Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington
New Zealand

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

17 October 2023

Q1 FY24 Connections Update

Chorus today released its connections update for the Q1 period to 30 September. The results show steady growth in fibre connections, up 19,000 to 1,051,000.[1]

The entry level 50Mbps Home Fibre Starter service grew strongly, up 7,000 connections in the quarter following mainstream advertising campaigns by larger retailers. The 50Mbps service now comprises 2% of Chorus' residential fibre connections. Demand for 1Gbps and Hyperfibre services remains strong and made up 36% of net adds in the quarter.

Fibre growth more than offset ongoing reductions in copper broadband connections and total broadband connections increased by 1,000 to 1,191,000[2]. Copper voice lines reduced by 8,000 in the quarter and this drove an overall reduction in fixed line connections to 1,266,000[3], down from 1,271,000 connections in June.

Chorus' copper withdrawal programme continues to gain momentum in those areas where fibre is available. Copper services have now ceased for about 29,000 notified connections, up 7,000 in the quarter, and more than 660 copper broadband cabinets have now been closed. Outside of fibre areas, the ongoing migration of consumers to alternative wireless and satellite networks saw copper connections reduce by 6,000 connections to 106,000.

Fibre uptake – updated footprint

Chorus has updated its fibre uptake reporting to better reflect new housing growth beyond the original UFB footprint and align it more closely with the regulatory regime for fibre services. Fibre uptake is now reported based on all current addresses, excluding those in other local fibre company (LFC) areas, that have been passed by Chorus fibre. Prior uptake reporting was linked to a smaller footprint defined by the ultra-fast broadband (UFB) rollout contract requirements with government and this rollout finished in December 2022.

Chorus' updated measurement means Chorus' wider fibre footprint, excluding LFC areas, was about 1,486,000 addresses as at 30 September. Fibre uptake grew by 0.8% to 70.2% in the quarter based on connections of 1,043,000. The number of addresses

[1] This total now includes ~1,000 partly subsidised fibre connections for students.
[2] This total now includes ~1,000 partly subsidised fibre and ~1,000 partly subsidised copper broadband connections for students.
[3] This total now includes ~1,000 partly subsidised fibre and ~1,000 partly subsidised copper broadband connections for students.

connected to fibre in this footprint grew by about 18,000, while the number of addresses that had fibre available at the boundary grew by 9,000. There were 252,000 addresses passed by fibre that did not yet have fibre installed into the address.

Chorus has also updated its fibre uptake measure for cities to include all current addresses that have fibre available within the "urban area", as defined by Statistics NZ. This new measure better reflects housing growth and the expansion of Chorus' fibre network beyond the original UFB rollout area in major cities. The inclusion of recent address growth and the larger urban footprint saw fibre uptake in the Auckland area increase 0.4% to 76.3% in the quarter to 30 September. Uptake in Dunedin and Wellington was 76.1% and 70.5% respectively.

Broadband performance

Monthly data usage on fibre was flat at 585 gigabytes (GB) in September compared to June. Consumers on 50Mbps plans averaged about 260GB of data in September, compared to 480GB for those on 300Mbps plans and 940GB for those on 1Gbps plans.

The Commerce Commission's recent Measuring Broadband New Zealand Winter Report continues to highlight the leading reliability and capability of fibre relative to alternative technologies such as satellite and fixed wireless. While some of these services can achieve broadband speeds on a par with lower-speed fibre plans, none are fibre-like when essential characteristics such as stability and latency are measured.

Authorised by:
Mark Aue
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
Mobile: +64 (27) 488 7808
Email: Brett.Jackson@chorus.co.nz

Q1 FY24 Connections Update

Q1 FY24 overview

> **Fibre connections (including non-address points and LFC areas) increased 19k (Q4 FY23: +19k) and now total 1,051,000***

> **Chorus' fibre footprint now covers 1,486,000 addresses (excluding LFC areas)**
- fibre passed another 9,000 addresses in Q1
- overall fibre uptake grew 0.8% to 70.2% in Q1 (Q4 FY23: +0.9%)
- Auckland +0.4%; Wellington +0.6%; Dunedin +0.4%

> **Broadband connections increased 1k and now total to 1,191,000***
- ~18k fibre broadband connections were added in Chorus fibre areas
- 1Gbps and Hyperfibre connections were 36% of net mass market fibre adds in Q1 (Q4 FY23: 44%)
- Home Fibre Starter (50Mbps) connections grew 7k to 23k

