CHORUS

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STOCK EXCHANGE ANNOUNCEMENT

10 April 2024

Q3 FY24 Connections Update

Chorus today released its connections update for the Q3 period to 31 March. The quarter was notable for slower connection activity through January and a general slow-down in greenfield growth consistent with broader macroeconomic trends.

The ongoing decline in copper connections slowed to 18,000 in Q3, compared to 21,000 in the prior quarter. Just 55,000 copper connections remain in areas where Chorus has fibre available and about 21,000 of these connections have been notified that copper services will be withdrawn within six months. To date, copper services have ceased for about 43,000 notified connections, up 7,000 in the quarter, and almost 1,000 copper broadband cabinets have been closed.

Copper voice lines reduced by 6,000 in the quarter and this drove the overall reduction in fixed line connections to 1,250,000[1], down from 1,256,000 connections in December.

Fibre uptake reaches 71%

Fibre connections grew 12,000 in the quarter, slightly higher than growth of 11,000 fibre connections in Q2. This more than offset the 8,000 lines reduction of copper broadband connections within the Chorus fibre footprint. Total broadband connections, including copper lines, were flat at 1,188,000.

The entry level 50Mbps Home Fibre Starter service continued to grow strongly and was up another 8,000 connections in the quarter to 38,000. Residential plans for speeds of 1Gbps and above grew by 4,000 connections and make up 25% of plans.

Chorus' fibre footprint, excluding other local fibre company areas, grew to about 1.5 million addresses, an increase of 7,000 addresses in the quarter. Fibre uptake within this footprint grew by 0.4% to 71%.

Uptake in Dunedin rebounded 1.5% to 76.3% reflecting the return of seasonal student demand in the city in the quarter. Fibre uptake in the Auckland urban area increased 0.1% to 76.5% while Wellington's uptake increased 0.3% to 70.7%.

Recent data published by the FTTH Council Europe shows New Zealand ranked 17th globally for fibre penetration across total households, at 69% in September 2023. Eight markets have passed 80% penetration with the UAE, Singapore and Hong Kong leading the way.

[1] This total includes partly subsidised fibre and copper broadband connections for students.

Average data usage doesn't reflect household data 'bursts'

Average monthly data usage on fibre was 598GB in March, in line with 599GB in December. The proportion of broadband connections using more than 1 terabyte of data was 15%.

In 2023, Chorus noted a 35 per cent increase in peak data demand, with households averaging about 20 connected devices. According to the World Broadband Association, the number of devices is expected to double every five years. The frequent, high-volume data bursts from activities like video streaming on multiple devices at the same time is fuelling this rise in peak data demand.

If devices aren't connected directly to ethernet, an up-to-date, in-home Wi-Fi router is crucial for optimal broadband performance. Many recently upgraded homes will now use Wi-Fi 6 routers. However, the latest Wi-Fi 7 standard promises significantly improved network capacity, the ability to support more devices at higher speeds and improved low-latency performance.

Upgrading Wi-Fi in the home can significantly enhance internet speed, reduce latency and support a higher number of devices, ensuring a smoother, more reliable online experience at home.

Change in timing for fibre pricing adjustments

Chorus is advising retailers that it is shifting the annual timing for pricing adjustments to fibre services from October to January. This change reflects Chorus' desire to simplify processes, by aligning future pricing adjustments with the start of the next regulatory period from 1 January 2025, and an expectation that regulated fibre revenues will be constrained by the maximum allowable revenue of about $809 million for calendar year 2024.

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Q3 FY24 Connections Update

10 April 2024

Q3 FY24 overview

> **Fibre connections (including non-address points and LFC areas) increased 12k (Q2 FY24: +11k) and now total 1,074,000***

> **Chorus' fibre footprint now covers 1,500,000 addresses (excluding LFC areas)**
- fibre passed another 7,000 addresses in Q3 (Q2: +7k)
- overall fibre uptake grew 0.4% to 71% in Q3 (Q2: +0.4%)
- Auckland +0.1%; Wellington +0.3%; Dunedin +1.5%

> **Broadband connections were steady at 1,188,000***
- ~12k fibre broadband connections were added in Chorus fibre areas, matching copper broadband disconnections
- Home Fibre Starter (50Mbps) connections grew 8k to 38k
- 1Gbps and Hyperfibre (2Gbps+) connections grew by 4k to 238k and make up 25% of residential plans

