

STOCK EXCHANGE ANNOUNCEMENT

9 July 2024

Q4 FY24 Connections Update

Chorus today released its connections update for the Q4 period to 30 June.

Fibre uptake lifts to 71.4%

Chorus' fibre network footprint, excluding other local fibre company areas, grew by 7,000 addresses in the quarter to just over 1.5 million addresses. Fibre uptake within this footprint grew by 0.4% to 71.4%. Auckland is at 76.6% uptake, compared to Dunedin on 76.5% and Wellington on 70.7%.

Fibre connections grew by 10,000 in the quarter, slightly below growth of 12,000 fibre connections in Q3.

Strong demand continued for the entry level 50Mbps Home Fibre Starter service with another 9,000 connections added. Business and residential consumers on speeds of 500Mbps and above grew by 8,000 connections. About 25% of residential connections are on speeds of 1Gbps and above, while 79% of business connections are on speeds of 500Mbps and above.

Average monthly data use surpasses COVID lockdown levels

Average monthly data usage on fibre was 623 gigabytes in June, up from 598GB in March and above the peaks last seen during 2021 COVID lockdowns. The proportion of fibre users consuming more than 1 terabyte of data also lifted from 15% to 16%.

The OECD has said the shift to a post-pandemic digital future requires high-quality broadband networks characterised by high speeds, high reliability and low latency. Recent data shows an accelerating international shift to fibre networks within the OECD, with fibre the dominant fixed network technology in June 2023. Of total fixed broadband subscriptions, 41% were on fibre with cable falling to 30.5% and copper falling to 21.9%.

Just 45,000 copper connections remain in Chorus fibre areas

The global shift away from legacy copper networks is reflected in Chorus' connection numbers. The number of copper connections declined by 19,000 in Q4, compared to 18,000 in the prior quarter. This drove an overall reduction in Chorus' fixed line connections from 1,250,000 to 1,241,000¹ connections in the quarter.

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

Just 45,000 copper connections remain in areas where Chorus has fibre available and of these, about 30,000 have already been notified that copper services will be withdrawn within six months. To date, Chorus has withdrawn copper services to a further 52,000 consumers under this process and about 1,250 copper broadband cabinets have been closed.

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Q4 FY24 Connections Update

Q4 FY24 overview

- > **Fibre connections (including non-address points and LFC areas) increased 10k (Q3 FY24: +12k) and now total 1,084,000***
- > **Chorus' fibre footprint now covers 1,506,000 addresses (excluding LFC areas)**
 - fibre passed another 7,000 addresses in Q4 (Q3: +7k)
 - overall fibre uptake grew 0.4% to 71.4% in Q4 (Q3: +0.4%)
 - Auckland +0.1%; Dunedin +0.2%; Wellington no change
- > **Broadband connections reduced 3k to 1,185,000***
 - in Chorus fibre areas, a 9k increase in fibre broadband connections offset a 7k reduction in copper broadband
 - fibre connections of 500Mbps+ grew by 8k across residential and business plans
 - Home Fibre Starter (50Mbps) connections grew 9k to 47k
- > **Total fixed line connections declined by 9k (Q3: -6k) and now total 1,241,000***
 - copper broadband and voice connections declined by 19k (Q3: -18k)
 - voice only disconnections were -6k (Q3: -6k)
 - copper withdrawal: 1,253 copper broadband cabinets no longer have active customers (Q3: 996 cabinets)
- > **Average monthly data usage on fibre grew from 598GB to 623GB**
 - the proportion of terabyte users (i.e. consuming 1,000GB+ a month) lifted from 15% to 16%