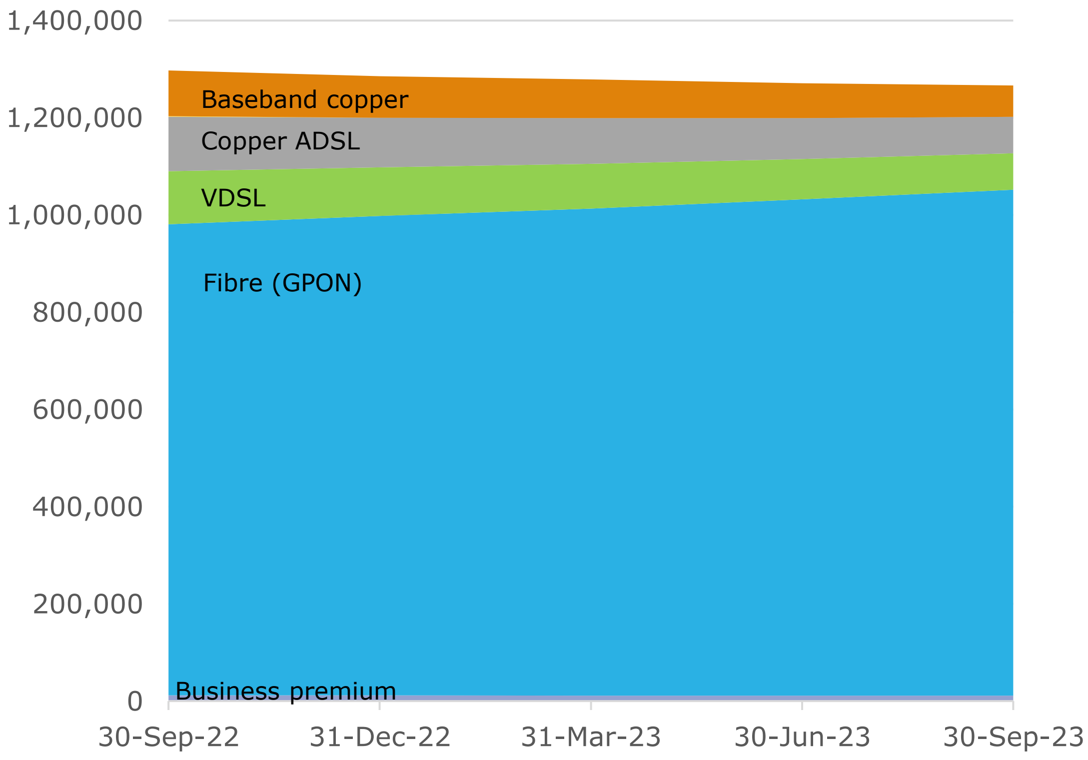
> **Total fixed line connections declined by 7k (Q4 FY23: -8k) and now total 1,266,000***
- copper broadband and voice connections declined by 25k (Q4 FY23: -27k)
- voice only disconnections were -8k (Q4 FY23: -8k)
- copper withdrawal: 663 copper broadband cabinets no longer have active customers (Q4 FY23: 544 cabinets)

> **Average monthly data usage on fibre was flat at 585GB in September vs June**
- 1Gbps consumers average 940GB vs 480GB for 300Mbps consumers

*FY24 totals now include ~1,000 fibre and ~1,000 copper DSL broadband connections Chorus is partly subsidising for student households

Fibre comprises 83% of Chorus connections

	30 Sept 2022	31 Dec 2022	31 March 2023	30 June 2023	30 Sept 2023
Unbundled copper (no broadband)	1,000	not material	not material	not material	not material
Baseband copper (no broadband)	94,000	85,000	80,000	72,000	64,000
Copper ADSL (includes naked)	112,000	102,000	94,000	84,000	75,000
VDSL (includes naked)	109,000	100,000	92,000	83,000	75,000
Fibre broadband (GPON)	969,000	986,000	1,002,000	1,021,000	1,041,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000
Fibre premium (P2P)	11,000	11,000	10,000	10,000	10,000
Total connections	1,297,000	1,285,000	1,279,000	1,271,000	1,266,000*