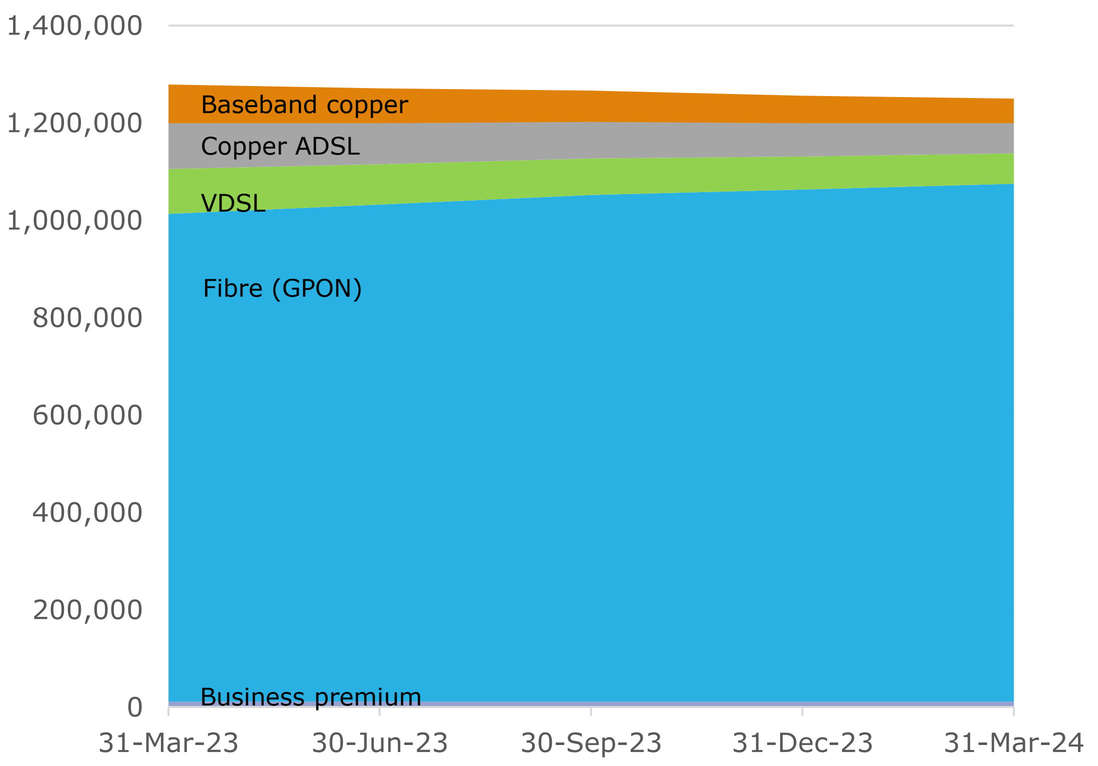
> **Total fixed line connections declined by 6k (Q2: -10k) and now total 1,250,000***
- copper broadband and voice connections declined by 18k (Q2: -21k)
- voice only disconnections were -6k (Q2: -7k)
- copper withdrawal: 996 copper broadband cabinets no longer have active customers (Q2: 826 cabinets)

> **Average monthly data usage on fibre steady at 598GB in March**
- the proportion of terabyte super users (i.e. consuming 1,000GB+ a month) was 15%

*FY24 totals include fibre and copper DSL broadband connections Chorus is partly subsidising for student households

Fibre comprises 86% of Chorus connections

	31 March 2023	30 June 2023	30 Sept 2023	31 Dec 2023	31 March 2024
Baseband copper (no broadband)	80,000	72,000	64,000	57,000	51,000
Copper ADSL (includes naked)	94,000	84,000	75,000	68,000	62,000
VDSL (includes naked)	92,000	83,000	75,000	68,000	62,000
Fibre broadband (GPON)	1,002,000	1,021,000	1,041,000	1,052,000	1,064,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000
Fibre premium (P2P)	10,000	10,000	10,000	10,000	10,000
Total connections	1,279,000	1,271,000	1,266,000*	1,256,000*	1,250,000*



> **1,188,000* broadband connections comprises:**
- 1,064,000 fibre (GPON) connections
- 124,000 VDSL/ADSL (copper) connections

* Includes DSL and GPON partly subsidised education connections that were previously excluded from broadband totals

