

STOCK EXCHANGE ANNOUNCEMENT

25 January 2024

Q2 FY24 Connections Update

Chorus today released its connections update for the Q2 period to 31 December. The results show continued growth in fibre connections, up 11,000 to 1,062,000¹, with demand in some areas affected by student holidays during the quarter.

The entry level 50Mbps Home Fibre Starter service continued to grow strongly and was up another 7,000 connections in the quarter to 30,000. Residential plans for speeds of 1Gbps and above grew by 4,000 connections and make up 25% of plans.

Fibre broadband connections grew by 11,000 in areas where Chorus had fibre available, more than offsetting copper broadband reductions in that footprint. However, total broadband connections decreased by 3,000 to 1,188,000² largely due to copper broadband reductions in areas beyond Chorus' fibre footprint.

Copper voice lines reduced by 7,000 in the quarter and this drove most of the reduction in fixed line connections to 1,256,000³, down from 1,266,000 connections in September. Total copper connections reduced by 21,000 in the quarter, compared to a 25,000 connection decline in the prior quarter.

Record peak time data usage

Average monthly data usage on fibre grew from 585GB in September to 599GB in December, close to record usage levels previously achieved during COVID lockdowns in late 2021. The proportion of broadband connections using more than 1 terabyte of data grew from 15% to 16% in the quarter.

A new peak time throughput record of 5.3 terabits per second was set in December, coinciding with a *Fortnite* gaming update.

Fibre uptake

Fibre uptake grew by 0.4% to 70.6% in the quarter compared to 0.5% in the same December quarter a year ago. Fibre uptake is reported based on all current addresses,

¹ This total includes ~1,000 partly subsidised fibre connections for students.

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

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

excluding those in other local fibre company (LFC) areas, that have been passed by Chorus fibre.

Chorus' fibre footprint, excluding LFC areas, was about 1,493,000 addresses as at 31 December, an increase of 7,000 addresses in the quarter. There were 1,054,000 connections across this footprint. There were 238,000 addresses passed by fibre that did not yet have fibre installed into the address, down from 252,000 at the last quarter.

Uptake in Dunedin decreased 1.3% to 74.8% reflecting the annual effect of seasonal student demand in the city. Fibre uptake in the Auckland urban area increased 0.1% to 76.4% while Wellington's uptake reduced 0.1% to 70.4% as footprint growth outweighed connection growth in the quarter.

Chorus' copper withdrawal programme continues to drive fibre connection growth, although this contribution is expected to reduce as the pool of remaining copper connections shrinks. Just 67,000 copper connections remain in areas where Chorus has fibre available and a further 25,000 copper connections are in other local fibre company areas. Copper services have now ceased for about 36,000 notified connections, up 7,000 in the quarter, and more than 820 copper broadband cabinets have been closed.

This leaves about 101,000 copper connections in areas where fibre is not available. That number was down 5,000 in the quarter as consumers migrated to alternative wireless and satellite networks.