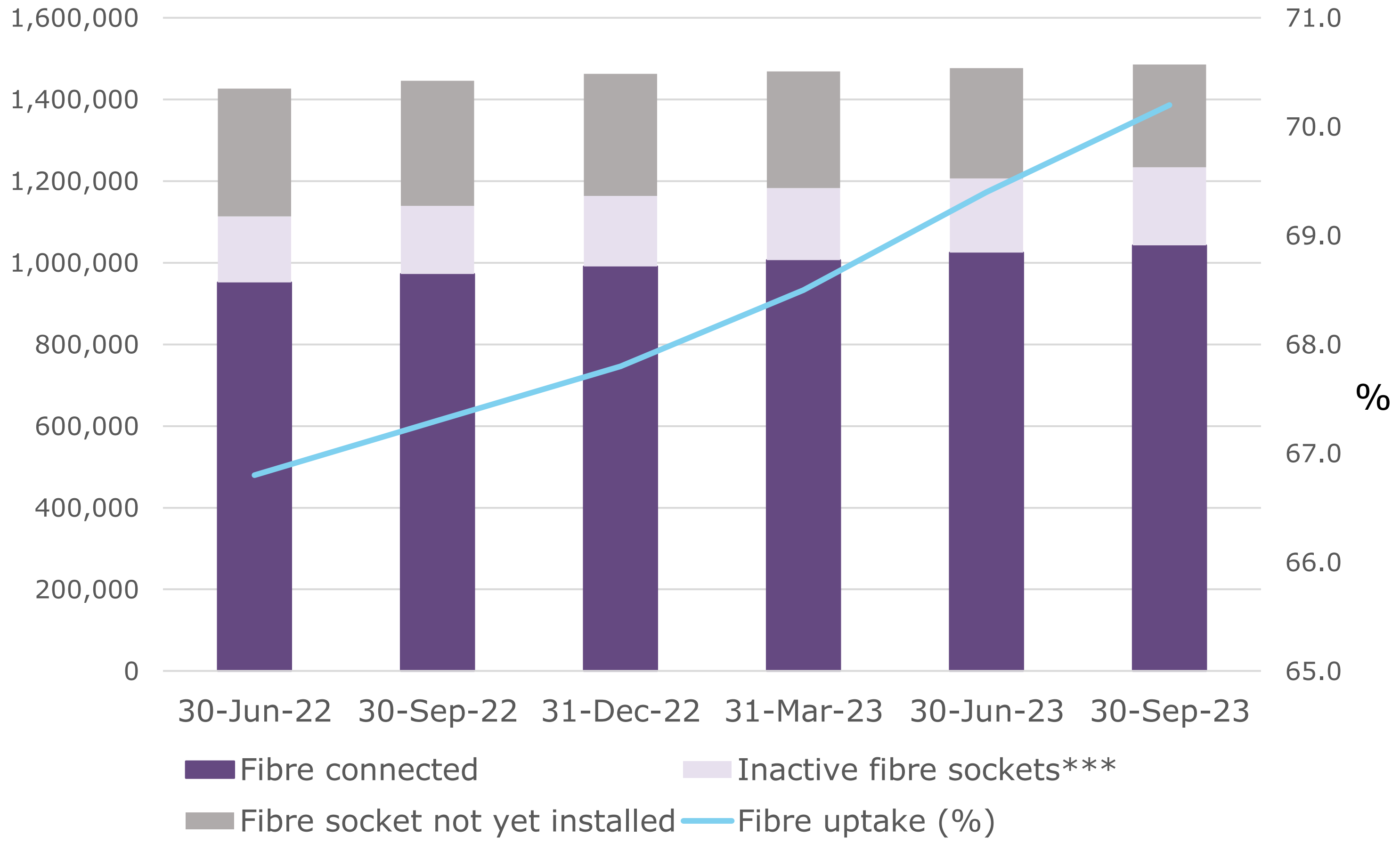


> **1,191,000* broadband connections comprises:**
- 1,041,000 fibre (GPON) connections
- 150,000 VDSL/ADSL (copper) connections

* Now includes 1k DSL and 1k GPON partly subsidised education connections that were previously excluded from broadband totals

Fibre available to 1.48m addresses; 70% uptake

- **70.2% fibre uptake across 1,486,000 passed addresses***
  - uptake +0.8% in Q1
  - **1,043,000** active fibre connections** (+18k in Q1)
  - +9,000 addresses passed in Q1
- **1,234,000 fibre installed addresses**
  - **27,000** installations completed in Q1
  - **252,000** addresses passed by fibre, but fibre socket not yet installed

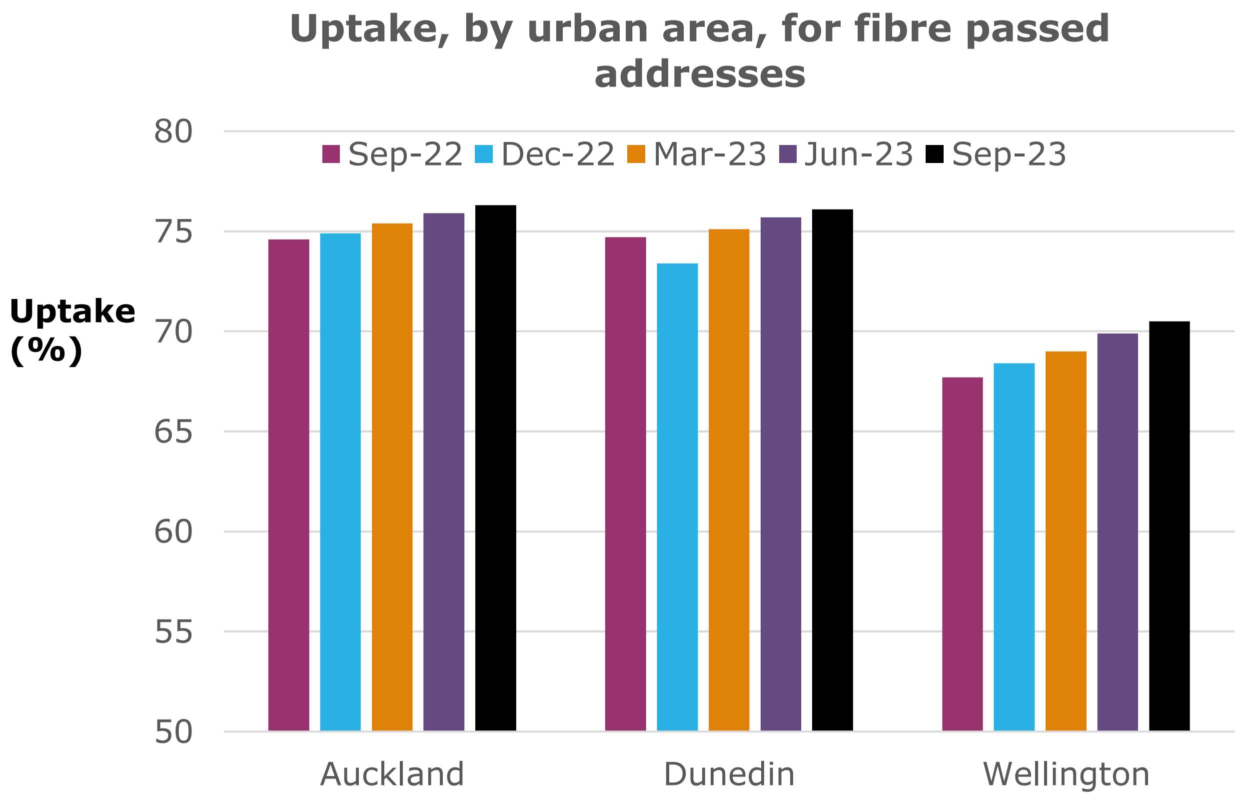


*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in LFC areas
** includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas
*** not active on 30 September 2023