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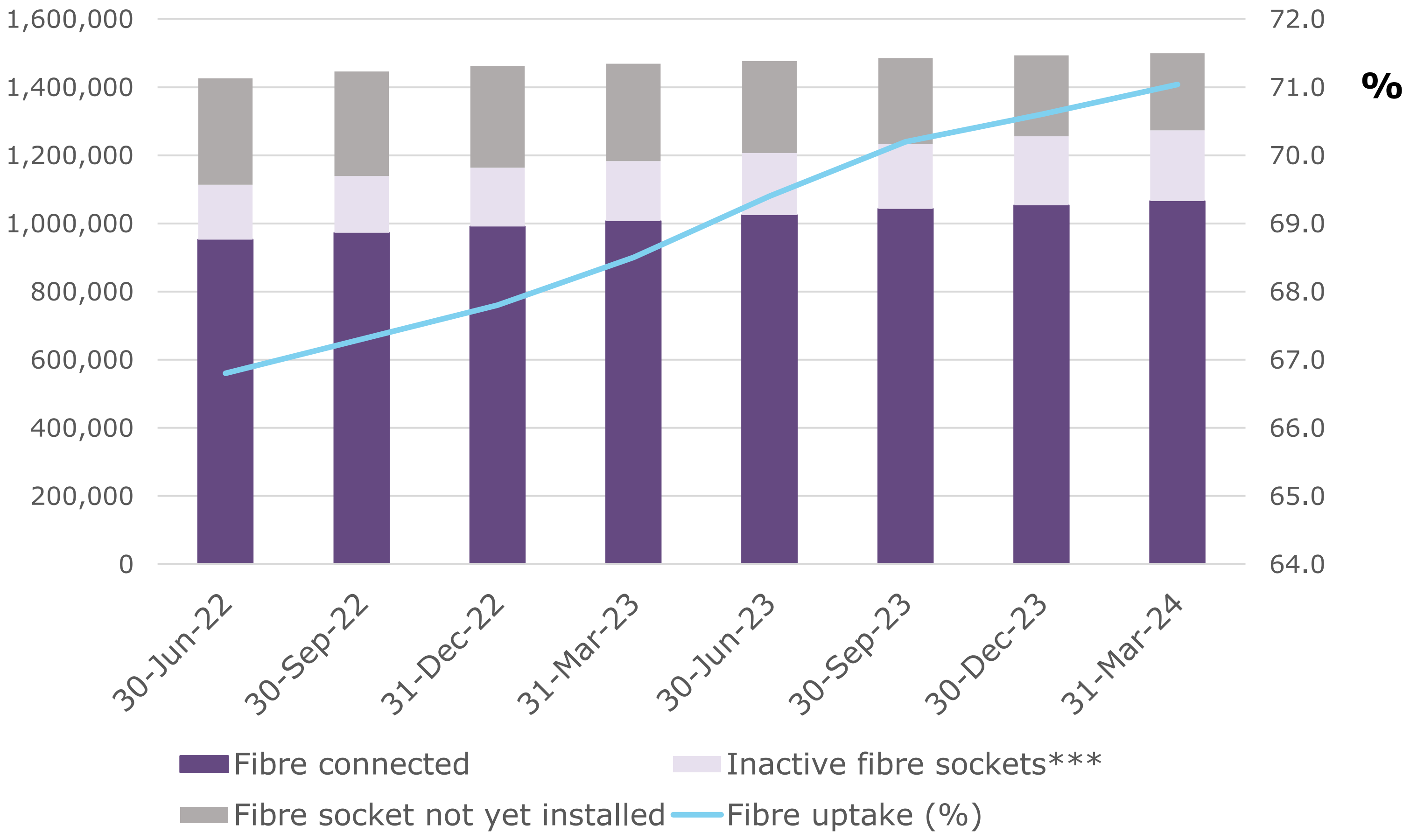
Fibre available to 1.5m addresses; 71% uptake

- **71% fibre uptake across 1,500,000 passed addresses***
  - uptake +0.4% in Q3
  - +12k active fibre connections**
  - +7,000 addresses passed in Q3

