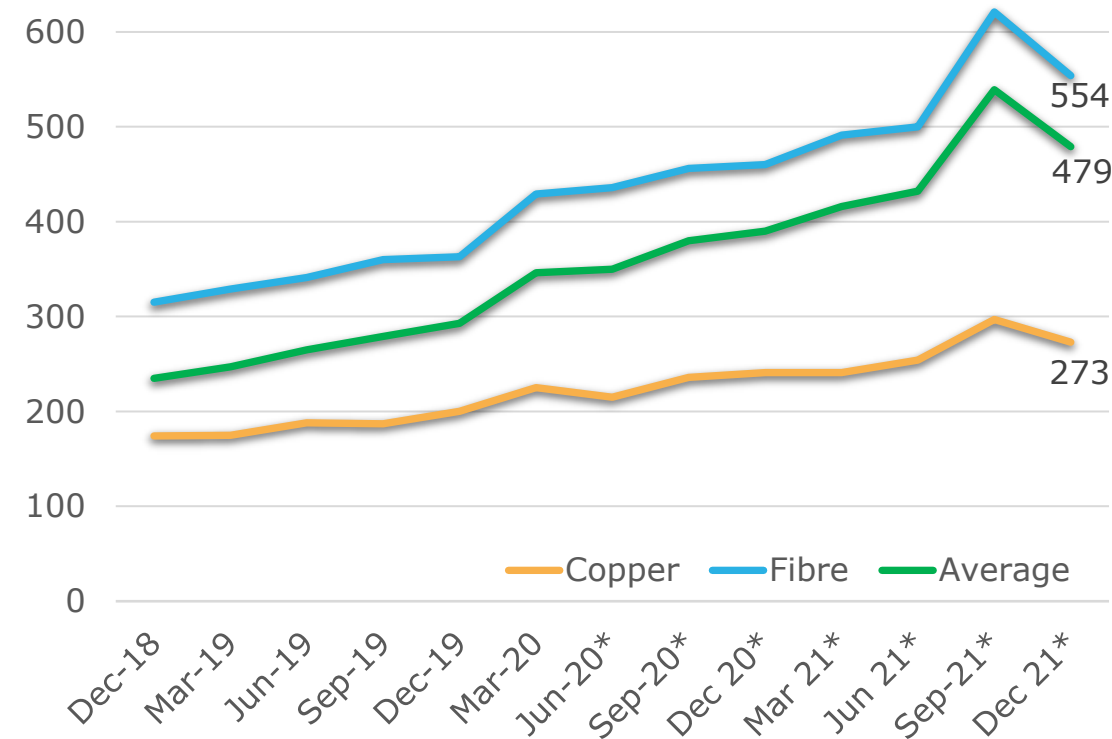
H1 lockdowns underlined value of unlimited data, peak time speed, upload and latency

- average data usage continues to grow
- uptake of streaming services accelerated
- working from home requires reliable broadband

How will Omicron shape H2?

- working from home more embedded
- continuing to see broadband growth and solid demand for 1Gbps
- Chorus continues to provide subsidised connections for 9k student homes
- expect door knocking activity to remain constrained
- unclear what effect Omicron will have on field force capacity and demand

Monthly average data usage (gigabytes) per connection on our network*

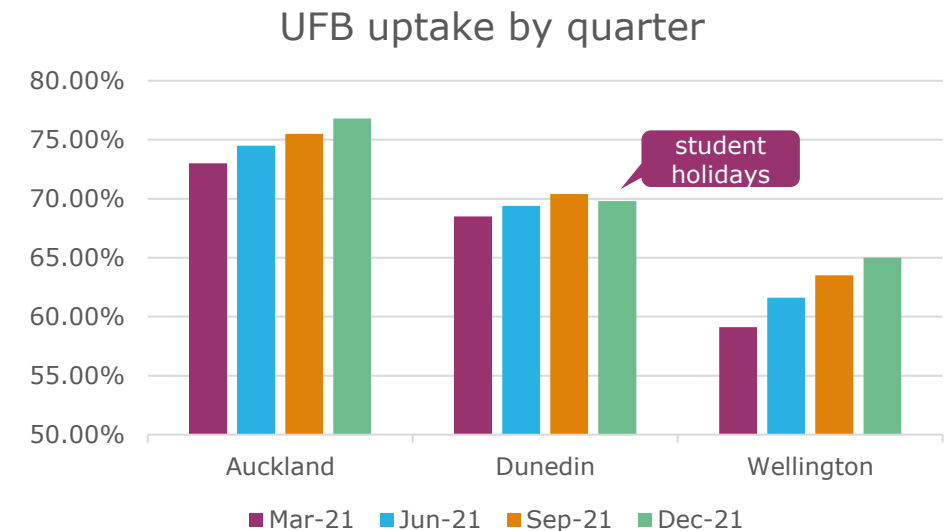


* includes upstream traffic from June 2020 onwards

Still room to grow fibre share

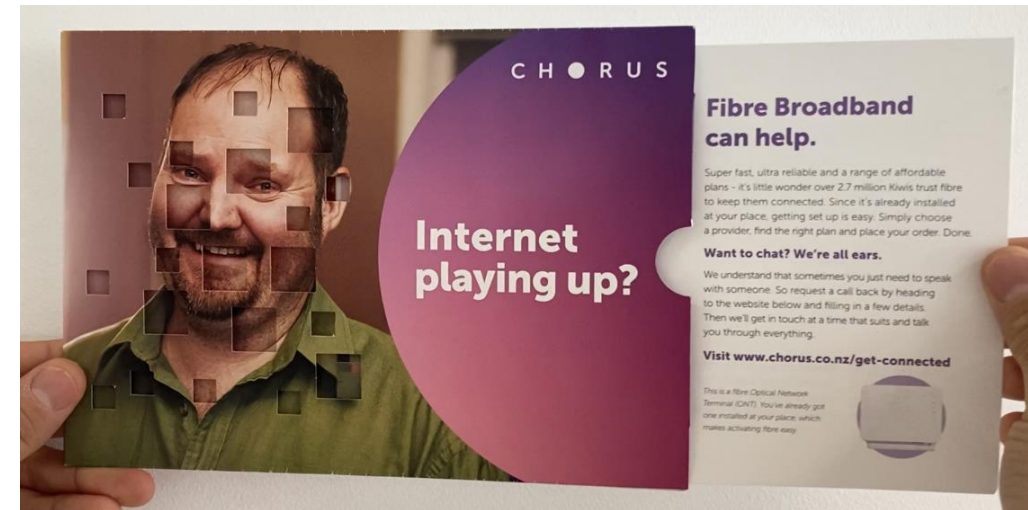
Market dynamics are positive for continued growth

- new entrant energy and pay TV bundlers promoting fibre to their large existing customer bases
- incumbent retailers responding with enhanced offers
- strong greenfields demand adding to future fibre footprint
- ~145,000 inactive fibre sockets (ONTs) ready to switch on
- steady growth in large UFB centres over last 12 months
 - Auckland, Wellington and Dunedin cover >70% of UFB1 homes and businesses able to connect
 - Dunedin typically sees seasonal drop in Dec quarter with university holidays
 - pleasing growth in Wellington given HFC network competition



FY22 STRATEGIC FOCUS: Win in core fibre business

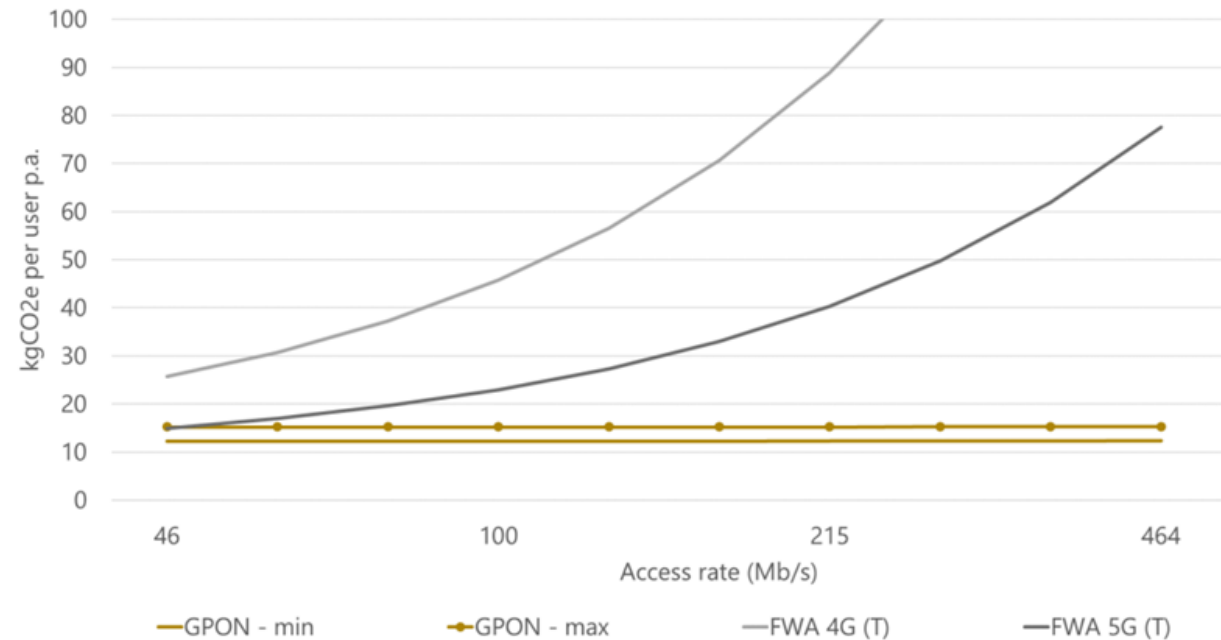
- > **fibre proposition enhanced**
 - 300Mbps upgrade completed
 - launching new entry level plan: 50/10Mbps, \$38 wholesale with retail price cap of \$60 incl GST
- > **continuing to refine campaign activity**
 - campaign to promote 300Mbps awareness
 - upweighting direct marketing activity due to COVID
 - Chorus online channel for direct installation requests
- > **Commerce Commission driven marketing code should ensure consumers are better informed and equipped to choose what is right for them**
 - some retailers already publishing clearer performance information for alternative technologies
 - Commission proposed express consent required for change in telco service and 4 months' notice for copper service withdrawal by retailers