Uptake by city

> **Uptake now measured across wider "urban area" as defined by Statistics NZ, rather than original UFB rollout area**

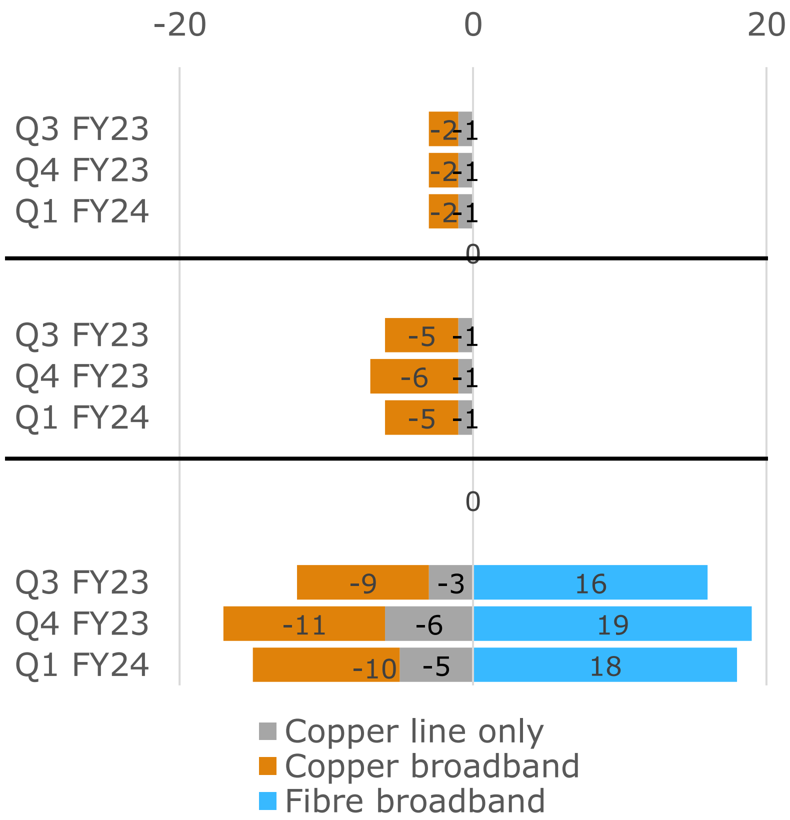
- **Auckland** achieved 76.3% uptake; up 0.4% in Q1 despite ongoing address growth
- **Dunedin** grew 0.4% to 76.1%
- **Wellington** grew 0.6% to 70.5%



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

Other fibre company (LFC) zone	Copper lines (no broadband)	12,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	17,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	**32,000**	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	21,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	85,000	
	TOTAL	**106,000**	
Chorus fibre zone	Copper lines (no broadband)	31,000	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	48,000	
	Fibre broadband lines (GPON)	1,036,000	
	TOTAL	**1,115,000**	