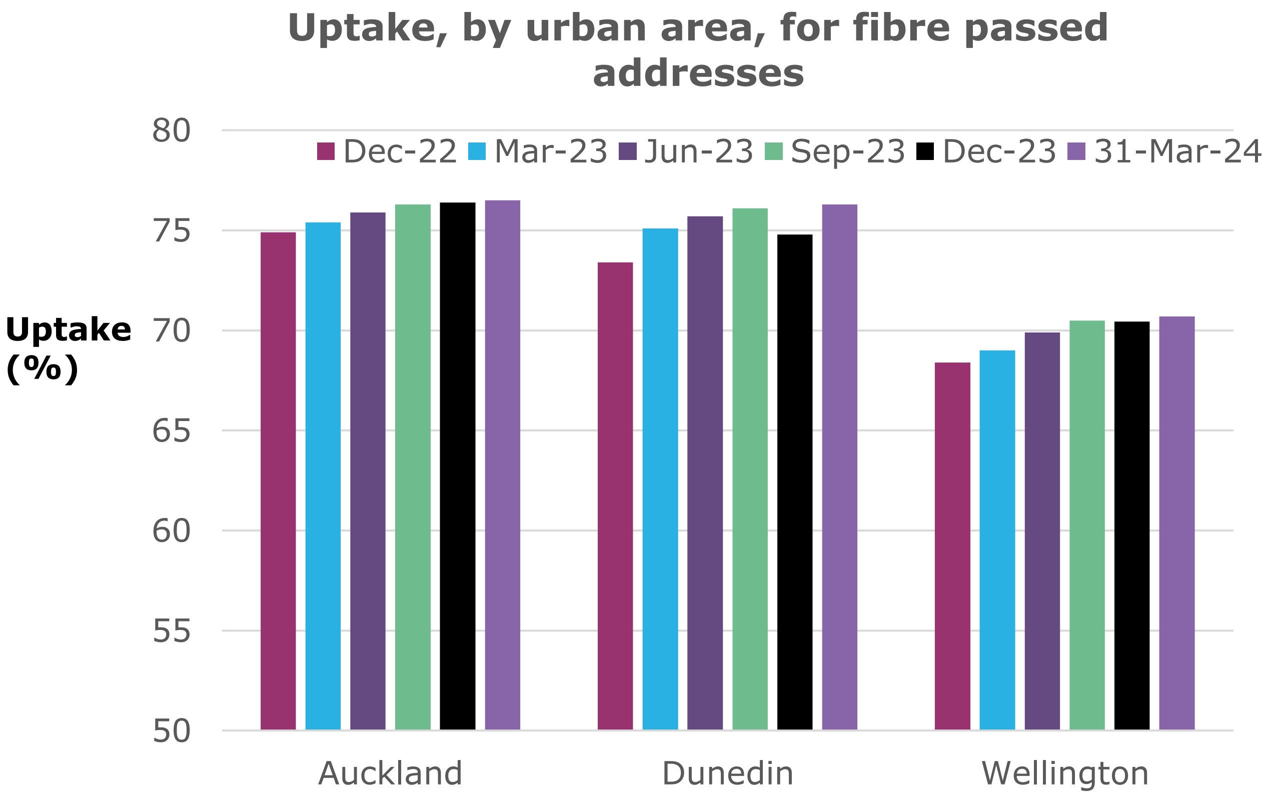
- **1,274,000 fibre installed addresses**
  - ~18,000 installations in Q3 (Q2: 23k)
  - 226,000 addresses passed by fibre, but fibre socket not yet installed (Q1: 238k)



*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in LFC areas
** includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas
*** not active on 31 March 2024