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

Fibre comprises 87% of Chorus connections

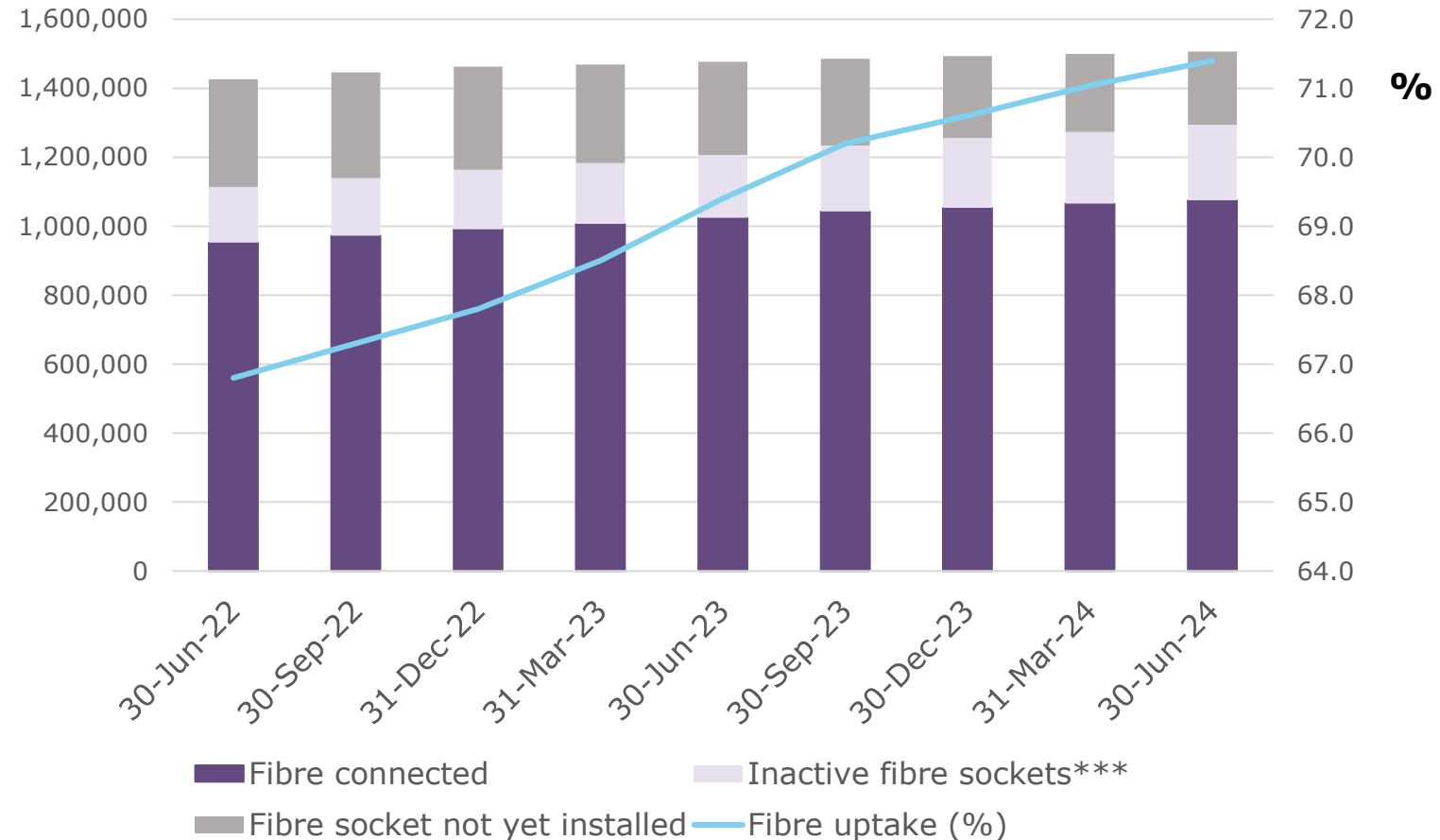
	30 June 2023	30 Sept 2023	31 Dec 2023	31 March 2024	30 June 2024
Baseband copper (no broadband)	72,000	64,000	57,000	51,000	45,000
Copper ADSL (includes naked)	84,000	75,000	68,000	62,000	56,000
VDSL (includes naked)	83,000	75,000	68,000	62,000	55,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000
Fibre broadband (GPON)	1,021,000	1,041,000	1,052,000	1,064,000	1,074,000
Fibre premium (P2P)	10,000	10,000	10,000	10,000	10,000
Total connections	1,271,000	1,266,000*	1,256,000*	1,250,000*	1,241,000*

- Copper connections declined 19k (~11%) in Q4 and total 157k
- Fibre connections grew 10k (~1%) in Q4 and total 1,084k

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

Fibre uptake grew 0.4% to 71.4%

- **71.4% fibre uptake across 1,506,000 passed addresses***
 - uptake +0.4% in Q4
 - +9k fibre connections to addresses**
 - +7k addresses passed in Q4
- **1,294,000 fibre installed addresses**
 - 20k installations in Q4 (Q3:~18k)
 - 212,000 addresses passed by fibre, but fibre socket not yet installed (Q3:226k)