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Q2 FY24 Connections Update

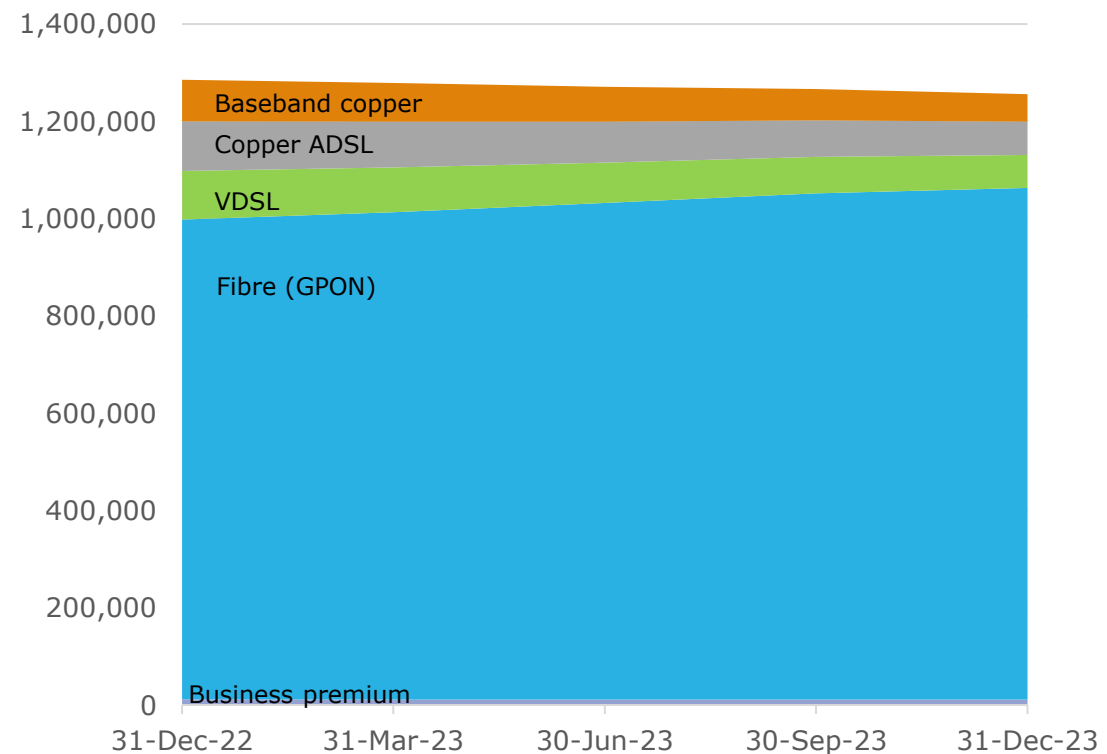
Q2 FY24 overview

- > **Fibre connections (including non-address points and LFC areas) increased 11k (Q1 FY24: +19k) and now total 1,062,000***
- > **Chorus' fibre footprint now covers 1,493,000 addresses (excluding LFC areas)**
 - fibre passed another 7,000 addresses in Q2 (Q1: +9k)
 - overall fibre uptake grew 0.4% to 70.6% in Q2 (Q1: +0.8%) despite demand in some areas affected by student holidays
 - Auckland +0.1%; Wellington -0.1%; Dunedin -1.3%
- > **Broadband connections reduced 3k and now total 1,188,000***
 - ~11k fibre broadband connections were added in Chorus fibre areas, outpacing copper broadband disconnects by +3k
 - Home Fibre Starter (50Mbps) connections grew 7k to 30k
 - 1Gbps and Hyperfibre (2Gbps+) connections grew by 4k to 234k and make up 25% of residential plans
- > **Total fixed line connections declined by 10k (Q1: -7k) and now total 1,256,000***
 - copper broadband and voice connections declined by 21k (Q1: -25k)
 - voice only disconnections were -7k (Q1: -8k)
 - copper withdrawal: 826 copper broadband cabinets no longer have active customers (Q1: 663 cabinets)
- > **Average monthly data usage on fibre grew to 599GB from 585GB in September**
 - the proportion of terabyte super users (i.e. consuming 1,000GB+ a month) grew to 16%
 - a new record for peak time throughput of 5.3Tbps was achieved in December

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

Fibre comprises 85% of Chorus connections

	31 Dec 2022	31 March 2023	30 June 2023	30 Sept 2023	31 Dec 2023
Unbundled copper (no broadband)	not material	not material	not material	not material	not material
Baseband copper (no broadband)	85,000	80,000	72,000	64,000	57,000
Copper ADSL (includes naked)	102,000	94,000	84,000	75,000	68,000
VDSL (includes naked)	100,000	92,000	83,000	75,000	68,000
Fibre broadband (GPON)	986,000	1,002,000	1,021,000	1,041,000	1,052,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000
Fibre premium (P2P)	11,000	10,000	10,000	10,000	10,000
Total connections	1,285,000	1,279,000	1,271,000	1,266,000*	1,256,000*