FY22 STRATEGIC FOCUS: Develop long term future of the business

- > **new serco contracts a major milestone**
 - consolidation from 3 to 2 companies to deliver field force sustainability, ongoing simplification and enhancement of customer experience
 - contract costs in line with business plan and incorporate our worker welfare requirements
- > **building an adaptive organisation**
 - cross-functional teams used to deliver priority projects (e.g. fibre upgrades, regulatory readiness)
 - new Auckland premises
- > **research confirms fibre's emissions benefits**
 - fibre's carbon emissions profile stays consistent as broadband speeds increase, while emissions increase for other broadband technologies
 - at 300Mbps, per-user emissions of 5G fixed wireless are about four to five times higher than those of fibre GPON

Chart: Emissions in Fibre (GPON) and Fixed Wireless Access (FWA) 4G/5G networks for average access rates between 50 and 500Mbps



Note: Sapere Research was commissioned by New Zealand fibre network companies including Chorus. It examined the emissions during the access network use and includes the shipping and disposal of equipment, such as optical network terminals and Wi-Fi routers but not the activity in building copper, fibre, HFC or the mobile networks. Real-world network data was used to assess the emissions impact of fibre and VDSL while a mix of actual and theoretical data was used for other technologies.

FY22 STRATEGIC FOCUS: Optimise non-fibre assets

- > **copper withdrawal trials slowed by COVID lockdowns**
 - first 28 cabinets on track for shut down in March with 1/3 already vacant and only 30 customers remaining to switch services
 - withdrawal notices issued across 490 cabinets and targeting ~1,000 by end of 2022
- > **programme to reduce network footprint**
 - 9 property/lease sites exited (FY21: 36 sites)
 - 13 properties moving to subdivision phase
 - ongoing reduction in third party exchanges
- > **reviewing non-UFB zone in light of regulatory outcomes on fibre**
 - TSO needs to be revised given Chorus' inability to cross-subsidise urban and rural
 - additional investment very challenging on current regulatory settings



FY22 STRATEGIC FOCUS: Grow new revenues

- > **business portfolio changes**
 - new 500/500Mbps plans tailored to businesses focussed on performance and enhanced service levels
 - small business fibre continues to grow
 - 43% of entry level business plans taking 1Gbps
- > **lifting our focus on premium services**
 - mobile and direct fibre access numbers growing, helping offset legacy service reductions
 - new data centre backhaul service generating good interest from established data centre operators
 - *Edge Centre* activity slowed by COVID; plans in train for another exchange site in Auckland
- > **renewed focus on growth opportunities outside the regulatory framework**



Questions?



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Appendix A: Additional financial information

H1 FY21 revenues: FFLAS vs non-FFLAS

- > **indicative FFLAS revenue of \$311m or 64% of HY22 revenue**
 - FFLAS total excludes estimated \$16m allocation of fibre-related capital contributions to be netted off fibre RAB assets
- > **indicative FFLAS opex of \$70m or 51% of HY22 opex**
 - FFLAS total includes pass through costs

Note

- amounts are indicative only and subject to change as transitional RAB values and cost allocations are finalised

	Non-regulated FFLAS \$m	Regulated FFLAS \$m	H1 FY22 \$m
Fibre broadband (GPON)	2	265	267
Fibre premium (P2P)	6	27	33
Copper based broadband	80	0	80
Copper based voice	27	0	27
Data services copper	3	0	3
Field services	26	9	35
Value added network services	10	3	13
Infrastructure	8	7	15
Other	10	0	10
Total	172	311	483

Reactive maintenance: Chorus network

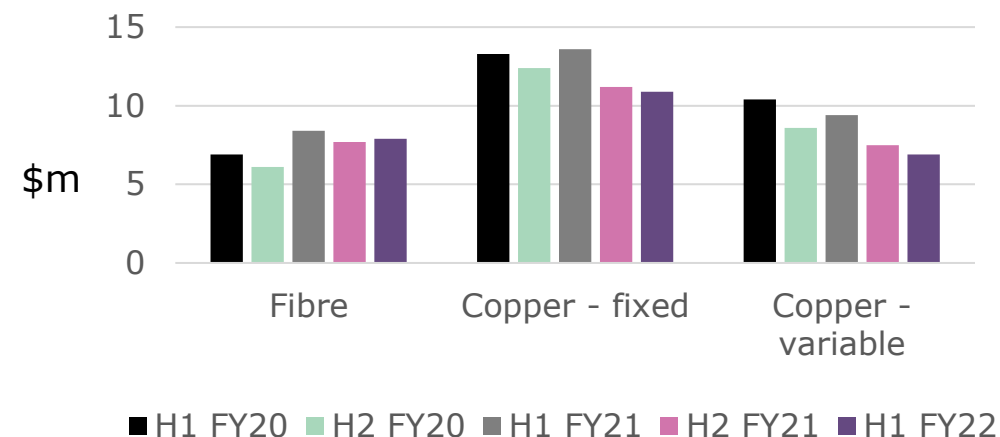
Key drivers for \$26m spend

- copper fault volumes continued to reduce as customers migrate to fibre and COVID-19 restrictions limited community activity during H1 FY22
- long run annual saving from full copper to fibre migration in Chorus UFB areas estimated at ~\$10m p.a for fixed fault costs

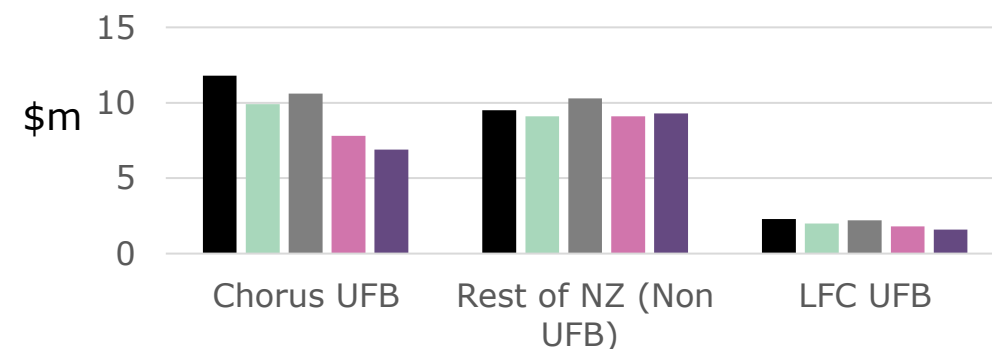
Note:

- reactive maintenance excludes spend on proactive maintenance and customer networks (i.e. premises wiring, no fault found, cancellations)
- 'fixed' faults: occur in parts of the network that affect multiple customers (e.g. cable between exchange and cabinet)
- 'variable' faults: only affect one customer (e.g. cable on customer property)

Reactive spend by type



Copper - reactive spend by area



Sustaining vs non-sustaining capex

- > \$70m of H1 FY22 capex was sustaining vs \$193m non-sustaining
- > Fibre sustaining capex is expected to increase over time as the asset ages

Non-sustaining capex	H1 FY22 \$m	H1 FY21 \$m
UFB communal	47	86
Fibre installations	91	129
Greenfield growth	31	23
Footprint expansion (West Coast)	11	14
Customer retention (incentives)	13	8
Subtotal	193	260