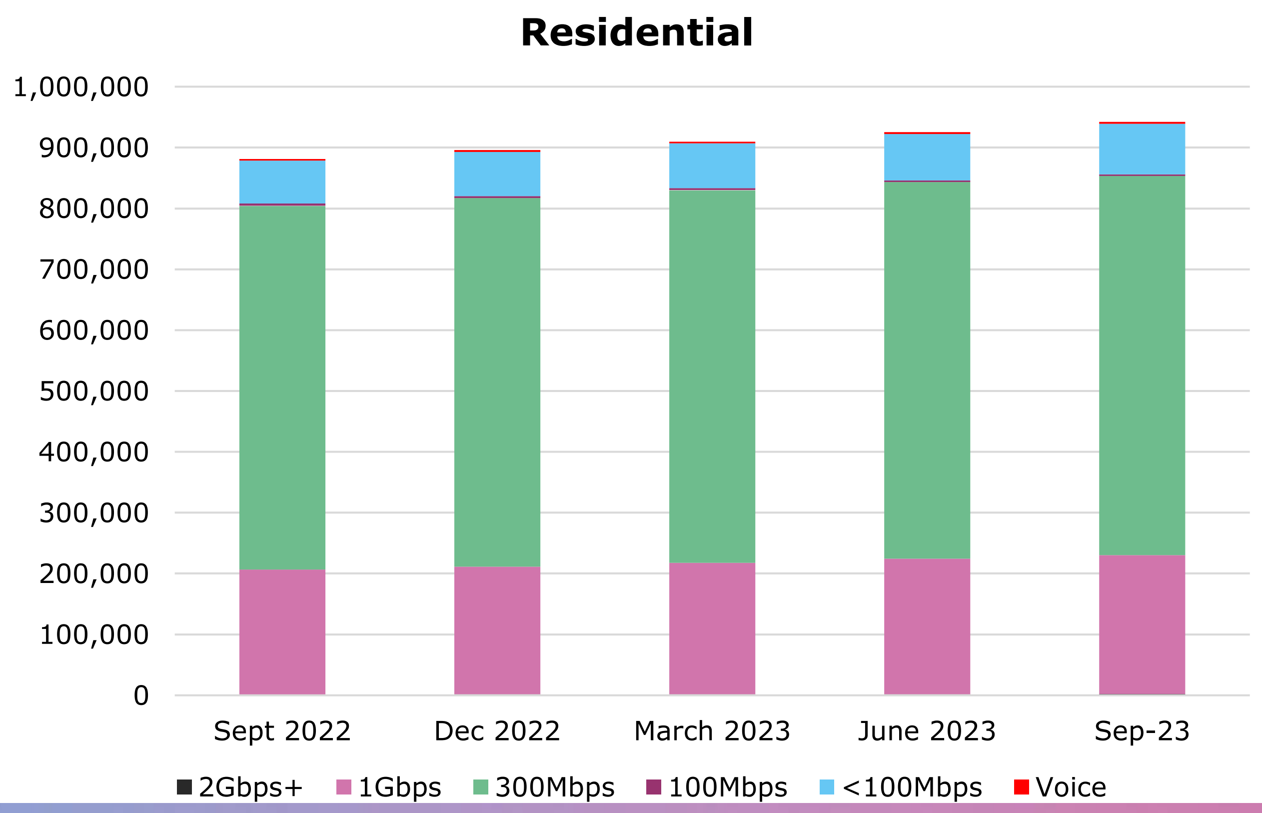
Quarterly change ('000s) by zone

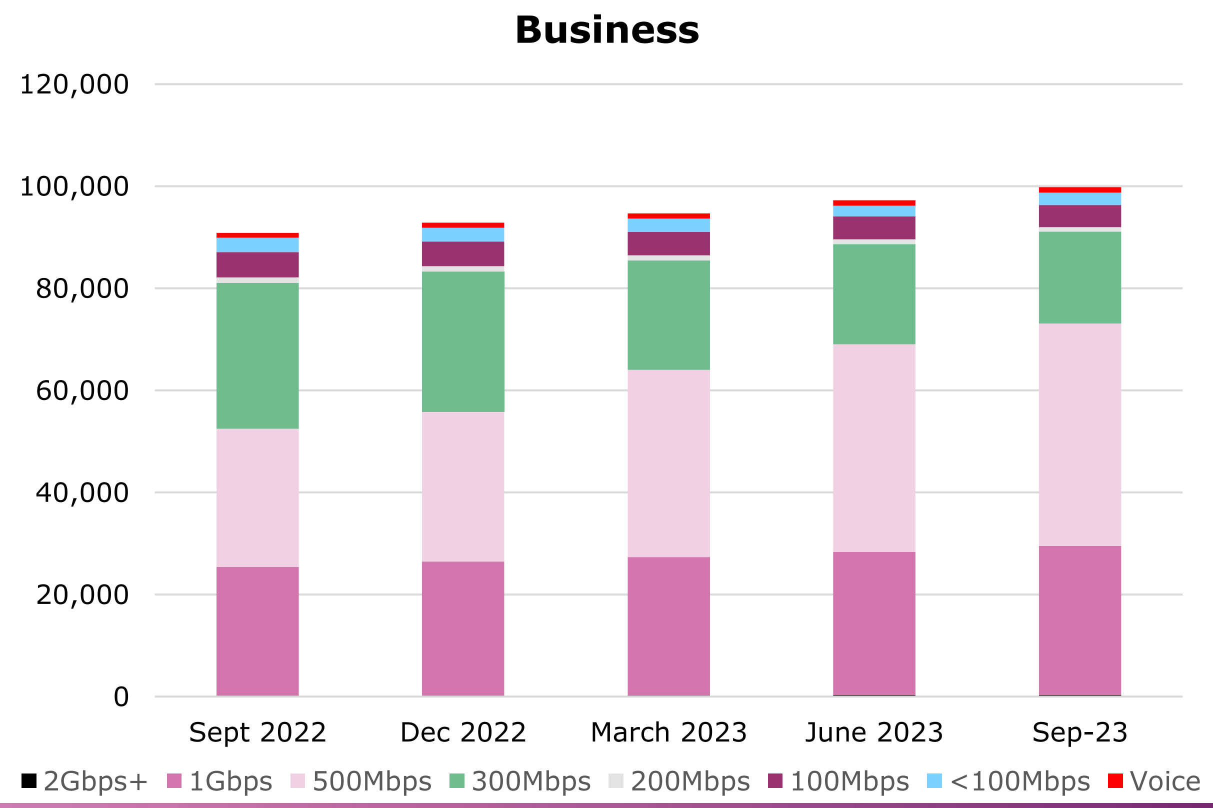


* Excludes ~13k fibre premium and data services (copper) and smart location connections

Mass market fibre connections

- Home Fibre Starter (50Mbps) connections grew from 16k to 23k
- 1Gbps and Hyperfibre connections were 36% of net mass market fibre adds (Q4 FY23:44%)
- 91% of connections are on 300Mbps or more