> **1,188,000* broadband connections comprises:**

- 1,052,000 fibre (GPON) connections
- 136,000 VDSL/ADSL (copper) connections

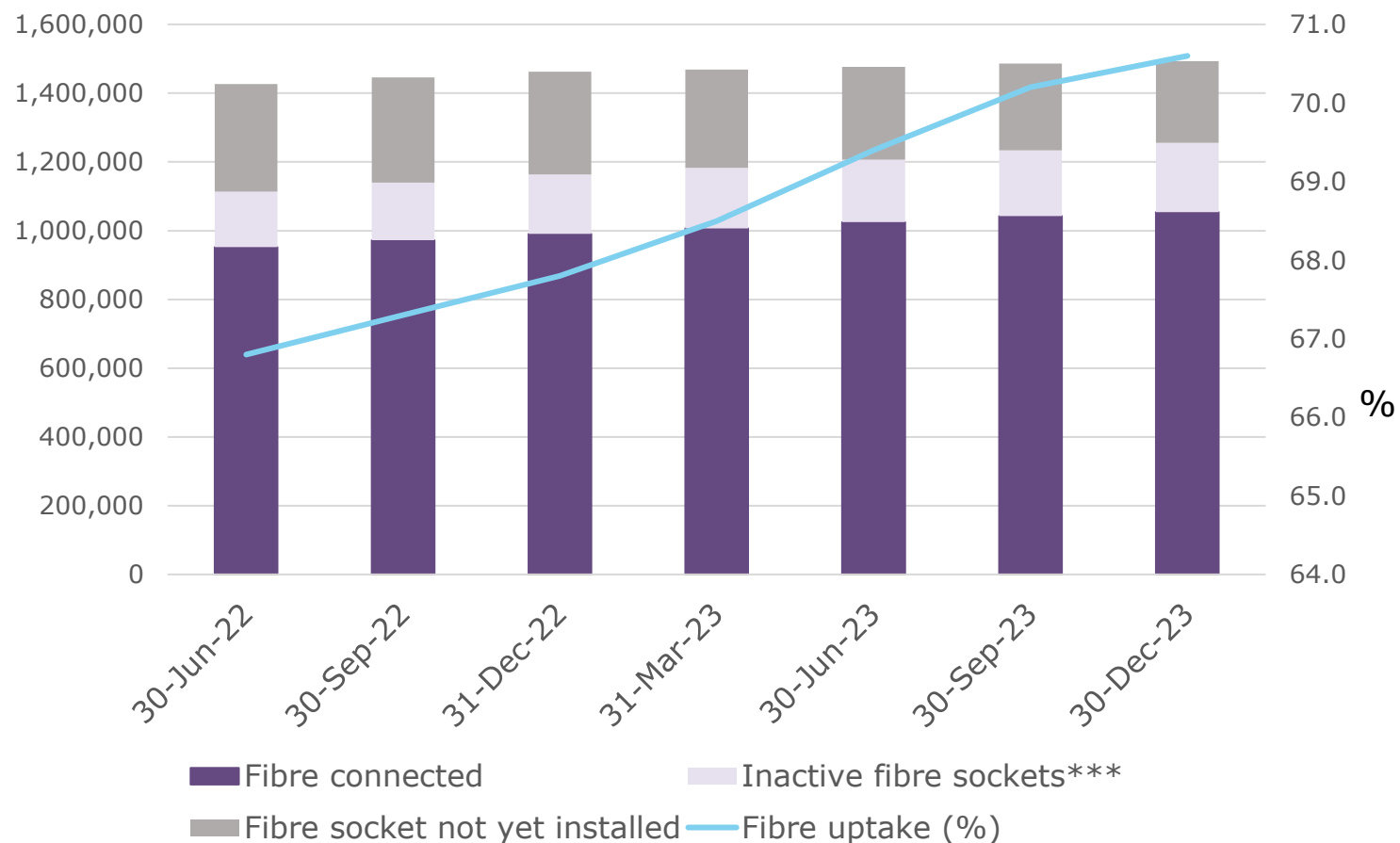
* Includes 1k DSL and 1k GPON partly subsidised education connections that were previously excluded from broadband totals

> **CPI increase of 5.65% applied to copper baseband and copper broadband services from mid-December**

Fibre available to 1.49m addresses; 70.6% uptake

- **70.6% fibre uptake across 1,493,000 passed addresses***
 - uptake +0.4% in Q2
 - **1,054,000** active fibre connections** (+11k in Q2)
 - +7,000 addresses passed in Q2