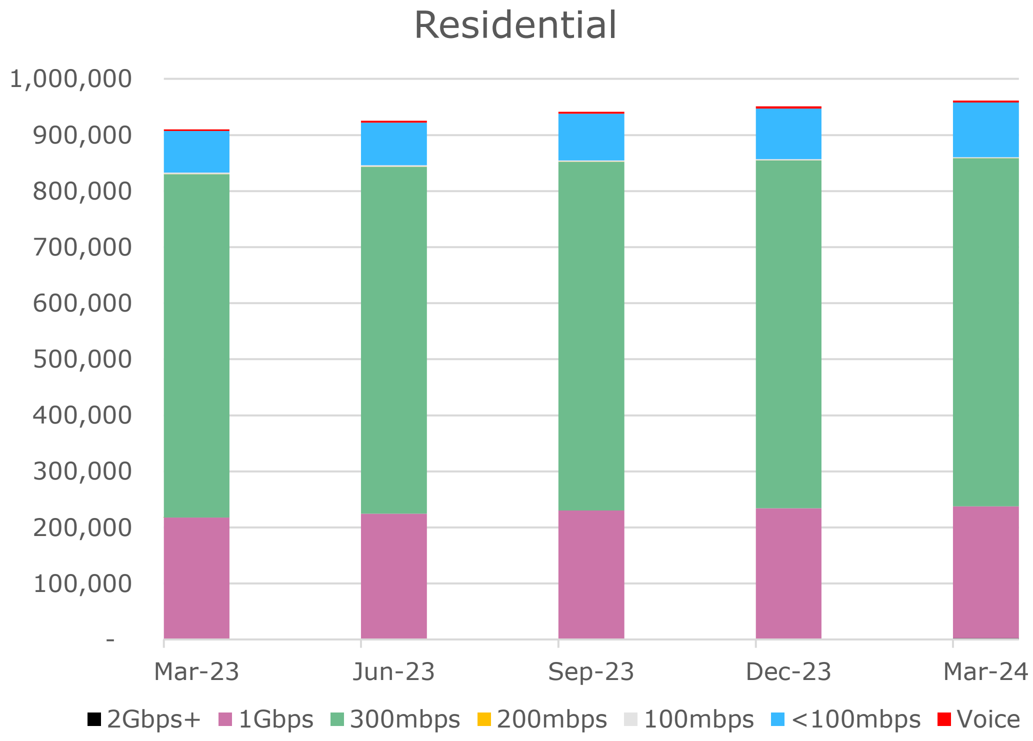
Uptake by city

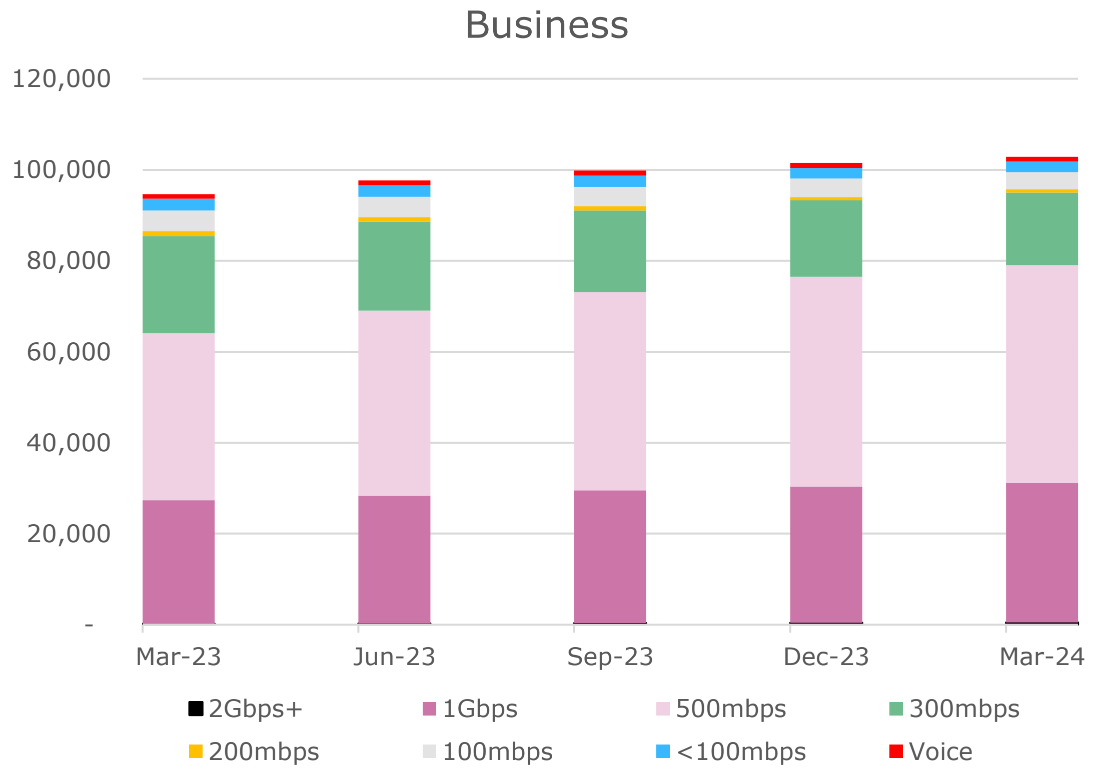
> **Uptake is measured across "urban areas" as defined by Statistics NZ, rather than original UFB rollout area**
- **Auckland** uptake grew 0.1% to 76.5% in Q3 despite ongoing address growth
- **Dunedin** uptake increased 1.5% to 76.3% reflecting student seasonality
- **Wellington** increased 0.3% to 70.7%



Mass market fibre connections

- Home Fibre Starter (50Mbps) connections grew by 8k to 38k; plans below 300Mbps are 10% of residential connections
- 1Gbps and Hyperfibre (2Gbps+) connections grew by 4k to 238k and make up 25% of residential plans
- 77% of mass market business plans are on 500Mbps or above
- 3k Hyperfibre connections with 84% on residential 2Gbps+ plans