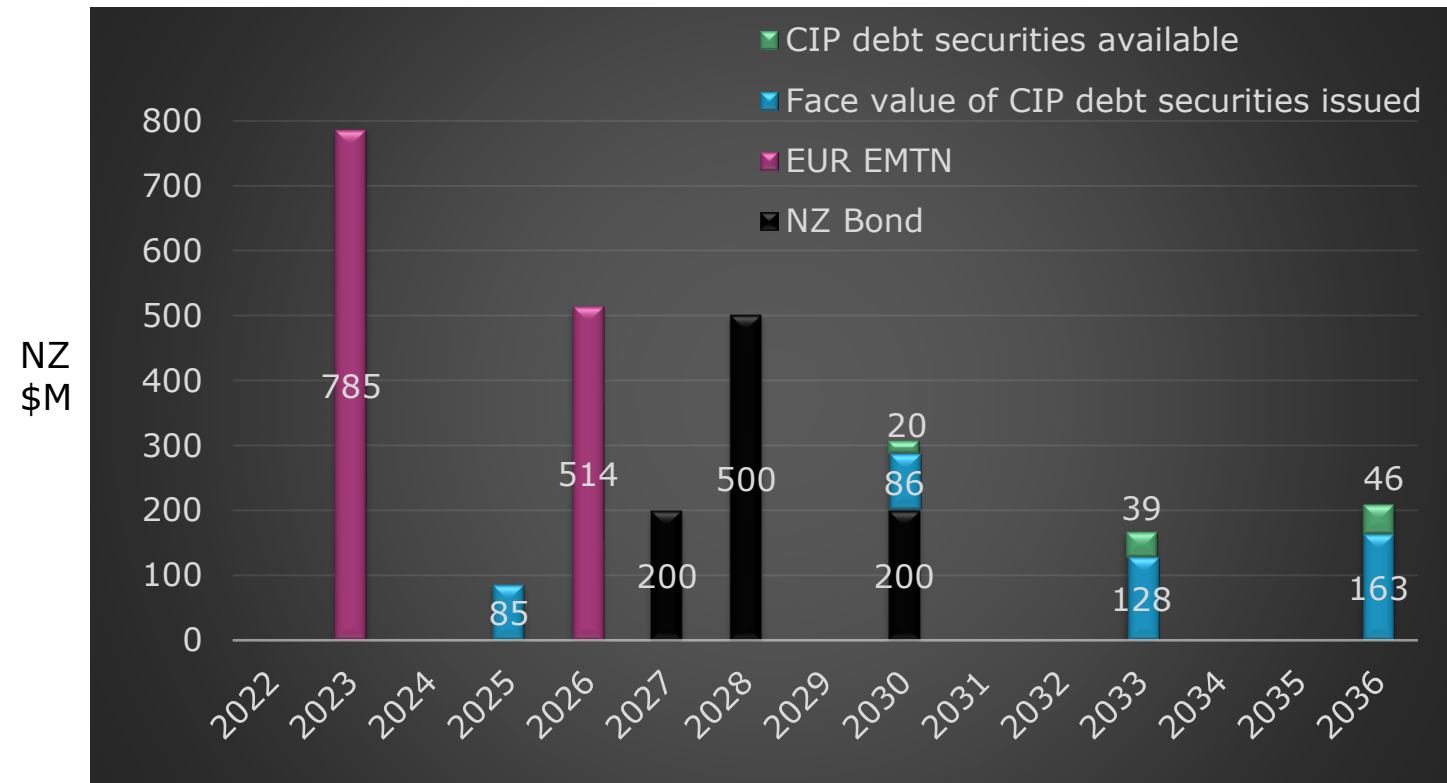
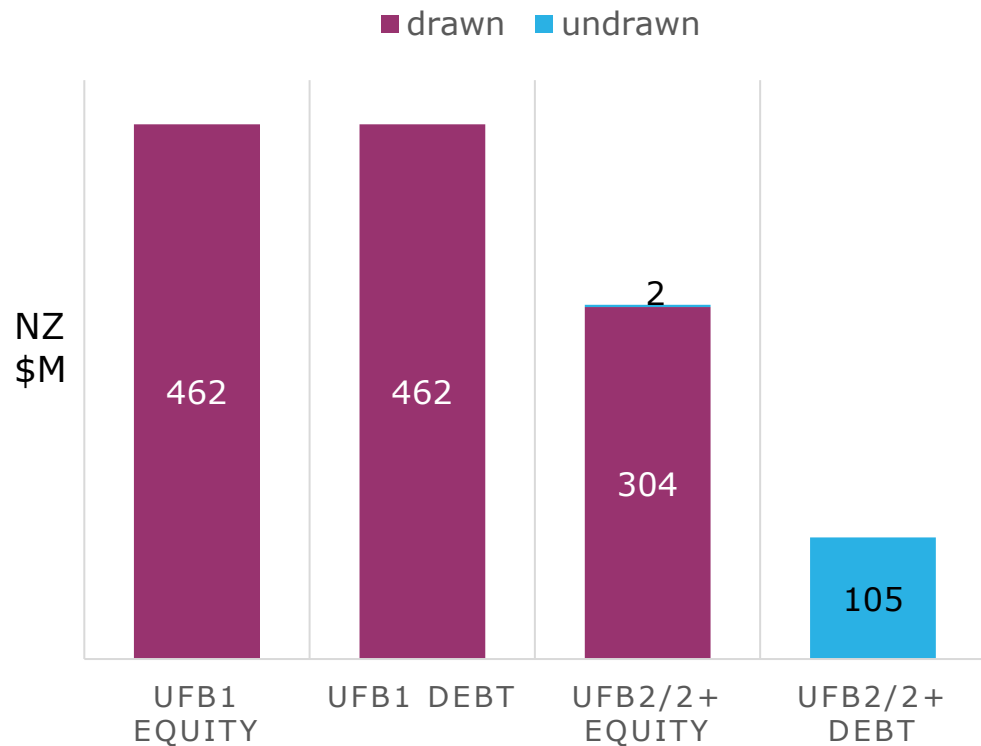
Fibre capex: sustaining	H1 FY22 \$m	H1 FY21 \$m
Layer 2	12	17
Fibre products & systems	4	8
Fibre sustain	5	6
Other fibre	4	4
Customer retention costs*	6	5
Subtotal	31	40
Copper capex: sustaining		
Network sustain	13	14
Copper connections	0	1
Copper layer 2	1	2
Customer retention costs*	4	6
Subtotal	18	23
Common capex: sustaining		
Information technology	16	23
Building & engineering services	5	7
Subtotal	21	30

*Relates to provisioning, systems and service desk costs

Crown financing and debt profile

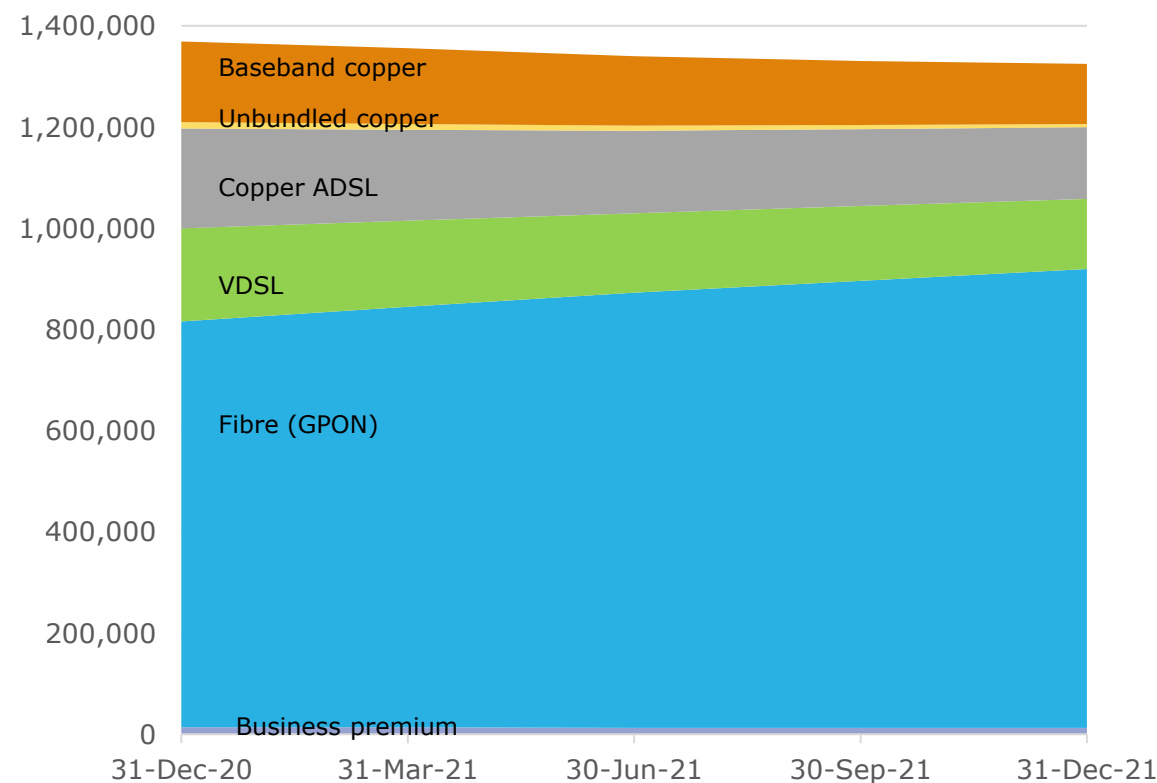
- > up to \$1.33 billion CIP financing available by 2023 (57:43 equity/debt)
- > \$1,228m drawn at 31 Dec 2021

- > At 31 Dec, debt of \$2,369m comprised:
 - Long term bank facilities of \$350m (\$170m drawn)
 - NZ bonds: \$400m and \$500m
 - Euro Medium Term Notes \$1,299m (NZ\$ equivalent at hedged rates)



Appendix B: Chorus connections data

	31 Dec 2020	31 March 2021	30 June 2021	30 Sept 2021	31 Dec 2021
Unbundled copper (no broadband)	13,000	11,000	10,000	8,000	6,000
Baseband copper (no broadband)	159,000	150,000	137,000	127,000	119,000
Copper ADSL (includes naked)	197,000	180,000	163,000	152,000	142,000
VDSL (includes naked)	184,000	170,000	157,000	148,000	138,000
Fibre broadband (GPON)	802,000	831,000	860,000	883,000	907,000
Data services (copper)	3,000	3,000	2,000	2,000	2,000
Fibre premium (P2P)	11,000	11,000	11,000	11,000	11,000
Total connections	1,369,000	1,356,000	1,340,000	1,331,000	1,325,000



> 1,187,000 broadband connections comprises:

- 907,000 fibre (GPON) connections
- 280,000 VDSL/ADSL (copper) connections

Note: 10,000 partly subsidised education connections are excluded from this data

NZ'S INTERNET USE HAS SKYROCKETED. SO WE'VE ADDED SOME FUEL.



FY22 half year results

dear investors

Solid financial result and regulatory clarity provide platform for dividend growth

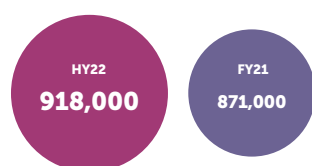
We reported EBITDA of \$347 million for HY22. A strong performance on operating costs underpinned an increase of \$19 million on restated EBITDA of \$328 million¹ in the same six months in FY21 (HY21).