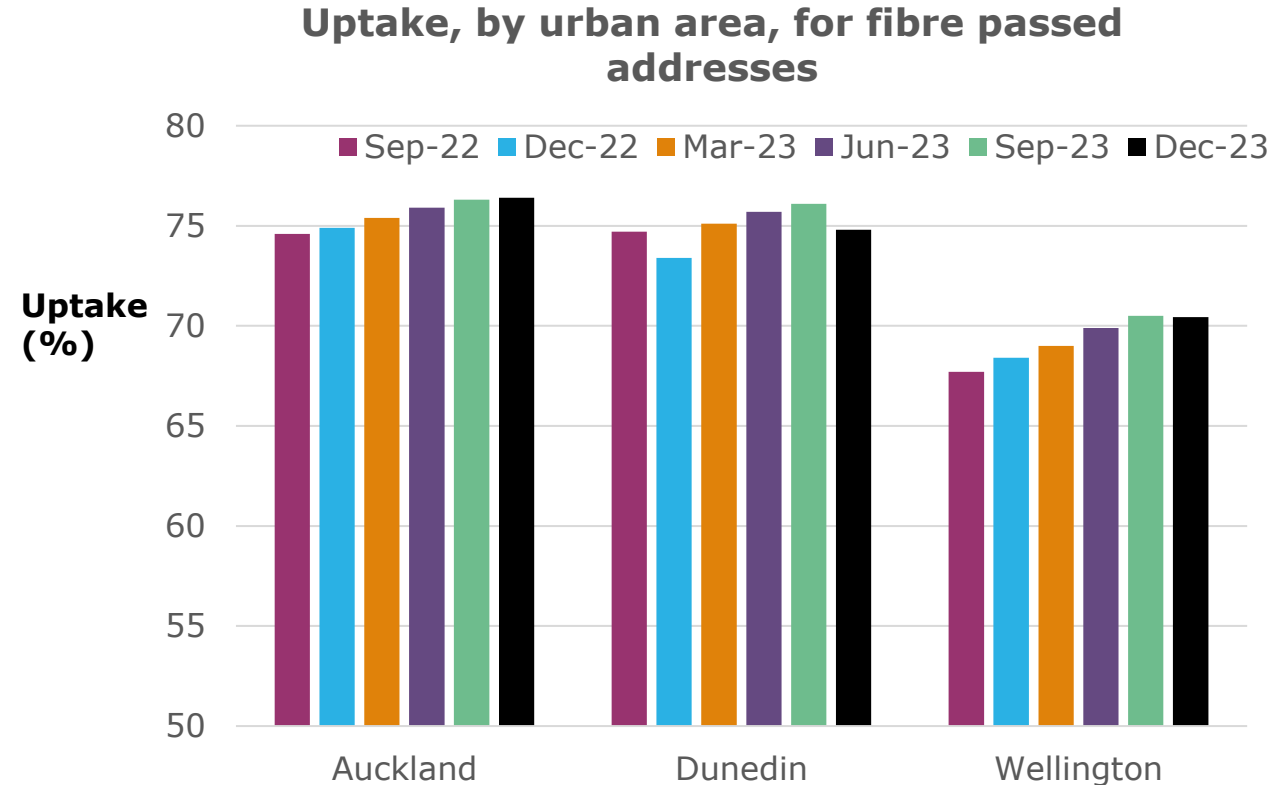
- **1,256,000 fibre installed addresses**
 - **~23,000** installations in Q2 (Q1: 27k)
 - **238,000** addresses passed by fibre, but fibre socket not yet installed (Q1: 252k)