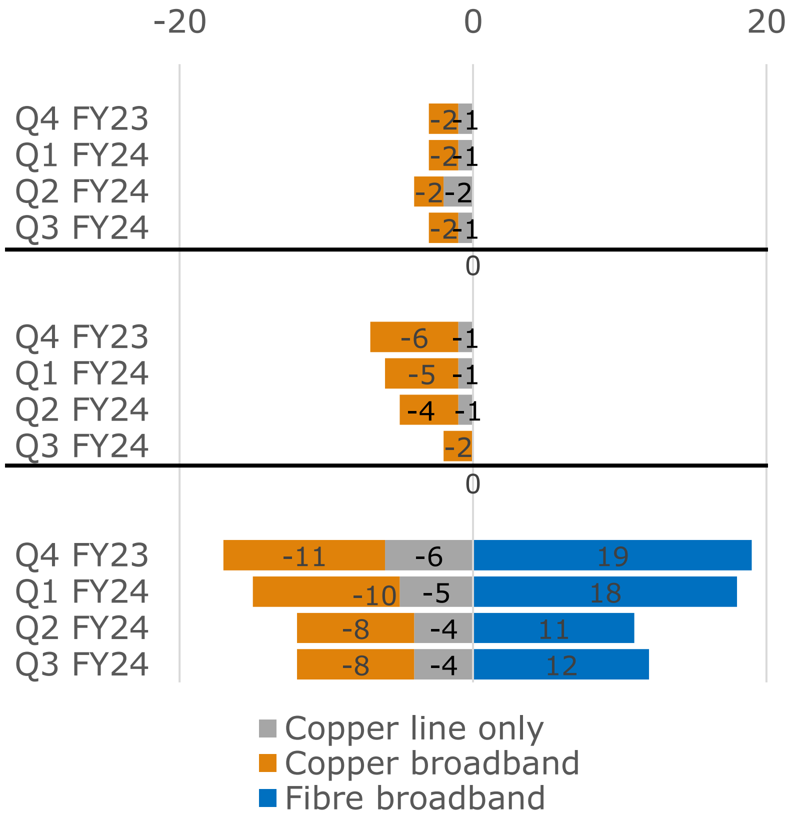




Connection changes by Zone (indicative as at 31 March*)

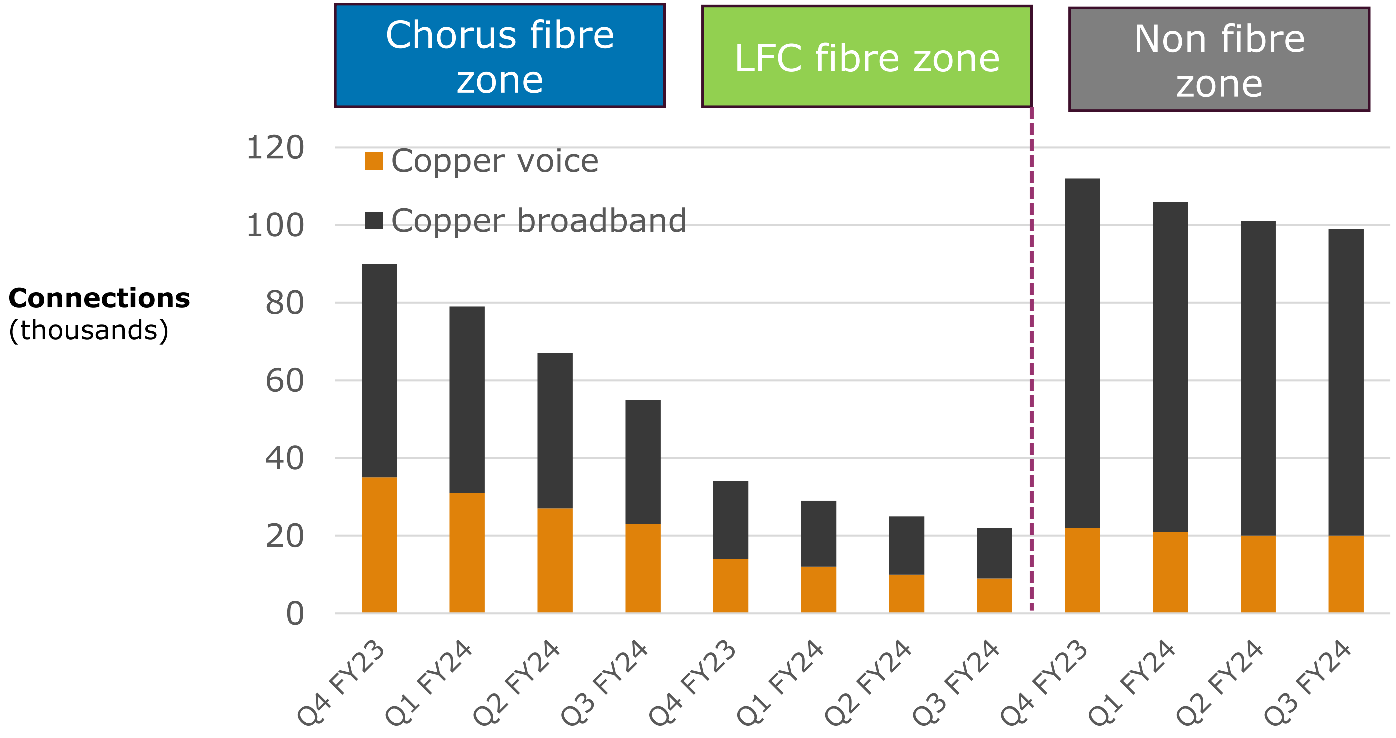
Other fibre company (LFC) zone	Copper lines (no broadband)	9,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	13,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	**25,000**	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	20,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	79,000	
	TOTAL	**99,000**	
Chorus fibre zone	Copper lines (no broadband)	23,000	Covers all addresses outside of LFC UFB rollout zone where Chorus fibre is available. Fibre footprint is growing as a result of new property development. Copper connections are reducing as Chorus retires its copper network.
	Copper broadband lines	32,000	
	Fibre broadband lines (GPON)	1,059,000	
	TOTAL	**1,114,000**	