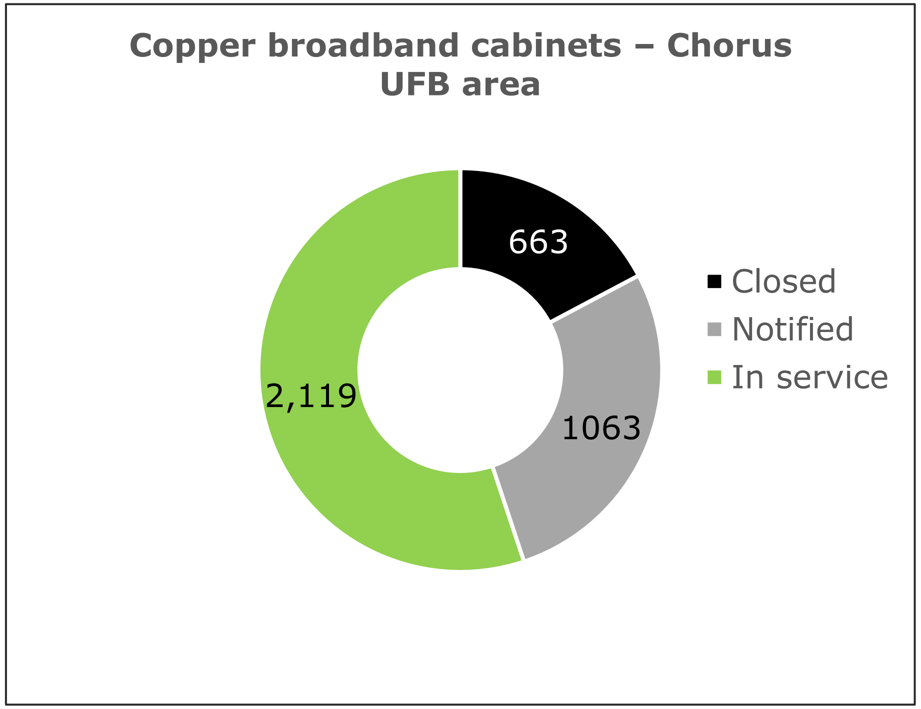




Copper withdrawal programme

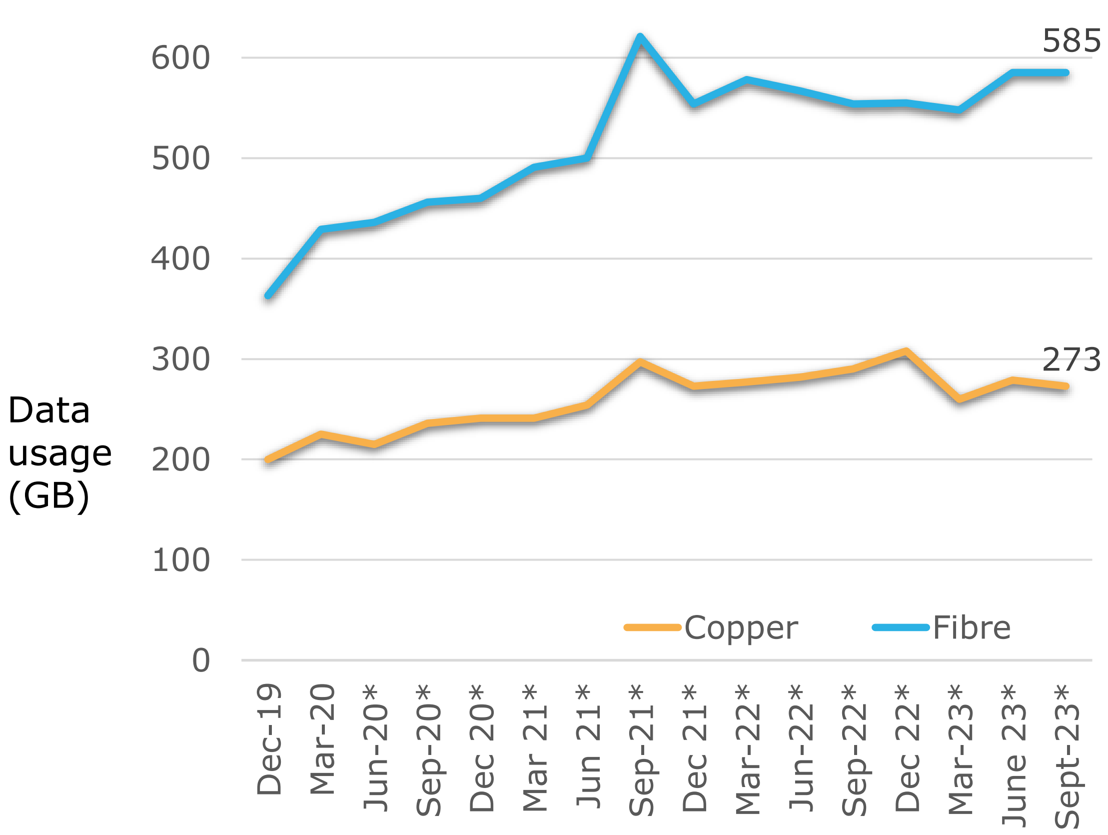
- **~34,000 initial withdrawal notifications issued (cumulative)**
  - copper service ceased for ~29,000 notified connections
  - 663 copper broadband cabinets now closed (Q4 FY23: 544)
  - broadband retention rate of 83% across closed cabinets (Q4:88%)

- **managed migration initiatives: activation of installed fibre sockets (ONTs)**
  - ~8k sockets activated in Q1 (Q4 FY23: ~8k)
  - 54% of activations were offnet addresses (Q4 FY23: 52%)