*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 December 2023

Uptake by city

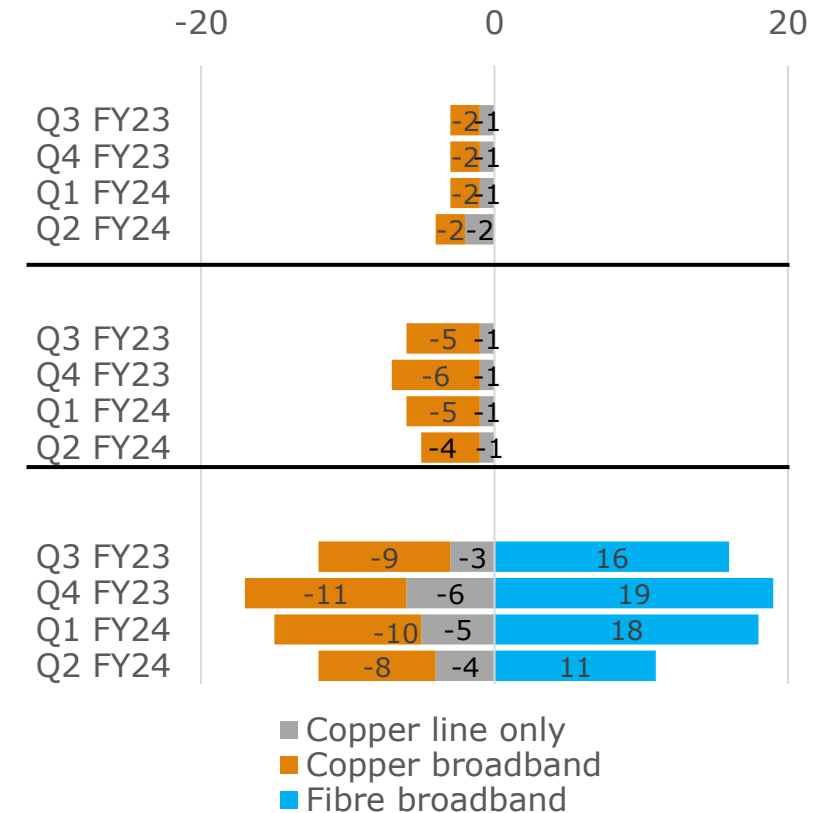
- > **Uptake is measured across “urban areas” as defined by Statistics NZ, rather than original UFB rollout area**
- **Auckland** uptake grew 0.1% to 76.4% in Q2 despite ongoing address growth
 - **Dunedin** uptake decreased 1.3% to 74.8% reflecting student seasonality
 - **Wellington** decreased 0.1% to 70.4% as fibre footprint growth was greater than connection growth



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

Other fibre company (LFC) zone	Copper lines (no broadband)	10,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	15,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	28,000	
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	81,000	
	TOTAL	101,000	
Chorus fibre zone	Copper lines (no broadband)	27,000	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	40,000	
	Fibre broadband lines (GPON)	1,047,000	
	TOTAL	1,114,000	