Quarterly change ('000s) by zone



* Excludes ~13k fibre premium and data services (copper) and smart location connections

Copper withdrawal: 21k connections under notice



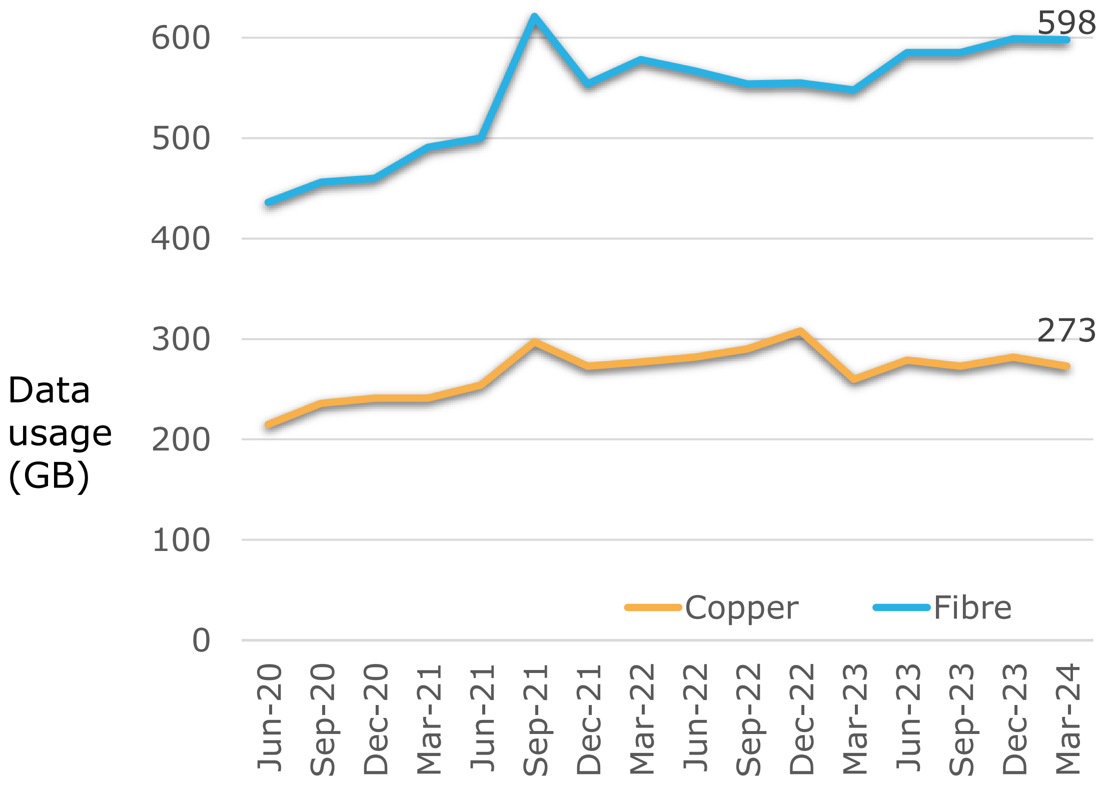
Copper connections able to be withdrawn with 6 months' notice where fibre is available

> **~64,000 copper withdrawal notifications issued (cumulative) in fibre areas**
- copper service ceased for ~43,000 notified connections; ~21k currently under notice
- 996 copper broadband cabinets closed (Q2: 826); 1,479 under closure notice
- broadband retention rate of 83% across closed cabinets

> **managed migration initiatives: activation of installed fibre sockets (ONTs)**
- ~6k sockets activated in Q3 (Q2: ~7k)
- 58% of activations were offnet addresses (Q2: 57%)