Monthly average data usage on fibre 585 gigabytes

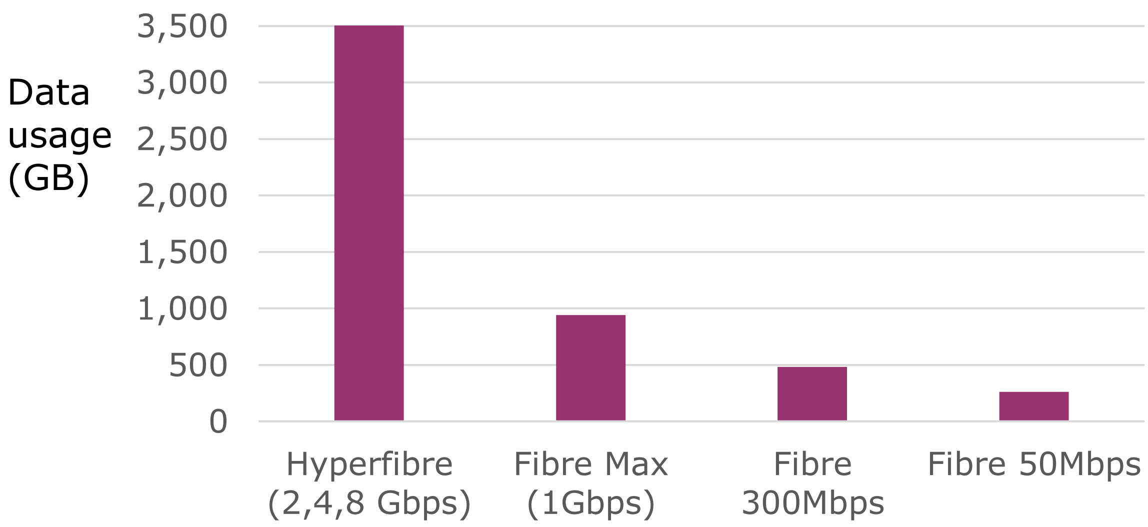
Monthly average data usage per connection*



* includes upstream traffic from June 2020 onwards

> monthly average data usage on fibre was flat at 585GB in Sept vs June
> copper usage reduced slightly from 279GB (June) to 273GB (Sept)
> consumers on fast fibre plans use, on average, significantly more data than those on lower speed plans

Average monthly data usage by plan (September)



Commerce Commission: *Measuring Broadband - NZ, Winter Report, Sept 2023*

Figure 1:

Plan	% that can Reliably Stream HD & UHD Videos from Netflix				
4G Fixed Wireless All Areas, n = 87	UHD 77%	UHD 60%	39%	30%	1-2 simultaneous UHD video streams
	HD 100%	HD 97%	HD 93%	HD 84%	4+ simultaneous HD video streams
ADSL Non-Fibre Areas, n = 44	27%	0%	0%	0%	0 simultaneous UHD video streams
	HD 93%	HD 66%	HD 55%	41%	2-3 simultaneous HD video streams
VDSL Non-Fibre Areas, n = 37	UHD 92%	UHD 54%	32%	22%	1-2 simultaneous UHD video streams
	HD 100%	HD 100%	HD 97%	HD 92%	4+ simultaneous HD video streams
4G Fixed Wireless Non-Fibre Areas, n = 66	UHD 74%	UHD 55%	38%	30%	1-2 simultaneous UHD video streams
	HD 100%	HD 97%	HD 92%	HD 83%	4+ simultaneous HD video streams
LEO Satellite Non-Fibre Areas, n = 80	UHD 100%	UHD 100%	UHD 99%	UHD 98%	4+ simultaneous UHD video streams
Fibre 300 Fibre Areas, n = 305	UHD 100%	UHD 100%	UHD 100%	UHD 100%	4+ simultaneous UHD video streams
Fibre Max Fibre Areas, n = 336	UHD 100%	UHD 100%	UHD 100%	UHD 99%	4+ simultaneous UHD video streams
HFC Max Fibre Areas, n = 22	UHD 100%	UHD 100%	UHD 100%	UHD 100%	4+ simultaneous UHD video streams

Figure 8: Highest Quality that can be streamed over YouTube by Plan

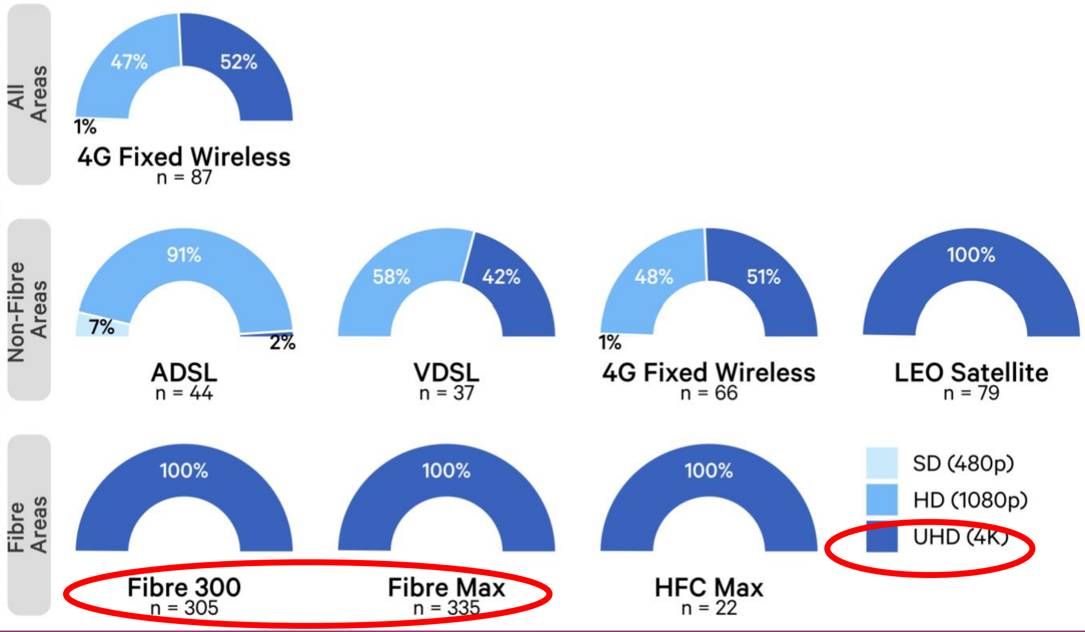
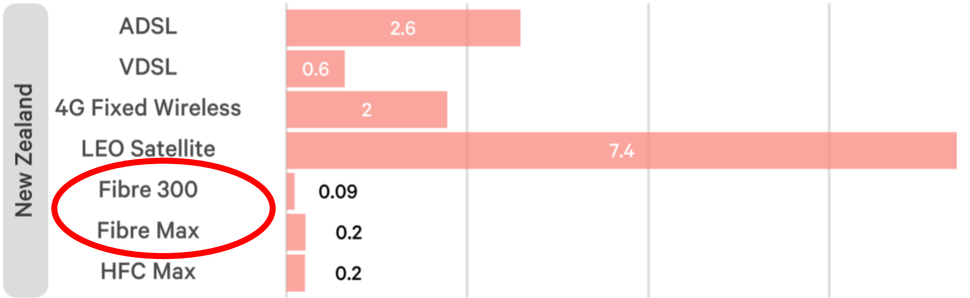