Revenues of \$483 million were up slightly on HY21 largely due to gains from our ongoing network optimisation programme. Network maintenance costs reduced significantly compared to the prior period and a \$9 million holiday pay provision was released in December. Net profit after tax increased by \$15 million compared to HY21.

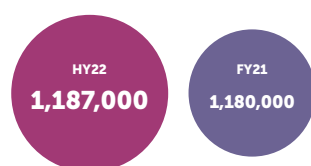
Given this solid financial result, we've increased EBITDA guidance for the year to \$665 million to \$685 million from a prior range of \$640 million to \$660 million.

Half year result overview

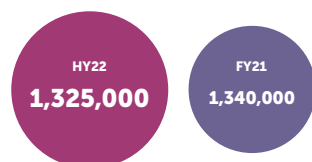
Fibre connections²



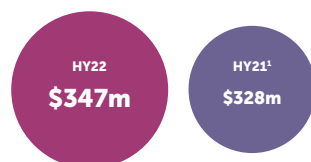
Broadband connections²



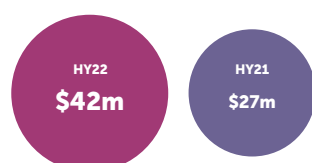
Fixed line connections²



EBITDA³



Net profit after tax



Dividend



HY22: The six months ending 31 December 2021

HY21: The six months ending 31 December 2020

FY21: The 12 months ending 30 June 2021

FY22 dividend outlook lifted to 35 cents per share

The Board recognises that investors have had constrained returns through the decade long ultra-fast broadband (UFB) investment cycle. This was extended by the delayed implementation of the new regulatory framework, and included two years of no dividends during the copper pricing review. In that time, shareholders have also helped further fund the fibre rollout by providing \$279 million through the dividend reinvestment plan.

Consistent with our capital allocation framework, our focus is on returning surplus capital to shareholders where that provides greater shareholder value than further discretionary investment.

In August we announced initial dividend guidance of 26 cents per share for the current financial year (FY22) and said we expected to provide more detail once the Commerce Commission had finalised key regulatory inputs for the new fibre framework.

The Commission's decisions on 16th December were broadly in line with our expectations and paved the way for our credit ratings agencies to update their credit thresholds for Chorus in early 2022. Moody's Investors Service and S&P recognise that the new regulatory regime now provides Chorus with some certainty over the revenues that can be earned from the fibre network. As such, they've lifted the amount of debt that Chorus can carry without impacting our credit ratings.

With Chorus now on the cusp of becoming free cash flow positive and beginning to earn more than it is investing in the network, we've provided updated dividend guidance for the next three years. The FY22 dividend guidance has been increased to 35 cents, with 14 cents to be paid in April. We expect the FY23 dividend to be a minimum of 40 cents per share and the FY24 dividend a minimum of 45 cents.

1 Previously reported HY21 EBITDA of \$323 million has been increased to \$328 million to reflect a prior period restatement. This reflects an ongoing change in accounting treatment of field services revenue for roadworks that increased HY21 revenue by \$5 million. Refer to page 12 of the HY22 investor presentation for the detailed accounting adjustments. Half year results are unaudited.

2 Excludes partly subsidised broadband connections provided to student homes as part of Chorus' COVID-19 response.

3 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

Share buyback announced

In addition to the increased dividend, we've announced a share buyback of up to \$150 million. Following the increase in the credit rating thresholds and consistent with our capital allocation framework, we believe this is the most tax efficient allocation of surplus capital.

The buyback will also help boost future earnings per share and our imputation credit reserves. The buyback may be suspended if we identify more accretive opportunities for shareholder value to be realised.

A new year, a new regulatory framework

1 January 2022 was a watershed moment for Chorus because it marked our transition from the contractual framework for fibre agreed with government for the initial fibre rollout to the new utility-style framework. This new framework was first approved by Parliament back in late 2018 and it has taken a substantial amount of work across Chorus to help develop and implement the new framework in the years since.

Key elements of the Commerce Commission's final decisions included:

- a regulated asset base of \$5.425 billion, with some final transitional adjustments expected in mid-2022 to account for actual values for 2021 and 2022 and further consideration of the allocation of central office space between copper and fibre.
- maximum allowable revenue (MAR) of \$690.2 million to \$789.5 million (nominal) for the first regulatory period for fibre (2022–2024) with total revenue of \$2.227 billion.

While we're pleased to finally have clarity on the regulatory framework, our strong view remains that the regulated asset base is too low. It doesn't fully reflect the true investment and risks over the course of the fibre public private partnership.

Some of the regulatory settings for the next three years, such as a very low weighted average cost of capital and cost allocations for fibre, raise significant questions over ongoing discretionary investment. In particular, the implied allocation of greater costs to our non-fibre business has highlighted that the nationwide copper service obligations we inherited a decade ago need to be revisited. Large urban areas have since been allocated to other fibre companies and rural wireless networks are being subsidised by government.

Together these regulatory and market developments mean we can no longer cross-subsidise rural costs. Yet, unlike other rural network providers, we're still required to provide services at urban prices. Clearly this is unsustainable and will only entrench a digital divide. We'll keep looking for ways to work with the Government to help meet New Zealand's increasing connectivity needs beyond our fibre footprint.

Dividend reinvestment plan for shareholders

A dividend reinvestment plan is available to our Australian and New Zealand resident shareholders who prefer to increase their shareholding rather than receive a cash dividend. There will be **no discount rate** applied for the 12 April 2022 dividend payment.

If you haven't previously registered to participate and wish to do so, you'll need to have registered your participation by 5:00pm (NZ time) on 16 March 2022.

You can register, or deregister, by logging into your Computershare profile at www.investorcentre.com/nz or downloading the Participation Notice at company.chorus.co.nz/financials and returning it to Computershare.

The full terms of the reinvestment plan can be read in our Offer Document dated February 2016 at company.chorus.co.nz/financials, or you can request a copy free of charge. Our most recent audited financial statements, and auditor's report, are included in our 2021 annual report, which is available free of charge on request and at company.chorus.co.nz/reports.

Fibre uptake passes two-thirds mark

The fibre rollout is close to completion with just 30,000 or so premises left to pass. Of the more than 1.3 million homes and businesses that have fibre at their doorstep, 67% have now chosen to connect. Combine that with the other fibre connections we have around the country and we're now at 918,000 total fibre connections, up 47,000 connections in the six months to the end of December.

The continued growth in fibre demand is testament to the reliability fibre broadband is delivering through the challenges of the ongoing COVID pandemic. We saw the lockdowns and other public restrictions in HY22 ramp up average data usage on fibre to new record highs of more than 600 gigabytes (GB) per month. In the first six weeks of the last lockdown, Chorus' fixed networks carried more than an exabyte of data. That's one billion gigabytes and is more than all the data carried in 2015, the year Netflix launched in New Zealand.

Consumer adoption of online streaming services has accelerated and working from home is a change in behaviour that isn't going to return to pre-pandemic norms. This growing need for high capacity and low latency connections to support bandwidth intensive applications is reflected in the continued increase in demand for our 1 gigabit per second product. It has grown from 19% to 23% of our mass market fibre connections in the last six months with many consumers upgrading from lower speed plans.

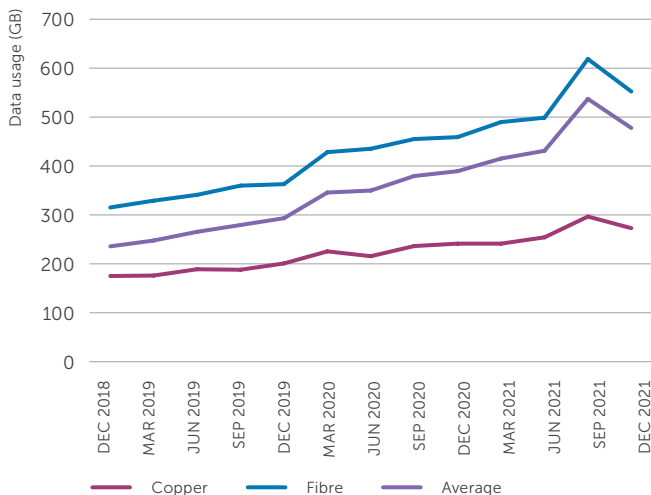
These trends aren't unique to New Zealand. A recent report from Sandvine, an international application and network intelligence company, says the number of "power users" consuming more than 1 terabyte of data a month is growing. They expected the average household to use as much as 650–750 GB per month by the end of 2021. Over half of this bandwidth traffic is being generated by streaming video.⁴

4 The Global Internet Phenomena Report, Sandvine, January 2022

Monthly average data usage exceeded 600 GB in September. The average Auckland home and small business increased their data usage by 63 per cent, from 379 GB in October 2019 to 619 GB in October this year, a month that Aucklanders spent entirely in lockdown.

Figure 1:

Monthly average data usage per connection on our network*



* includes upstream traffic from June 2020 onwards

Big fibre boost

In 2011, at the start of the Ultra-Fast Broadband build, 30 Mbps was considered a great broadband speed. In 2015, as Kiwis took streaming to heart, great broadband increased to 100 Mbps. With the demand for data showing no signs of slowing, we've just completed our largest-ever performance upgrade for fibre customers.

In December we worked closely with broadband retailers to upgrade more than 600,000 homes and businesses to even better speeds:

- Residential customers on the 100 Mbps fibre plan can now access 300Mbps from retailers while the upload speed increased five-fold from 20 Mbps to 100 Mbps.
- Kiwi businesses have also benefited with 'Business Evolve' 100/100 Mbps plans and 'Small Business Fibre' 100/100 Mbps plans moving to download and upload speeds of 300/300 Mbps and 500/500 Mbps, respectively.