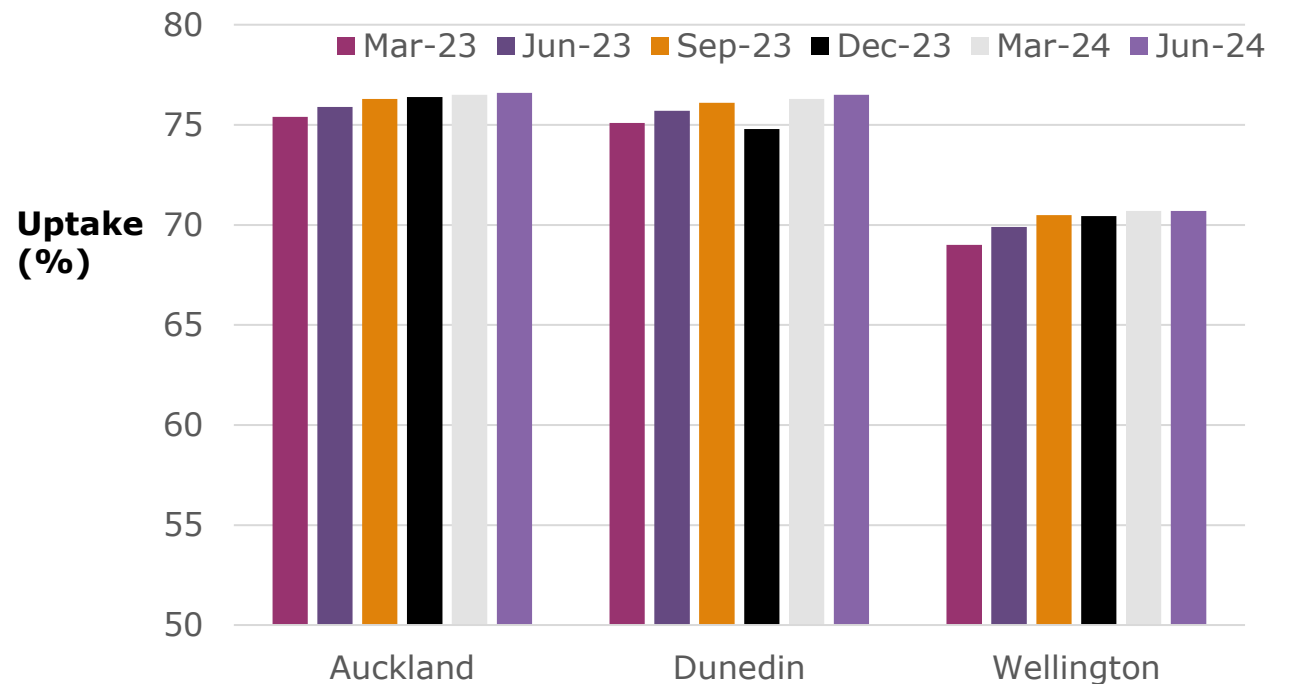


*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in LFC areas
 ** includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas
 *** not active on 30 June 2024

Uptake by city

- > Uptake is measured across “urban areas” as defined by Statistics NZ, rather than the original UFB rollout area
 - **Auckland** uptake grew 0.1% to 76.6% in Q4 despite ongoing address growth
 - **Dunedin** uptake increased 0.2% to 76.5%
 - **Wellington** uptake was flat at 70.7% as address growth offset connections growth

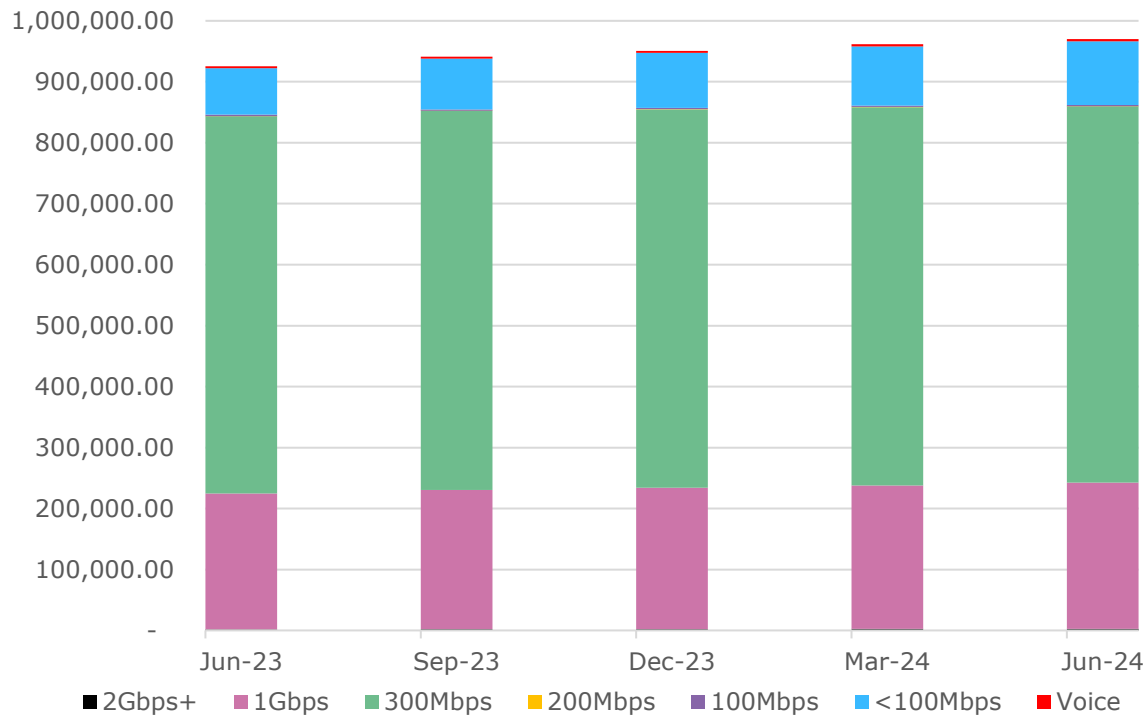
Uptake, by urban area, for fibre passed addresses