Monthly average data usage on fibre 598 gigabytes

Monthly average data usage per connection*



* includes upstream traffic

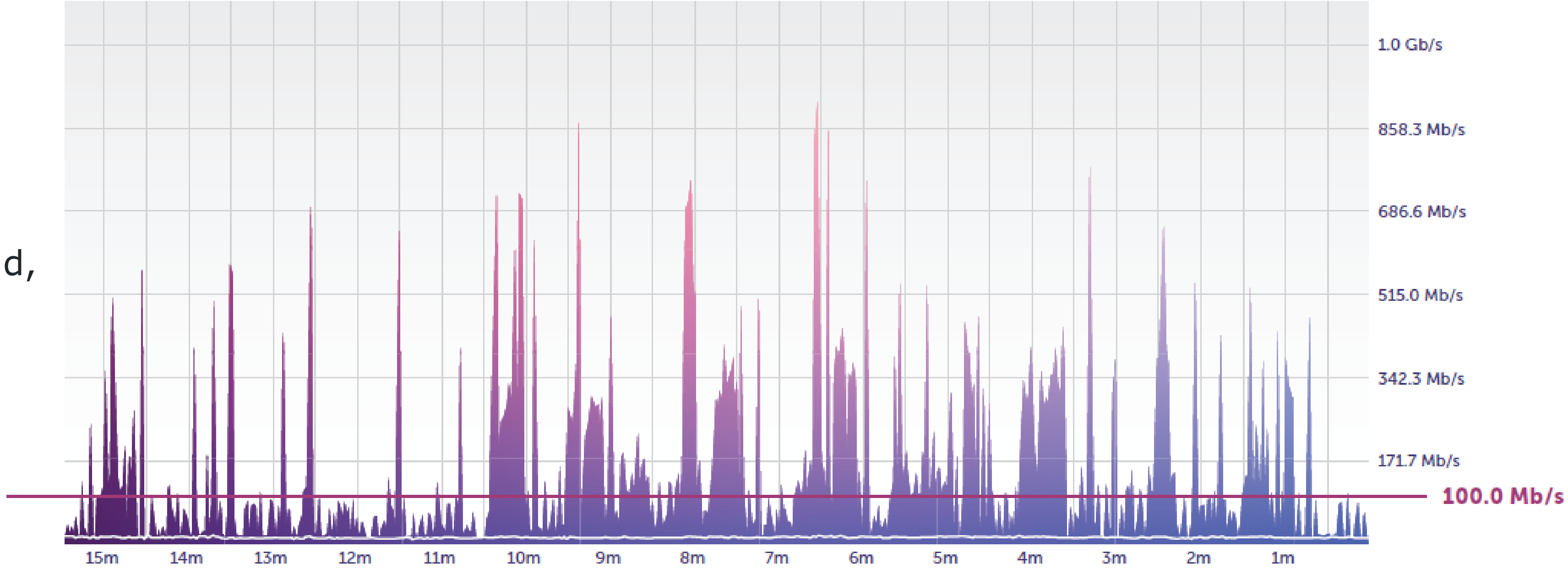
- monthly average data usage on fibre was stable at just under 600GB in March
- the proportion of broadband connections using more than 1 terabyte of data was 15%
- copper usage decreased from 282GB in December to 273GB in March

Average usage doesn't reflect household 'bursts'

- 35% increase in peak traffic demand in 2023, despite post-COVID slowdown
  - driven by high simultaneous data use in households - on average 20 connected devices, with devices expected to double every five-years[1], and increasing levels of video streaming intensifying data demand bursts

- graph (below) shows 15 minutes of shared family usage with data bursting up to 1 Gbps, above a theoretical 100Mbps plan maximum

- decisions on fibre plan speed should therefore be based on:
  - peak throughput demand for family
  - the needs of all the household, rather than a single device



[1] *World Broadband Association, 2023*

Importance of quality Wi-Fi in the home

- Wi-Fi 6 is currently the most widely available technology, but many households may be using outdated or poor performing Wi-Fi routers
- new Wi-Fi 7 standard will provide a substantial lift in performance with more efficient sharing of spectrum among devices
  - five times more shared capacity than Wi-Fi 6
  - up to 100 times lower latency in the home
  - throughput of 46Gbps (Wi-Fi 6: 9.6Gbps)

x 11.5 x 1.3 x 4.8

	Wi-Fi 4	Wi-Fi 5	Wi-Fi 6/6E	Wi-Fi 7
Standard	802.11n	802.11ac	802.11ax	802.11be
Max Speed with 1 Spatial Stream	150 Mbps	866.7 Mbps	1.2 Gbps	2.9 Gbps
Max Speed with 2 Spatial Streams	300 Mbps	1.73 Gbps	2.5 Gbps	5.8 Gbps
Max Speed with Max # Spatial Streams	600 Mbps	6.92 Gbps	9.6 Gbps	46.4 Gbps

New Zealand ranked 17th for fibre penetration

> **Recent FTTH Council Europe data for global FTTH/B uptake shows New Zealand at 69% penetration (subscribers/total households) as at Sept 2023**