Chorus provided these increased services with zero increase in the wholesale charges. This performance upgrade builds on our purpose to ensure that New Zealanders have access to the best internet connectivity.

When we first started building the fibre network in New Zealand, we had the ambition to be envied globally for our broadband. As retailers have made the upgrade available to their customers, New Zealand has catapulted up the world's fixed line broadband rankings, from 22nd place 11th based on the Ookla Global Speed Test Index in December.

#		Country	Mbps
1	-	Singapore	192.17
2	-	Chile	187.50
3	-	Thailand	175.93
4	-	Hong Kong (SAR)	168.66
5	+2	Monaco	165.47
6	-1	Denmark	156.04
7	-1	China	153.33
8	-	United States	136.53
9	-	Spain	130.86
10	+1	Macau	126.42
11	+11	New Zealand	121.91

Fibre broadband's low emissions benefit

In December we released research undertaken by Sapere Research Group that confirmed fibre is the best broadband option for consumers concerned about carbon emissions. Sapere found fibre broadband has lower emissions than copper-based VDSL, Hybrid Fibre Coaxial (HFC) and fixed wireless networks. The research is consistent with findings from other international studies and used local network data provided by Chorus and the three other New Zealand local fibre companies.

The study is an important step in empowering consumers to make buying decisions based on what's best for the planet. An entry-level fibre plan, operating at 50 Mbps, is up to 41 per cent more efficient than copper VDSL and up to 56 per cent more efficient than 4G fixed wireless. For higher speed plans, around 300 Mbps, fibre is up to 29 per cent more efficient than HFC, and up to 77 per cent more efficient than 5G fixed wireless.

The research also clarifies that the emissions profile of fibre stays consistent as speeds increase while the emissions for alternative technologies increase with speed. This means fibre will likely continue to be the best option in the future as consumers increasingly demand high-capacity broadband services to do all the things they want online.

Real-world network data was used to assess the emissions impact of fibre and VDSL, while a mix of actual and theoretical data was used for other technologies. The full report can be found at the bottom of our sustainability webpage company.chorus.co.nz/sustainability

Thank you for your support of Chorus.

Kind regards,



Chorus Chair, Patrick Strange

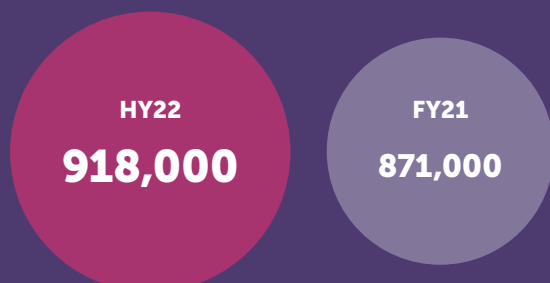
Half Year Results

For the six months ended 31 December 2021

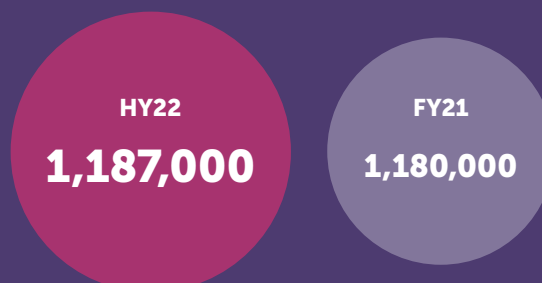
- 01** Half year result overview
- 02** Management commentary
- 04** Financial statements

Half year result overview

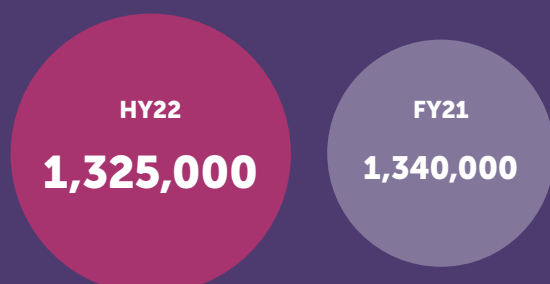
Fibre connections¹



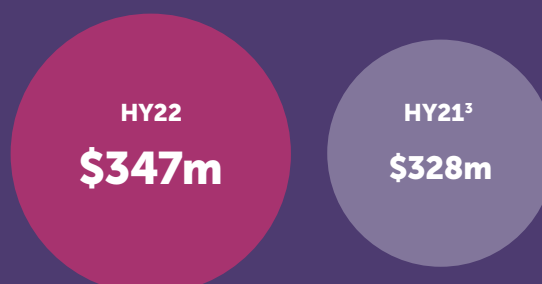
Broadband connections¹



Fixed line connections¹



EBITDA²



Net profit after tax



Dividend



HY22: six months ended 31 December 2021
FY21: year ended 30 June 2021
HY21: six months ended 31 December 2020

¹ Excludes partly subsidised broadband connections provided to student homes as part of Chorus' COVID-19 response.

² Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

³ Previously reported HY21 EBITDA of \$323 million has been increased to \$328 million to reflect a prior period restatement. This reflects an ongoing change in accounting treatment of field services revenue for roadworks that increased HY21 revenue by \$5 million. Refer to page 12 of the HY22 investor presentation for the detailed accounting adjustments. Half year results are unaudited.

HY22 Management commentary

We report earnings before interest, income tax, depreciation, and amortisation (EBITDA) of \$347 million for the six months ending 31 December 2021 (HY22). A strong performance on operating costs underpinned an increase of \$19 million on restated EBITDA of \$328 million¹ in the same six months in FY21 (HY21). A \$9 million holiday pay provision was released in December and network maintenance costs reduced significantly compared to the prior period. Revenues of \$483 million were up slightly on HY21 largely due to gains from our ongoing network optimisation programme. Net earnings increased by \$15 million compared to HY21. Depreciation and amortisation expenses continued to increase as our network asset base grew, while interest costs reduced due to the refinancing of debt at lower rates in HY21.

Guidance for FY22 EBITDA has been increased to \$665 million to \$685 million from a prior range of \$640 million to \$660 million.

Operating Revenue

Revenues of \$483 million were up \$5 million from HY21 restated revenues¹

Mass market broadband connections grew from 1,180,000 to 1,187,000 in HY22 with fibre connections increasing by 47,000. This reflected strong demand for fibre as the second wave of COVID-19 lockdowns drove greater consumer reliance on home broadband connections and affected competitive activity from alternative networks. Strong growth from new housing developments also continued to provide a positive tailwind.

Average fibre monthly revenue per user grew from \$49.87 to \$50.65 between the end of FY21 and HY22. This was driven by an inflation-related price increase to the popular

100Mbps fibre service and strong consumer demand for upgrades to the higher value 1Gbps service.

Connection revenues across legacy fibre premium and copper voice and data services continued to decline as consumers migrate to alternative services. Total connections on our network reduced by 15,000 in HY22 compared to 46,000 in HY21.

Other revenue included one-off benefits of a \$3 million legal settlement, a \$3 million gain from the disposal of surplus property and \$3 million from a change in lease contract.

	CONNECTIONS 31 DECEMBER 2021	CONNECTIONS 31 DECEMBER 2020	CONNECTIONS 30 JUNE 2021
Fibre broadband (GPON) ²	907,000	802,000	860,000
Fibre premium (P2P) ³	11,000	11,000	11,000
Copper VDSL	138,000	184,000	157,000
Copper ADSL	142,000	197,000	163,000
Data services over copper	2,000	3,000	2,000
Unbundled copper	6,000	13,000	10,000
Baseband copper	119,000	159,000	137,000
Total fixed line connections⁴	1,325,000	1,369,000	1,340,000

Expenses

Total operating expenses were \$136 million in HY22, a \$14 million reduction from HY21. In addition to our ongoing focus on reducing discretionary costs, COVID-19 restrictions affected some expense lines, and we released a labour expense provision.

Labour

Labour costs of \$28 million represent staff costs that are not capitalised and includes a one-off benefit of \$9 million after a judicial ruling on interpretation of the Holidays Act. We had 797 permanent and fixed term employees at the end of HY22, down from 871 at the end of HY21 and from 817 at the end of FY21. These reductions reflect ongoing changes to our

organisational requirements as the fibre rollout comes to an end and we transition to a more operational focus with a new regulatory framework for fibre. COVID-19 restrictions on activity meant some staff costs could not be capitalised and this increased labour expenses by \$2 million during HY22.

¹ Previously reported HY21 EBITDA of \$323 million has been increased to \$328 million to reflect a prior period restatement. This reflects an ongoing change in accounting treatment of field services revenue for roadworks that increased HY21 revenue by \$5 million. Refer to page 12 of the HY22 investor presentation for the detailed accounting adjustments. Half year results are unaudited.

² GPON: Gigabit Passive Optical Network.

³ P2P: where two parties or devices are connected point-to-point via fibre.

⁴ Excludes education connections partly subsidised as part of Chorus' COVID-19 response.

Network maintenance

Network maintenance costs were down \$6m compared to HY21. Fault volumes continued to decline as total customer connections reduced and more customers connected to the newer fibre network. COVID-19 restrictions also resulted in a decrease in reported faults and third-party network damage. The average cost per fault increased slightly.

Information Technology

Information technology costs were down \$2 million because HY21 included a significant project to decommission legacy copper network equipment.

Other network costs

Other network costs are up \$2 million compared to HY21, largely reflecting increased network relocation activity and COVID-19 related service company costs.

Consultants

Consultant costs increased by \$1 million compared to HY21. This reflects the timing of external advice required to support both the implementation of the new regulatory framework from January 2022 and our transition to an adaptive organisation.

Depreciation and amortisation

Depreciation continues to increase as a consequence of our ongoing investment in long-life network assets under our contracted fibre rollout with the government. This is partially offset by the increasing amortisation of Crown funding against these assets.