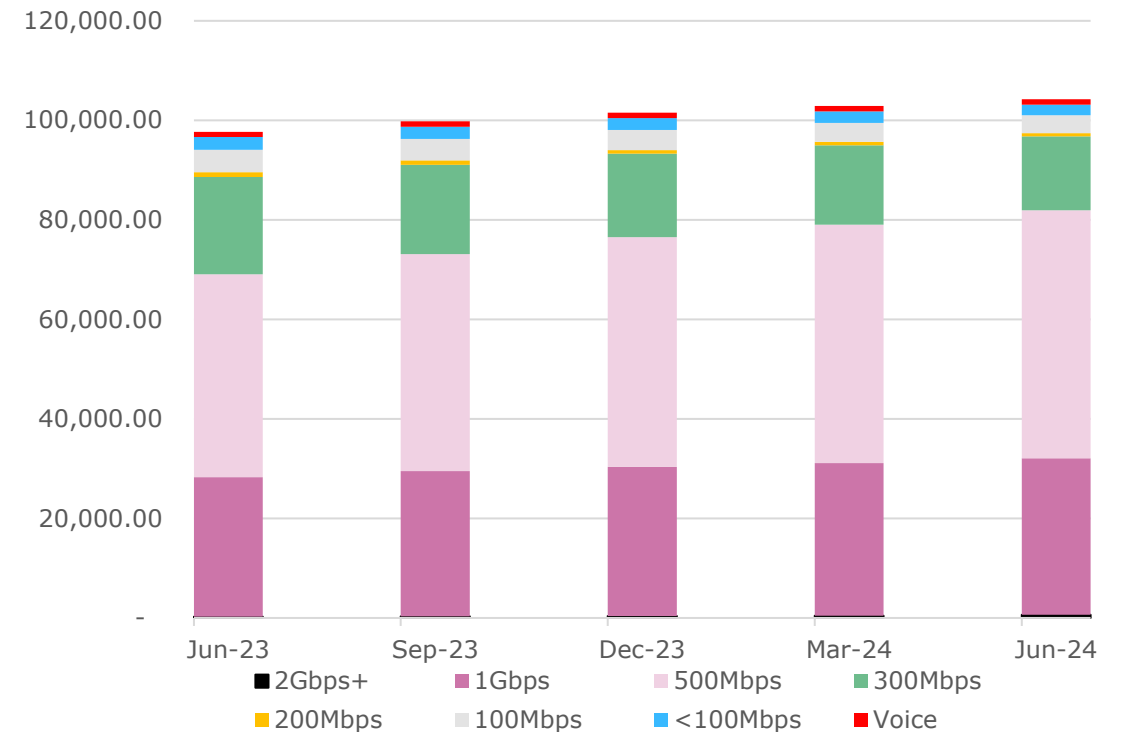
Mass market fibre connections

- > Home Fibre Starter (50Mbps) connections grew by 9k to 47k; plans below 300Mbps are 11% of residential connections
- > business and residential connections of 500Mbps+ grew by 8k
- > 79% of business connections are on 500Mbps or faster; 25% of residential plans are on 1Gbps or faster
- > Hyperfibre connections of 2Gbps and above grew to 3.5k with ~80% on residential plans

Residential



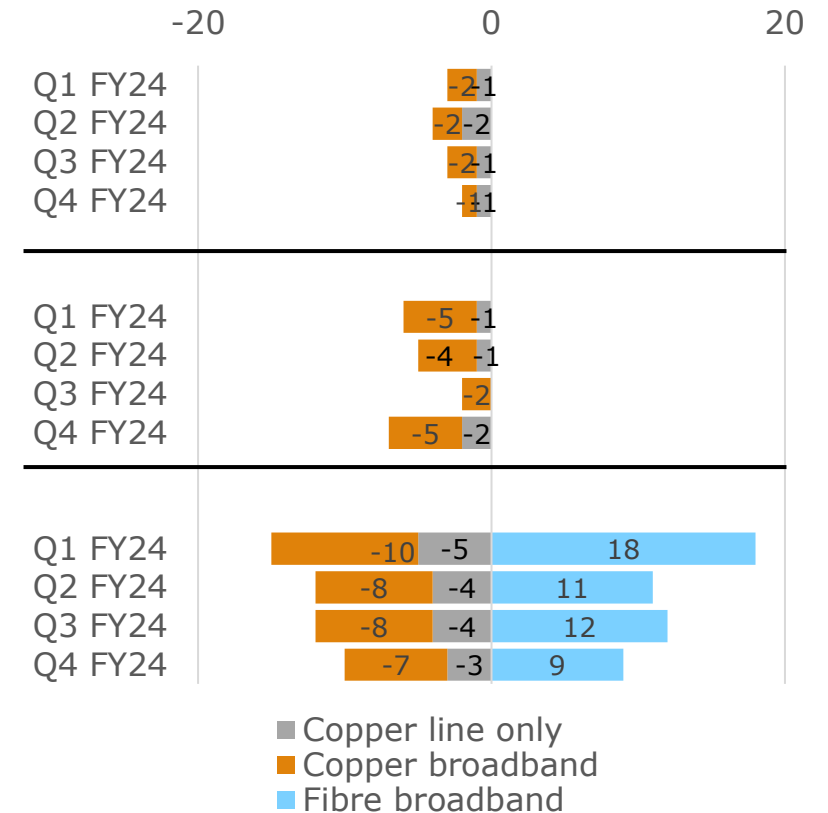
Business



Connection changes by Zone (indicative as at 30 June*)