Figure 9: Median Daily Disconnection Rates. Lower is Better.

Medians of household daily rates. A disconnection means that two or more packets in a row don't complete a full round trip. Testing only covers periods where the line is idle.



Measuring Broadband - NZ, Winter Report, Sept 2023

Figure 10: Average Download Speeds by Plan

Average of monthly household weighted averages. Peak hours are Monday - Friday, 7pm - 11pm. The number of Whiteboxes contributing to each result is shown under each plan name (eg n = 87). Error bars show 95% confidence intervals of the mean.

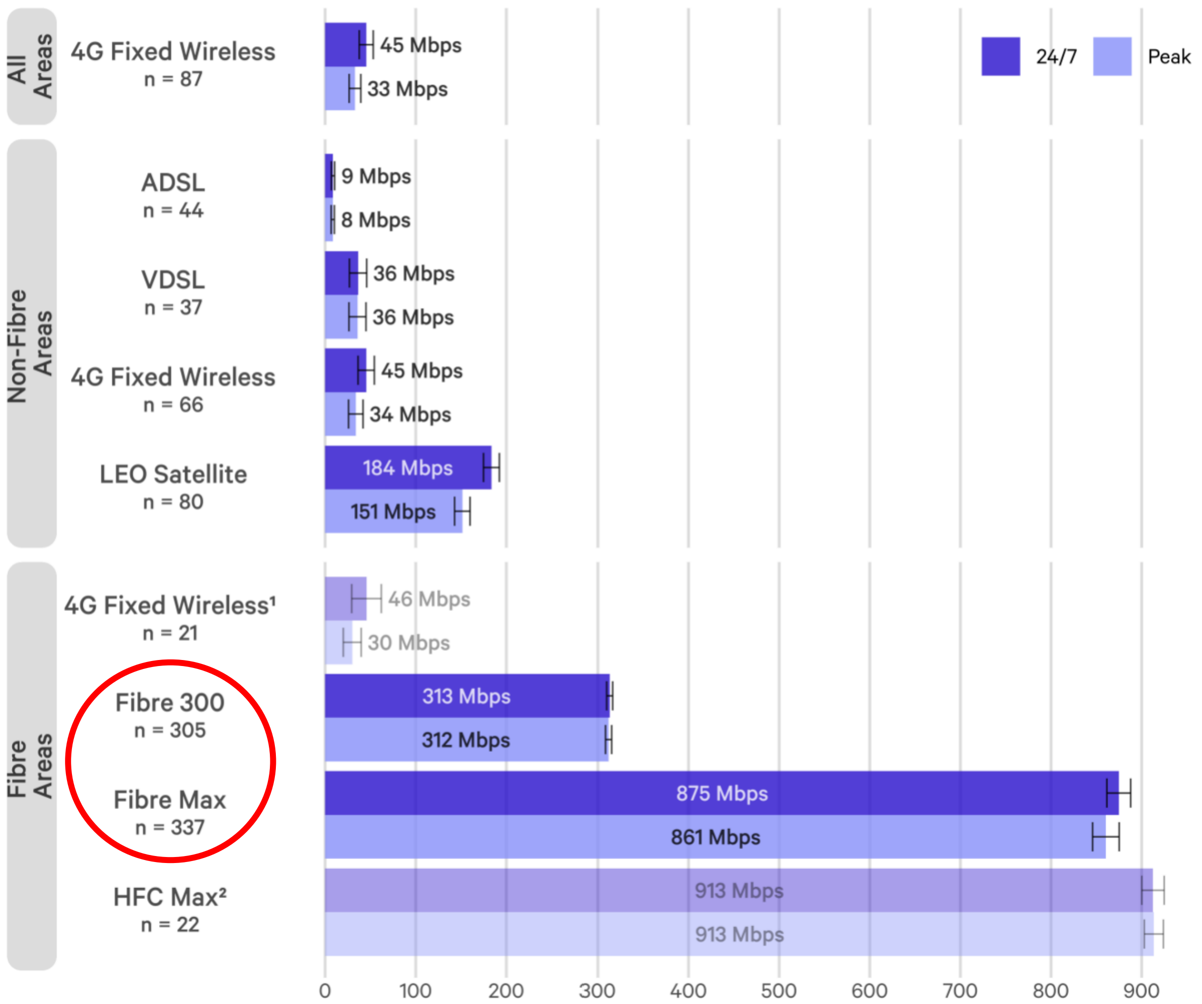


Figure 16: Average Latency Under Load to Test Servers by Plan. Lower is Better.

Averages of monthly household averages.The number of Whiteboxes contributing to each result is shown under each plan name (eg n = 21).