Finance income and expenses

Interest expense decreased by \$6 million from HY21 due to the lower cost of NZD bonds issued in December 2020. The weighted average effective interest rate reduced from 4.0% to 3.7% between HY21 and HY22. Notional interest on Crown Infrastructure Partners (CIP) securities increased as Crown funding continued to grow.

Capital expenditure

Gross capital expenditure for HY22 was \$263 million, down from \$353 million in HY21. Fibre remained the dominant category of spend at 85%, with the UFB rollout now 97% complete. Copper related expenditure continues to trend downwards.

Fibre connections and layer 2 spend was \$103 million, driven largely by the cost to install fibre into 64,000 homes and businesses. This was down from 90,000 installations in HY21, partly because our managed migration programme was affected by COVID-19 restrictions. The average cost per premises connected during HY22 was \$1,043 for UFB1 and \$1,193 for UFB2.

Spend on other fibre and growth was \$46 million with the three-year West Coast fibre rollout costing \$11 million.

Fibre customer retention costs increased by \$6 million reflecting a continued focus on fibre product incentives.

Copper capital expenditure reduced from \$23 million in HY21 to \$18 million in the current period. Spend on copper customer retention costs was \$3 million, down from \$6 million in HY21, due to the declining uptake of copper broadband.

Common capital expenditure was lower in HY22 due to a number of large lifecycle IT infrastructure upgrades in HY21 and delays to planned building projects due to COVID-19.

Dividends, equity and capital management

We will pay an interim dividend of 14 cents per share on 12 April 2022 to all holders registered at 5:00pm 15 March 2022. The dividends paid will be fully imputed, at a ratio of 28/72, in line with the corporate income tax rate. A supplementary dividend of 2.47 cents per share will be payable to shareholders who are not resident in New Zealand.

The dividend reinvestment plan will be available for the interim dividend, with no discount applied. Participation in the dividend reinvestment plan will be based on election notices received by the share registrar by 5:00pm (NZ time) on 16 March 2022. Shareholders who previously elected to participate in the dividend reinvestment plan, but no longer wish to do so, will need to update their election by this time.

A final dividend of 21 cents per share is expected to be declared in August 2022, subject to no material adverse changes in circumstances or outlook.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management policies and financial policies consistent with these credit ratings. At 31 December 2021, Chorus had a long-term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

In early 2022, Moody's Investors Service and S&P increased their debt/EBITDA credit rating downgrade thresholds to 5.25 times and 5.0 times respectively for Chorus. Following this increase, it is Chorus' intention that in normal circumstances the ratio of net debt to EBITDA will not materially exceed 4.75 times.

Financial statements

Condensed consolidated income statement

For the six months ended 31 December 2021

	Notes	SIX MONTHS ENDED 31 DECEMBER 2021 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED RESTATED \$M	YEAR ENDED 30 JUNE 2021 AUDITED RESTATED \$M
Fibre broadband (GPON)		267	228	477
Copper based broadband		80	110	203
Copper based voice		27	36	68
Fibre premium (P2P)		33	34	68
Field services products		35	36	70
Value added network services		13	15	30
Infrastructure		15	12	27
Data services copper		3	5	9
Other		10	2	3
Total operating revenue		483	478	955
Labour		(28)	(38)	(74)
Network maintenance		(28)	(34)	(63)
Information technology costs		(23)	(25)	(48)
Other network costs		(15)	(13)	(29)
Electricity		(8)	(7)	(18)
Rent and rates		(7)	(6)	(12)
Property maintenance		(7)	(6)	(12)
Provisioning		(1)	(1)	(2)
Insurance		(2)	(2)	(4)
Consultants		(3)	(2)	(7)
Regulatory levies		(4)	(4)	(8)
Other		(10)	(12)	(21)
Total operating expenses		(136)	(150)	(298)
Earnings before interest, income tax, depreciation and amortisation		347	328	657
Depreciation	1, 6	(167)	(165)	(333)
Amortisation	2, 3	(48)	(45)	(94)
Earnings before interest and income tax		132	118	230
Finance income		–	–	1
Finance expense		(71)	(77)	(153)
Net earnings before income tax		61	41	78
Income tax expense		(19)	(14)	(27)
Net earnings for the period		42	27	51
Earnings per share				
Basic earnings per share (dollars)		0.09	0.06	0.11
Diluted earnings per share (dollars)		0.07	0.05	0.09

The accompanying notes are an integral part of these financial statements.

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2021

		SIX MONTHS ENDED 31 DECEMBER 2021 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED RESTATED \$M	YEAR ENDED 30 JUNE 2021 AUDITED RESTATED \$M
Notes				
	Net earnings for the period	42	27	51
	Other comprehensive income			
	Items that will be reclassified subsequently to the income statement when specific conditions are met			
	Movements in effective cash flow hedges	42	17	62
	Amortisation of de-designated cash flow hedges transferred to Income statement	3	–	5
	Movement in cost of hedging reserve	3	(10)	(7)
	Other comprehensive income net of tax	48	7	60
	Total comprehensive income for the period net of tax	90	34	111

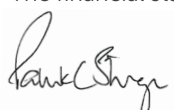
The accompanying notes are an integral part of these financial statements.

Condensed consolidated statement of financial position

As at 31 December 2021

	Notes	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED RESTATED \$M	30 JUNE 2021 AUDITED RESTATED \$M
Current assets				
Cash and call deposits		84	268	53
Income tax receivable		21	25	23
Trade and other receivables		125	139	122
Derivative financial instruments	9	3	2	4
Total current assets		233	434	202
Non-current assets				
Derivative financial instruments	9	86	66	71
Trade and other receivables		1	2	2
Deferred tax receivable		71	114	93
Customer retention assets	3	65	55	59
Software and other intangibles	2	154	166	164
Network assets	1	5,247	5,186	5,269
Total non-current assets		5,624	5,589	5,658
Total assets		5,857	6,023	5,860
Current liabilities				
Trade and other payables		254	263	278
Income tax payable		12	12	13
Lease payable		14	10	10
Derivative financial instruments	9	–	3	1
Debt	4	170	400	140
Total current liabilities excluding Crown funding		450	688	442
Current portion of Crown funding	6	27	24	25
Total current liabilities		477	712	467
Non-current liabilities				
Trade and other payables		14	5	11
Deferred tax payable		383	359	374
Derivative financial instruments		99	146	106
Lease payable		177	261	254
Debt	4	2,188	2,256	2,233
Total non-current liabilities excluding CIP and Crown funding		2,861	3,027	2,978
Crown Infrastructure Partners (CIP) securities	5	580	495	545
Crown funding	6	900	830	881
Total non-current liabilities		4,341	4,352	4,404
Total liabilities		4,818	5,064	4,871
Equity				
Share capital		714	689	689
Reserves		(3)	(104)	(51)
Retained earnings		328	374	351
Total equity		1,039	959	989
Total liabilities and equity		5,857	6,023	5,860

The accompanying notes are an integral part of these financial statements.
The financial statements are approved and signed on behalf of the Board.



Patrick Strange
Chair



Mark Cross
Chair, Audit and Risk Management Committee

Authorised for issue on 21 February 2022

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2021

	Notes	Share capital \$M	Retained earnings \$M	Reserves \$M	Total \$M
Balance at 1 July 2020 (RESTATED)		666	409	(111)	964
Comprehensive income					
Net earnings for the period		–	51	–	51
Other comprehensive income					
Movement in cash flow hedge reserve		–	–	62	62
Amortisation of de-designated cash flow hedges transferred to income statement		–	–	5	5
Movement in cost of hedging reserve		–	–	(7)	(7)
Total comprehensive income		–	51	60	111
Contributions by and (distributions to) owners					
Dividends	8	–	(109)	–	(109)
Supplementary dividends		–	(12)	–	(12)
Tax credit on supplementary dividends		–	12	–	12
Dividend reinvestment plan		23	–	–	23
Total transactions with owners		23	(109)	–	(86)
Balance at 30 June 2021 (AUDITED, RESTATED)		689	351	(51)	989
Comprehensive income					
Net earnings for the period		–	42	–	42
Other comprehensive income					
Movement in cash flow hedge reserve		–	–	42	42
Amortisation of de-designated cash flow hedges transferred to income statement		–	–	3	3
Movement in cost of hedging reserve		–	–	3	3
Total comprehensive income		–	42	48	90
Contributions by and (distributions to) owners					
Dividends	8	–	(65)	–	(65)
Supplementary dividends		–	(7)	–	(7)
Tax credit on supplementary dividends		–	7	–	7
Dividend reinvestment plan		25	–	–	25
Total transactions with owners		25	(65)	–	(40)
Balance at 31 December 2021 (UNAUDITED)		714	328	(3)	1,039

Condensed consolidated statement of changes in equity (continued)

For the six months ended 31 December 2021

	Notes	Share capital \$M	Retained earnings \$M	Reserves \$M	Total \$M
Balance at 1 July 2020 (RESTATED)		666	409	(111)	964
Comprehensive income					
Net earnings for the period		–	27	–	27
Other comprehensive income					
Movement in cash flow hedge reserve		–	–	17	17
Movement in cost of hedging reserve		–	–	(10)	(10)
Total comprehensive income		–	27	7	34
Contributions by and (distributions to) owners					
Dividends	8	–	(62)	–	(62)
Supplementary dividends		–	(7)	–	(7)
Tax credit on supplementary dividends		–	7	–	7
Dividend reinvestment plan		23	–	–	23
Total transactions with owners		23	(62)	–	(39)
Balance at 31 December 2020 (UNAUDITED, RESTATED)		689	374	(104)	959

The accompanying notes are an integral part of these financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2021

	SIX MONTHS ENDED 31 DECEMBER 2021 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED RESTATED \$M	YEAR ENDED 30 JUNE 2021 AUDITED RESTATED \$M
Cash flows from operating activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from customers	491	493	982
Interest received	–	–	1
Payments to suppliers and employees	(146)	(181)	(322)
Taxation paid	(4)	(7)	(1)
Interest paid	(51)	(57)	(116)
Net cash flows from operating activities	290	248	544
Cash flows applied to investing activities			
<i>Cash was applied to:</i>			
Purchase of network and intangible assets	(278)	(345)	(647)
Disposal of network and intangible assets	3	–	–
Capitalised interest paid	(1)	(1)	(2)
Net cash flows applied to investing activities	(276)	(346)	(649)
Cash flows from financing activities			
<i>Cash was provided from/(applied to):</i>			
Payment of lease liabilities	(7)	(6)	(8)
Crown funding (including CIP securities)	40	46	147
Proceeds from debt	30	400	510
Repayment of debt	–	(30)	(400)
Dividends paid	(46)	(39)	(86)
Net cash flows from financing activities	17	371	163
Net cash flows	31	273	58
Cash at the beginning of the period	53	(5)	(5)
Cash at the end of the period	84	268	53

Notes to the financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiaries as at and for the six months ended 31 December 2021.