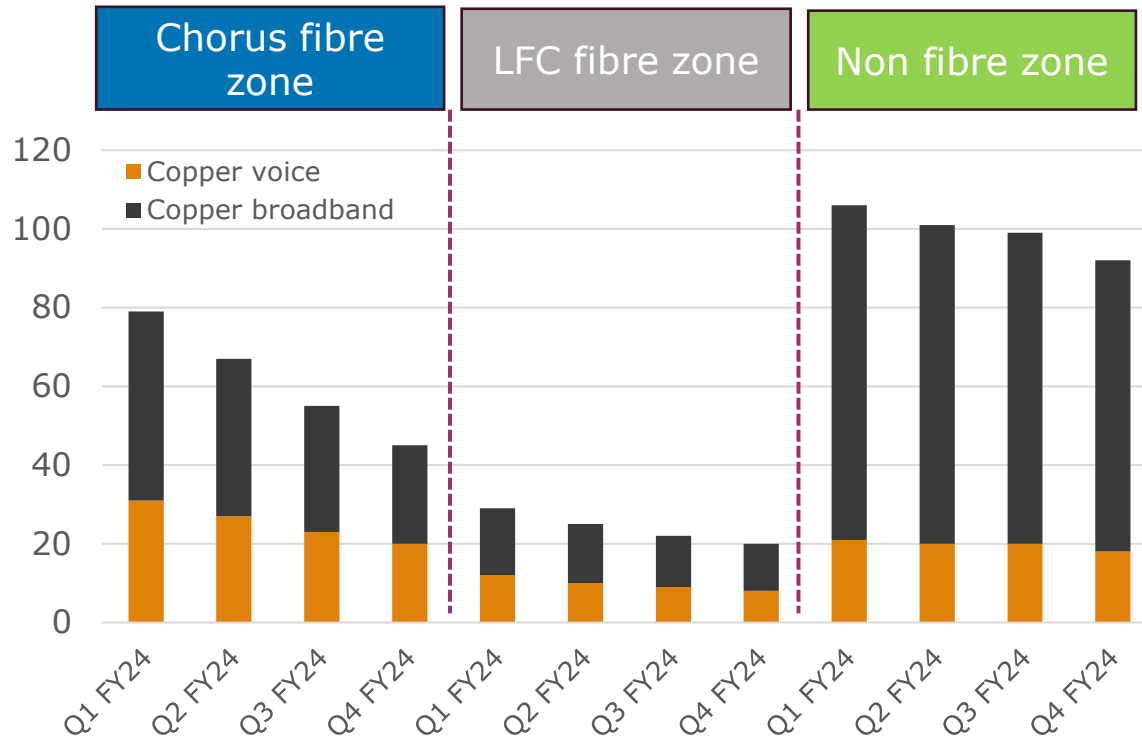
Other fibre company (LFC) zone	Copper lines (no broadband)	8,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	12,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	23,000	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	18,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	74,000	
	TOTAL	92,000	
Chorus fibre zone	Copper lines (no broadband)	20,000	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	25,000	
	Fibre broadband lines (GPON)	1,068,000	
	TOTAL	1,113,000	

Quarterly change ('000s) by zone



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

Copper withdrawal: 30k connections under notice



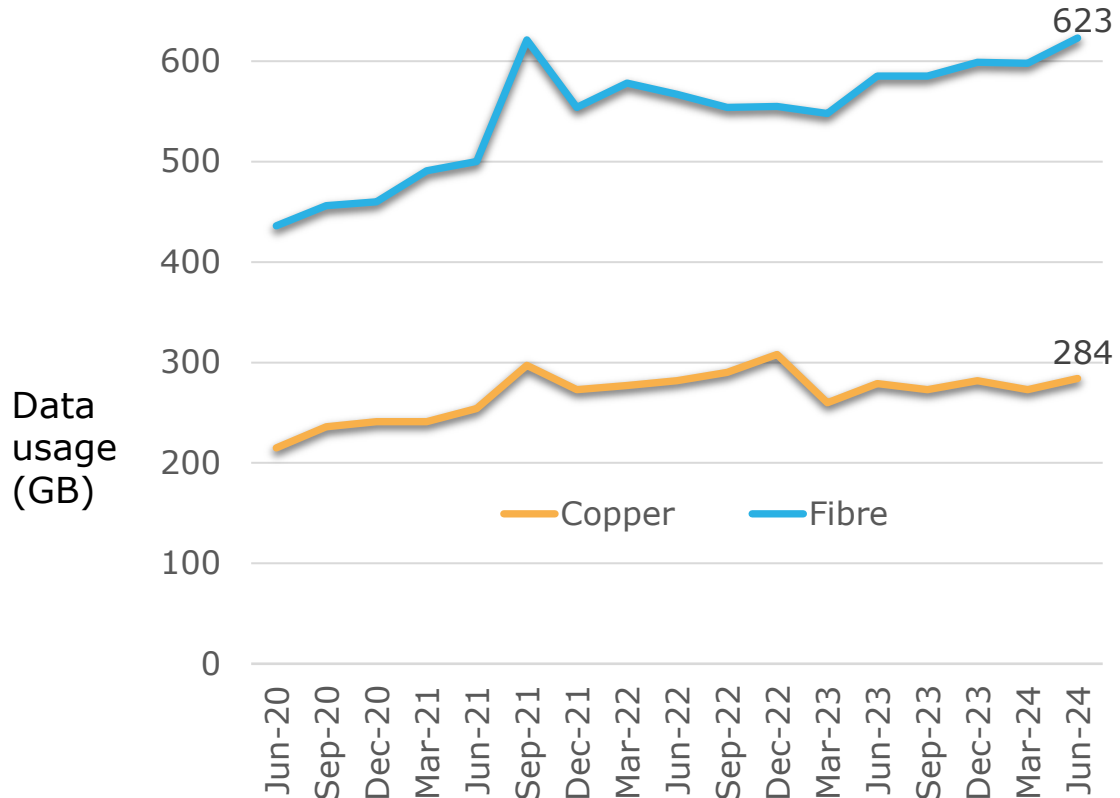
Copper connections able to be withdrawn with 6 months' notice where fibre is available

- > **~82,000 copper withdrawal notifications issued (cumulative) in fibre areas**
 - copper service ceased for ~52,000 notified connections; ~30k currently under notice
 - 1,253 copper broadband cabinets closed (Q3: 996); 1,416 under closure notice
 - broadband retention rate of 78% across closed cabinets

- > **managed migration initiatives: activation of installed fibre sockets (ONTs)**
 - ~6k sockets activated in Q4 (Q3: ~6k)
 - 59% of activations were offnet addresses (Q3: 58%)