Chorus is New Zealand's largest fixed line communications infrastructure business. It maintains and builds a network predominantly made up of fibre and copper cables, local telephone exchanges and cabinets.

Chorus Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The condensed consolidated interim financial statements (financial statements) have been prepared in accordance with the New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of Chorus as at and for the year ended 30 June 2021.

These financial statements are expressed in New Zealand dollars. All financial information has been rounded to the nearest million, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments as identified in the specific accounting policies disclosed in the notes to the consolidated financial statements for the year ended 30 June 2021 and described in note 9 to these financial statements.

Accounting policies and standards

The accounting policies adopted and methods of computation have been applied consistently throughout the periods presented in these financial statements. No changes in accounting policies have occurred during the period.

The financial statements for the six months ended 31 December 2021 and comparative information for the six months ended 31 December 2020 are unaudited. The comparative information for the year ended 30 June 2021 is audited.

Reclassification and re-statement of comparatives

Where items have been reclassified in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

Prior period restatement - Crown funding

Adjustments have been made to the financial statements in relation to funding towards the cost of relocation of communications equipment. This funding has historically been recognised as a liability within Crown Funding and then recognised in earnings as a reduction to depreciation expense on a systematic basis over the useful life of the asset the funding was used to construct, which is consistent with the treatment of other Crown Funding such as RBI. Upon review of funding streams and the accounting treatment of these streams during the period, Chorus have identified that the purpose of the funding is not for the construction of an asset, and therefore should be recognised upon completion of relocation.

While there has not been a material error in net earnings in any one year, the prior period has been restated to reflect the appropriate accounting treatment.

Classification of interest paid on leases and revenue in advance within the statement of cash flows

During the period interest paid on leases and revenue in advance charged were reclassified within the statement of cash flows. The changes provide more reliable and relevant information and better reflect the nature of the cash flows. There has been no impact on net cash flows.

The impact of the restatement and reclassifications on the prior periods is as follows:

Six months ended 31 December 2020	SIX MONTHS ENDED 31 DECEMBER 2020 \$M	RESTATEMENT INCREASE/ (DECREASE) \$M	RECLASSIFICATION INCREASE/ (DECREASE) \$M	SIX MONTHS ENDED 31 DECEMBER 2020 RESTATED \$M
Income statement				
Field services products	31	5	–	36
Depreciation	(164)	(1)	–	(165)
Income tax expense	(13)	(1)	–	(14)
Net earnings for the year	24	3	–	27
Basic earnings per share	0.05			0.06
Diluted earnings per share	0.04			0.05

Statement of financial position

Crown funding	903	(49)	–	854
Income tax payable	3	9	–	12
Retained earnings	334	40	–	374

Statement of cash flows

Cash received from customers	478	5	10	493
Payments to suppliers and employees	(171)	–	(10)	(181)
Interest paid	(49)	–	(8)	(57)
Payment of lease liabilities	(14)	–	8	(6)
Crown funding (including CIP securities)	51	(5)	–	46

Year ended 30 June 2021	YEAR ENDED 30 JUNE 2021 \$M	RESTATEMENT INCREASE/ (DECREASE) \$M	RECLASSIFICATION INCREASE/ (DECREASE) \$M	YEAR ENDED 30 JUNE 2021 RESTATED \$M
Income statement				
Field services products	62	8	–	70
Depreciation	(331)	(2)	–	(333)
Income tax expense	(25)	(2)	–	(27)
Net earnings for the year	47	4	–	51
Basic earnings per share	0.11			0.11
Diluted earnings per share	0.08			0.09

Statement of financial position

Crown funding	955	(49)	–	906
Income tax payable	5	8	–	13
Retained earnings	310	41	–	351

Statement of cash flows

Cash received from customers	954	8	20	982
Payments to suppliers and employees	(302)	–	(20)	(322)
Interest paid	(96)	–	(20)	(116)
Payment of lease liabilities	(28)	–	20	(8)
Crown funding (including CIP securities)	155	(8)	–	147

Accounting estimates and judgements

In preparing the financial statements, estimates and assumptions have been made about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

In preparing the financial statements, the significant judgements made in applying Chorus' accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Interest Rate Benchmark Reform

Interbank offered rates ("IBORs") play an important role in global financial markets. Market developments relating to the reliability and robustness of some interest rate benchmarks has resulted in the global regulatory community initiating various programmes to develop alternative benchmarks (risk free rates) within certain jurisdictions. These reforms have led to uncertainty about the long-term viability of some interest rate benchmarks beyond 1 January 2022.

Chorus' hedging activities expose it to EURIBOR. EURIBOR is not subject to cessation following reform in 2019, however industry guidance suggests it will remain appropriate only in the medium term. Although there is no immediate impact of the reform to Chorus, developments will continue to be monitored to ensure any changes to EURIBOR are appropriately considered.

Note 1 – Network assets

	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED \$M	30 JUNE 2021 AUDITED \$M
Cost			
Opening balance	11,407	10,841	10,841
Additions	226	314	581
Disposals	(77)	(7)	(15)
Closing balance	11,556	11,148	11,407
Accumulated depreciation			
Opening balance	(6,138)	(5,789)	(5,789)
Depreciation	(181)	(178)	(360)
Disposals	10	5	11
Closing balance	(6,309)	(5,962)	(6,138)
Net carrying amount	5,247	5,186	5,269

Crown funding

Chorus receives funding from the Crown to finance the capital expenditures associated with the development of the UFB network and other services. Where funding is used to construct assets it is offset against depreciation over the life of the assets constructed. Refer to note 6 for information on Crown funding.

Additions

Additions also includes the net movement within capital work in progress during the period.

Disposals

Disposals includes movements in the right of use asset as a result of any significant modifications to leases recognised during the period. During the six months ended 31 December 2021 modifications were recognised in relation to Chorus' lease arrangement with Spark for commercial co-location space.

Capital commitments

At 31 December 2021 the contractual commitment for acquisition of network assets was \$91 million (31 December 2020: \$172 million, 30 June 2021: \$119 million), primarily relating to Ultra-Fast Broadband (UFB) build activity.

There are no restrictions on Chorus network assets or any network assets pledged as security for liabilities.

Note 2 – Software and other intangibles

	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED \$M	30 JUNE 2021 AUDITED \$M
Cost			
Opening balance	901	836	836
Additions	23	35	65
Closing balance	924	871	901
Accumulated amortisation			
Opening balance	(737)	(677)	(677)
Amortisation	(33)	(28)	(60)
Closing balance	(770)	(705)	(737)
Net carrying amount	154	166	164

Capital commitments

At 31 December 2021, the contractual commitment for acquisition of software and other intangible assets was \$12 million (31 December 2020: \$8 million; 30 June 2021: \$4 million).

There are no restrictions on Chorus software and other intangible assets, or any pledged as security for liabilities.

Note 3 – Customer retention assets

	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED \$M	30 JUNE 2021 AUDITED \$M
Opening balance (net carrying amount)	59	56	56
Additions	23	18	41
Amortisation to amortisation expense	(15)	(17)	(34)
Amortisation to operating revenue	(2)	(2)	(4)
Closing balance (net carrying amount)	65	55	59

Amortisation of customer retention assets

Customer retention assets are amortised to the income statement, either as amortisation expense or operating revenue, based on the nature of the specific costs capitalised.

Note 4 – Debt

	Due Date	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED \$M	30 JUNE 2021 AUDITED \$M
Syndicated bank facilities	Jan 2022	170	–	140
Euro medium term notes (EMTN) EUR	Oct 2023	838	862	858
Euro medium term notes (EMTN) EUR	Dec 2026	495	518	511
Fixed rate NZD Bonds	May 2021	–	400	–
Fixed rate NZD Bonds	Dec 2027	200	200	200
Fixed rate NZD Bonds	Dec 2028	500	500	500
Fixed rate NZD Bonds	Dec 2030	171	196	182
Less: facility fees		(16)	(20)	(18)
Total debt		2,358	2,656	2,373
Current		170	400	140
Non-current		2,188	2,256	2,233

Syndicated bank facility

As at 31 December 2021 Chorus had a \$350 million committed syndicated facility on standard market terms and conditions. The facility is comprised of a single tranche that expires in April 2024, and is held with banks that are rated A to AA-, based on Standard & Poor's ratings.