Monthly average data usage on fibre 623 gigabytes

Monthly average data usage per connection*

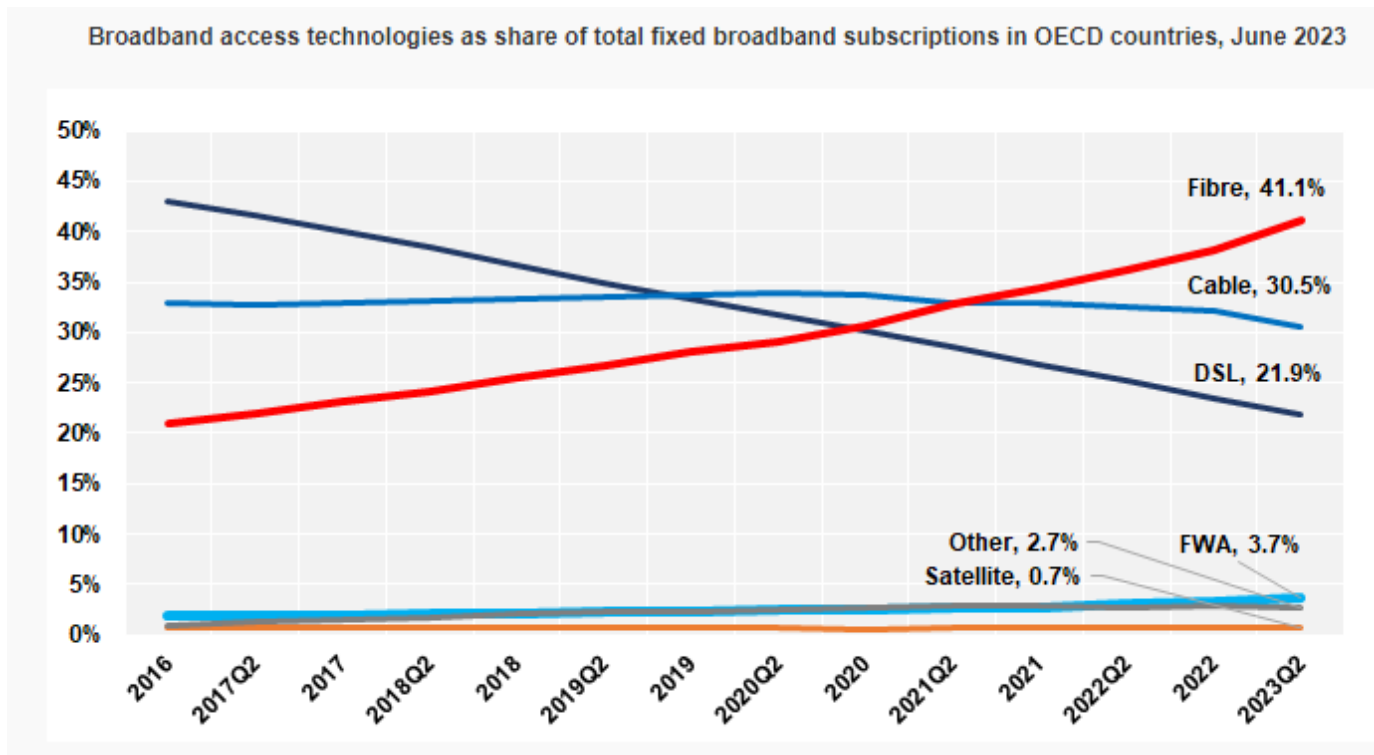


* includes upstream traffic

- > monthly average data usage on fibre grew to 623GB in June, surpassing the prior peak of 621GB in Sept 2021 during pandemic lockdowns
- > the proportion of fibre connections using more than 1 terabyte of data was 16%
- > copper usage increased from 273GB in March to 284GB

OECD data shows an accelerating shift to fibre

Driven by the need for high-quality broadband



Source: OECD <https://www.fibre-systems.com/article/fibre-fwa-experience-strongest-growth-three-years-oecd-countries>

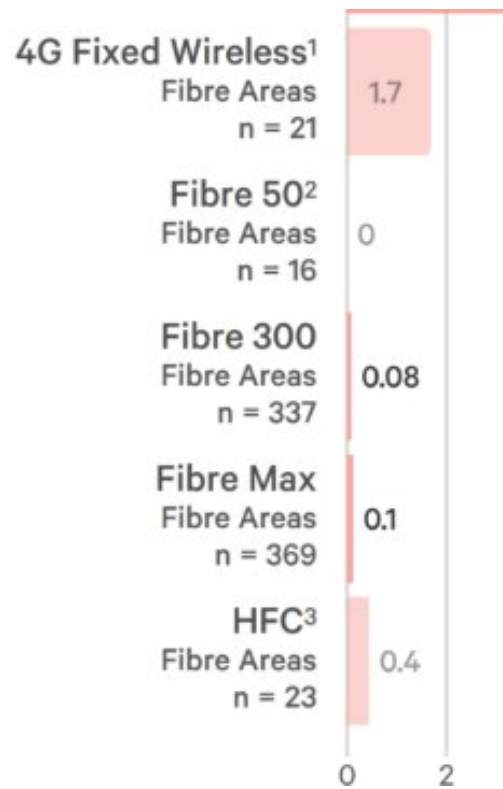
"The recovery from the COVID-19 pandemic leaves no doubt: the future is digital, enabled by globally interconnected high-quality broadband networks. Applications across all sectors of the economy, from online education, telemedicine and sustainable development, to smart factories, smart hospitals to automated vehicles, increase the overall demand on networks.

All these applications require the ability to move much more data across networks and require high-quality networks, characterised by high speeds, high reliability (i.e. few errors or delays measured by packet loss), and improved network response times (i.e. low latency)."