Euro Medium Term Note

The Euro Medium Term Note debt of EUR 500 million has been swapped to a hedged amount of \$785 million, and EUR 300 million has been swapped to a hedged amount of \$514 million, both using cross currency interest rate swaps (see note 9).

Note 5 – Crown Infrastructure Partners (CIP) securities

	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED \$M	30 JUNE 2021 AUDITED \$M
Fair value on initial recognition			
Opening balance	410	360	360
Additional securities recognised at fair value	16	17	50
Closing balance	426	377	410
Accumulated notional interest			
Opening balance	135	101	101
Notional interest	19	17	34
Closing balance	154	118	135
Total CIP securities	580	495	545

Note 6 – Crown funding

Funding from the Crown is recognised at fair value where there is reasonable assurance that the funding is receivable and all attached conditions will be complied with. Crown funding is then recognised in earnings as a reduction to depreciation expense on a systematic basis over the useful life of the asset the funding was used to construct.

	31 DECEMBER 2021 UNAUDITED \$M	31 DECEMBER 2020 UNAUDITED RESTATED \$M	30 JUNE 2021 AUDITED RESTATED \$M
Fair value on initial recognition			
Opening balance	1,062	965	965
Additional funding recognised at fair value	35	31	97
Closing balance	1,097	996	1,062
Accumulated amortisation			
Opening balance	(156)	(129)	(129)
Amortisation	(14)	(13)	(27)
Closing balance	(170)	(142)	(156)
Total Crown funding	927	854	906
Current	27	24	25
Non-current	900	830	881

Ultra-Fast Broadband (UFB)

Chorus receives funding from the Crown to finance construction costs associated with the development of the UFB network. During the six months to 31 December 2021 Chorus recognised funding for 17,100 premises where the premises were passed and tested by CIP. This brings the total number of premises passed and tested by CIP at 31 December 2021 to approximately 994,000.

Continued recognition of the full amount of the Crown funding is contingent on certain material performance targets being met by Chorus. The most significant of these material performance targets relate to compliance with certain specifications under user acceptance testing by CIP. Performance targets to date have been met.

Note 7 – Segmental reporting

Chorus has determined that it operates in one segment providing nationwide fixed line communications infrastructure. The determination is based on the reports reviewed by the CEO in assessing performance, allocating resources and making strategic decisions.

Note 8 – Equity

Dividends

On 12 October 2021 a fully imputed final dividend of 14.5 cents per share, totalling \$65 million, was paid to shareholders. 3,852,235 shares were issued to shareholders under the Dividend Reinvestment Plan.

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel. Under the legacy option plan, selected key management personnel were issued shares. This was superseded by new long-term performance share scheme in July 2019 under which key senior management are issued share-rights instead of shares.

Legacy share scheme

The final grant issued under the legacy share scheme vested on 27 August 2021, with the absolute performance hurdle of actual total shareholder return equalling or being greater than 10.4% per annum compounding met.

New share scheme

In August 2021, Chorus issued a new tranche of share rights. The shares have a vesting date of 27 August 2024 and an expiry date of 27 August 2025. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 6.20% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following twelve month period.

The combined option cost for the six months to 31 December 2021 of \$272,000 has been recognised in the Income statement (31 December 2020: \$191,000; 30 June 2021: \$399,000).

Note 9 – Derivative financial instruments

Ineffectiveness

Finance expense includes any unrealised ineffectiveness arising from the hedge accounting relationships.

Cross-currency interest rate swaps

In conjunction with the two Euro Medium Term Notes (EMTNs) issued in prior years, Chorus entered into cross-currency interest rates swaps to hedge the foreign currency and foreign interest

rate risks associated with the EMTNs. Using the cross-currency interest rate swaps, Chorus pay floating interest rates and receive EUR nominated fixed interest with coupon payments matching the underlying notes. Chorus designated the EMTN and cross-currency interest rates swaps into three part hedging relationships for issue: a fair value hedge of EUR benchmark interest rates, a cash flow hedge of the margin and a cash flow hedge of the principal exchange.

	Due Date	Aggregate amount (M)	Pay leg (M)	Receive leg (M)
Hedged item				
Euro medium term notes EUR	Oct 2023	EUR 500	NZD 785	EUR 500
Euro medium term notes EUR	Dec 2026	EUR 300	NZD 514	EUR 300

Interest rate swaps

As at 31 December 2021 Chorus holds all interest rate swaps in designated hedging relationships. All are held in effective hedging relationships and for those which are designated as cash flow hedges, unrealised gains or losses are recognised in the cash flow hedge reserve.

Restructured interest rate swaps

Three interest rate swaps have been restructured. Two interest rate swaps restructured in December 2018 were reset in conjunction with the resettable NZD fixed rate bond issued

on 6 December 2018 to hedge interest rate exposure from December 2023. The forward dated interest rate swap restructured in February 2020 was reset in conjunction with the EUR 300 million EMTN issued on 5 December 2019, to hedge interest rate exposure from April 2020.

As part of these restructures, the original hedge relationships were discontinued and on the dates of termination the net present value of these swaps was recognised in the cash flow hedge reserve. The initial fair values will flow to finance expense as ineffectiveness over the life of the derivatives.

Note 10 – Related party transactions

The gross remuneration of directors and key management personnel during the six months to 31 December 2021 was \$4.6 million (31 December 2020: \$5.8 million, 12 months to 30 June 2021: \$8.8 million).

Note 11 – Post balance date events

Dividends and share buyback

On 21 February 2022 Chorus declared an interim dividend in respect of the six month period ended 31 December 2021. The total amount of the dividend is \$63 million, which represents a fully imputed dividend of 14 cents per ordinary share.

Additionally, Chorus has advised its intention to undertake an on-market share buyback of up to \$150 million, to commence in late February 2022. The programme may run up to 12 months, with Chorus acquiring shares through the NZX and ASX.

CIP securities and Crown funding

There was one call notice issued on 18 January 2022 to CIP in respect to 3,824 premises (UFB2) with a total aggregate issue price of \$7.3 million. These premises had been passed and tested by CIP before 31 December 2021 and were accrued for in these financial statements.

Independent review report



To the shareholders of Chorus Limited

Report on the condensed consolidated interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Chorus Limited and its subsidiaries ("the Group") on pages 4 to 16 do not:

- i. present fairly in all material respects the Group's financial position as at 31 December 2021 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated interim financial statements which comprise:

- the condensed consolidated statement of financial position as at 31 December 2021;
- the condensed consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Chorus Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the group in relation to regulatory assurance services. Subject to certain restrictions, partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as reviewer of the Group. The firm has no other relationship with, or interest in, the Group.

Emphasis of Matter – prior period restatement

We draw attention to the prior period restatement note in the condensed consolidated interim financial statements, which describes the adjustments that have been made to the condensed consolidated interim financial statements in relation to funding towards the cost of relocation of communications equipment.

Our conclusion on the condensed consolidated interim financial statements is not modified in respect of this matter.

Use of this Independent review report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review 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 shareholders as a body for our review work, this report, or any of the opinions we have formed.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review 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 shareholders as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the condensed consolidated interim financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed consolidated interim financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our Independent Review Report.

KPMG
Wellington
21 February 2022

Results announcement

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

Updated as at 17 October 2019

Results for announcement to the market		
Name of issuer	Chorus Limited	
Reporting Period	6 months to 31 December 2021	
Previous Reporting Period	6 months to 31 December 2020	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$483,000	Up 1%
Total Revenue	\$483,000	Up 1%
Net profit/(loss) from continuing operations	\$42,000	Up 56%
Total net profit/(loss)	\$42,000	Up 56%
Interim Dividend		
Amount per Quoted Equity Security	NZ\$0.14000000	
Imputed amount per Quoted Equity Security	NZ\$0.05444444	
Record Date	15 March 2022	
Dividend Payment Date	12 April 2022	
	31 December 2021	31 December 2020
Net tangible assets per Quoted Equity Security	\$1.62	1.50 (\$1.41 reported Feb 2021)
A brief explanation of any of the figures above necessary to enable the figures to be understood	This announcement should be read in conjunction with the attached management commentary and financial statements for the six months ended 31 December 2021, media release and investor presentation.	
Authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	21/02/2022	

Unaudited, but reviewed financial statements accompany this announcement. The auditors have issued a clear review report.

Please note: all cash amounts in this form should be provided to 8 decimal places

Section 1: Issuer information				
Name of issuer	Chorus Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	CNU			
ISIN (If unknown, check on NZX website)	NZCNUE0001S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies	X		
Record date	15/03/2022			
Ex-Date (one business day before the Record Date)	14/03/2022			
Payment date (and allotment date for DRP)	12/04/2022			
Total monies associated with the distribution ¹	\$63,122,797			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution ²	\$0.19444444			
Gross taxable amount ³	\$0.19444444			
Total cash distribution ⁴	\$0.14000000			
Excluded amount (applicable to listed PIEs)	\$0.00000000			
Supplementary distribution amount	\$0.02470588			
Section 3: Imputation credits and Resident Withholding Tax ⁵				
Is the distribution imputed	Fully imputed			
	Partial imputation			
	No imputation			

¹ Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

² "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (RWT).

³ "Gross taxable amount" is the gross distribution minus any excluded income.

⁴ "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should include any excluded amounts, where applicable to listed PIEs.

⁵ The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied ⁶	100%	
Imputation tax credits per financial product	\$0.05444444	
Resident Withholding Tax per financial product	\$0.00972222	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	0%	
Start date and end date for determining market price for DRP	14/03/2022	18/03/2022
Date strike price to be announced (if not available at this time)	22/03/2022	
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	\$unknown	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	5pm (NZ time) 16/03/2022	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 27 488 7808 +64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	21/02/2022	

⁶ Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.