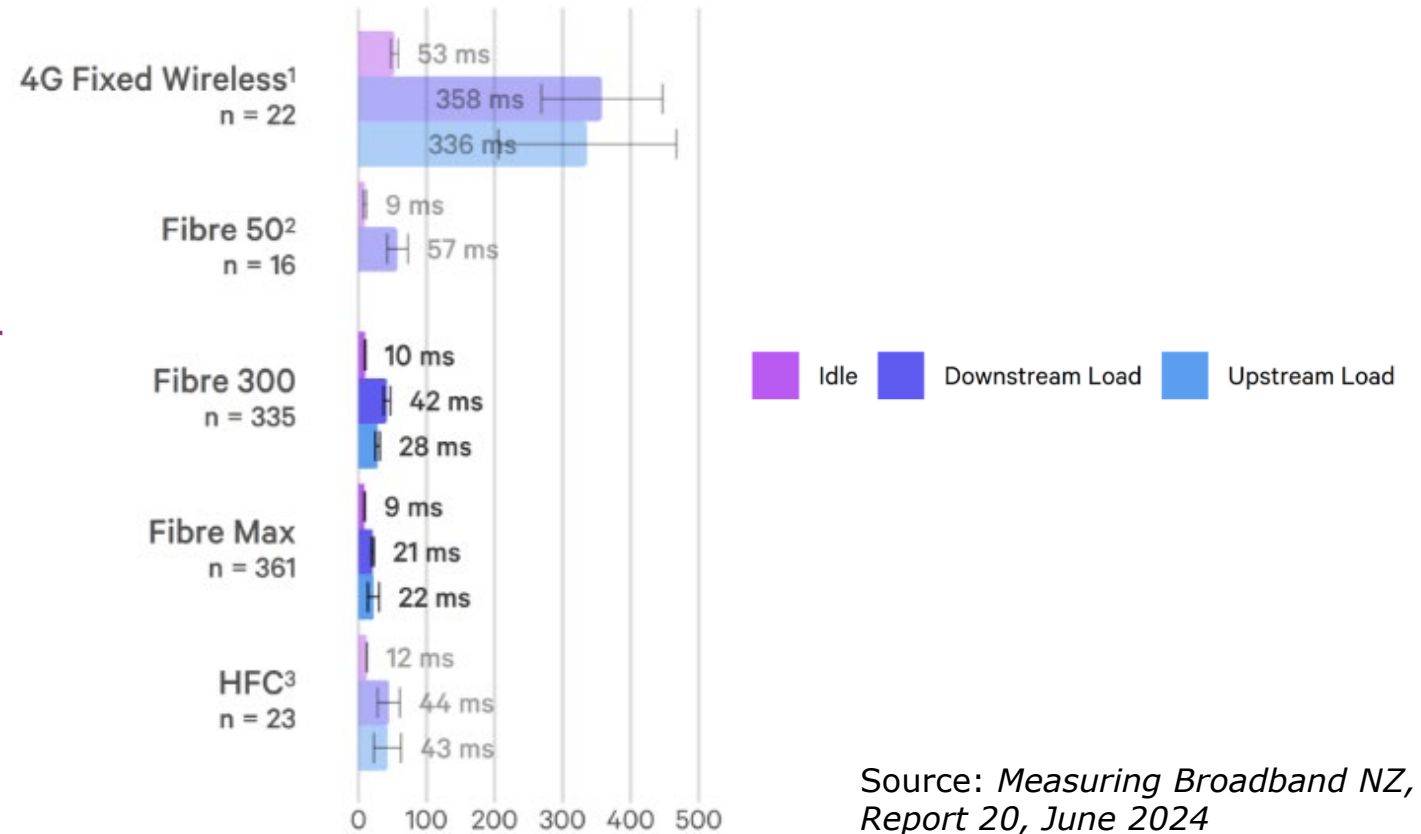
OECD – Broadband Networks of the Future, July 2022

MBNZ report shows reliability and consistency of fibre

Disconnection rate (per day)

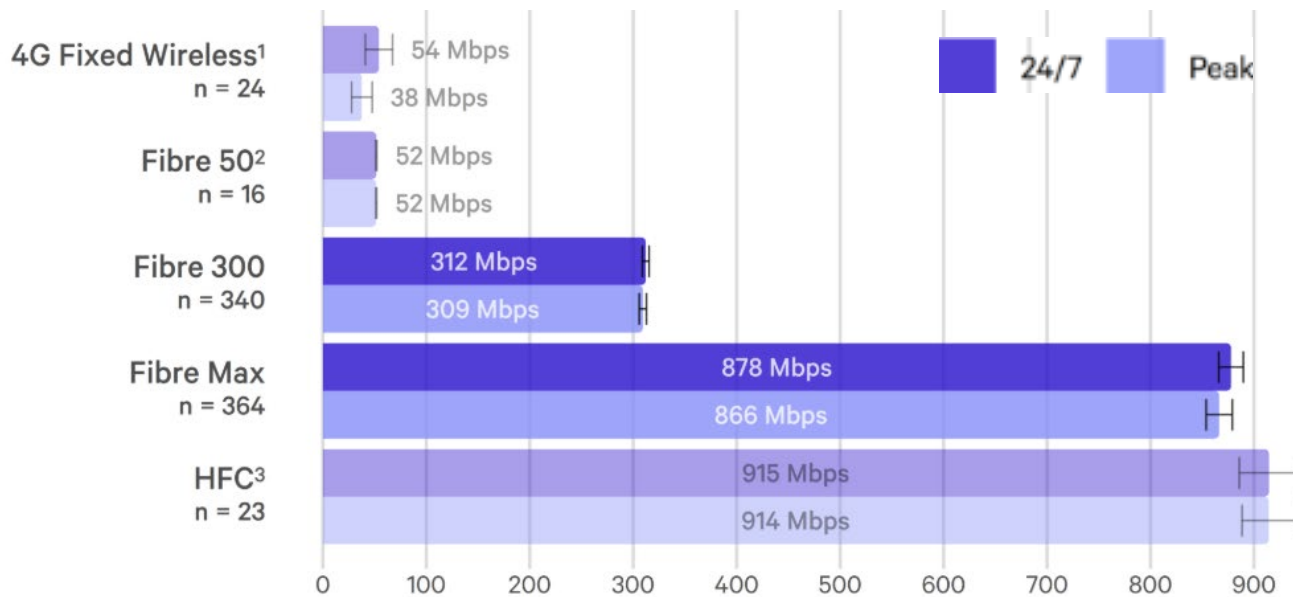


Average latency under load (milliseconds)



Source: *Measuring Broadband NZ, Report 20, June 2024*

Average Download Speed (Mbps)



Average Upload Speed (Mbps)



Source: *Measuring Broadband NZ, Report 20, June 2024*