Quarterly change ('000s) by zone

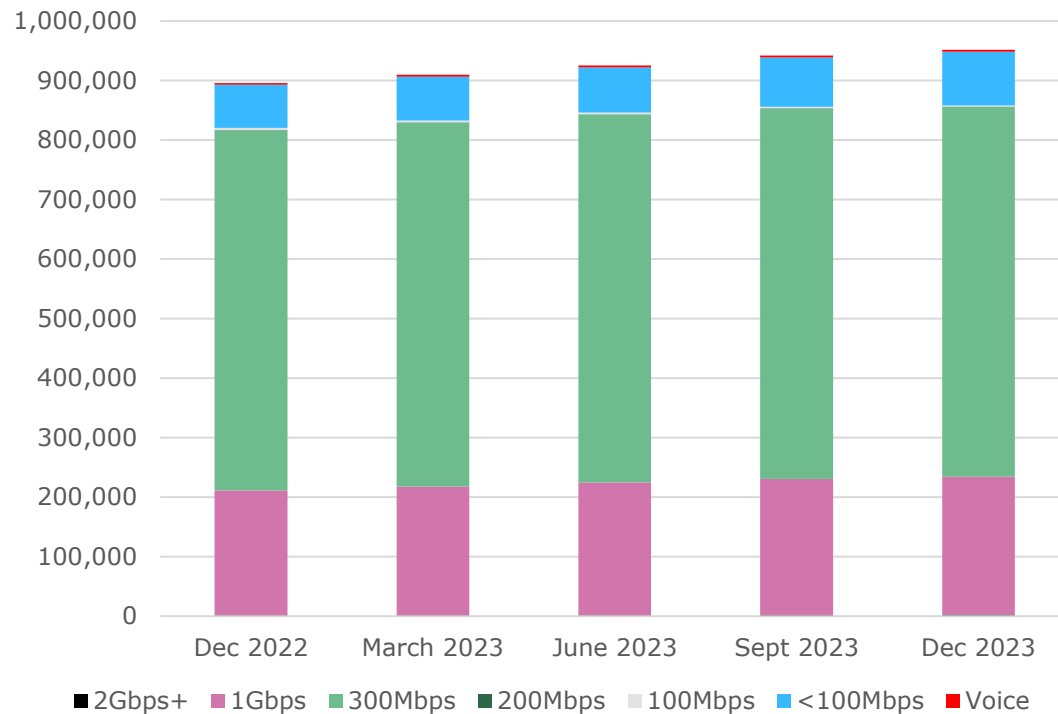


* Excludes ~13k fibre premium and data services (copper) and smart location connections

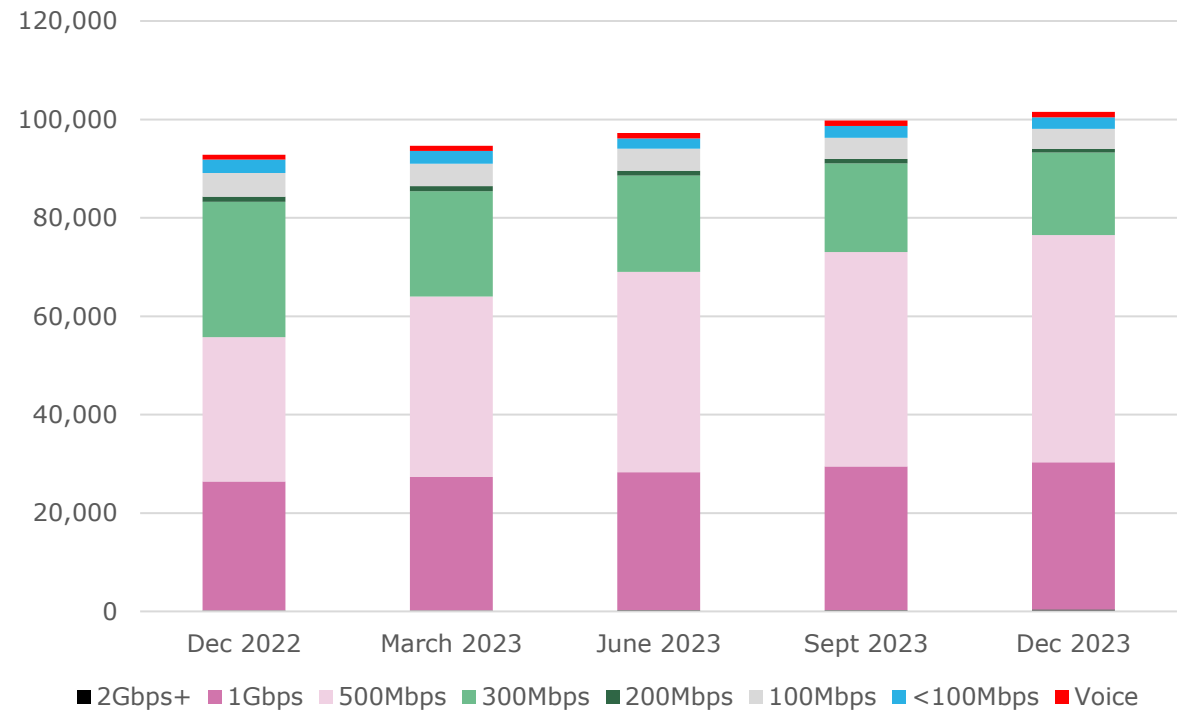
Mass market fibre connections

- > Home Fibre Starter (50Mbps) connections grew by 7k to 30k; plans below 300Mbps are 10% of residential connections
- > 1Gbps and Hyperfibre (2Gbps+) connections grew by 4k to 234k and make up 25% of residential plans
- > 75% of mass market business plans are on 500Mbps or above
- > ~3k Hyperfibre connections with 85% on residential 2Gbps+ plans

Residential

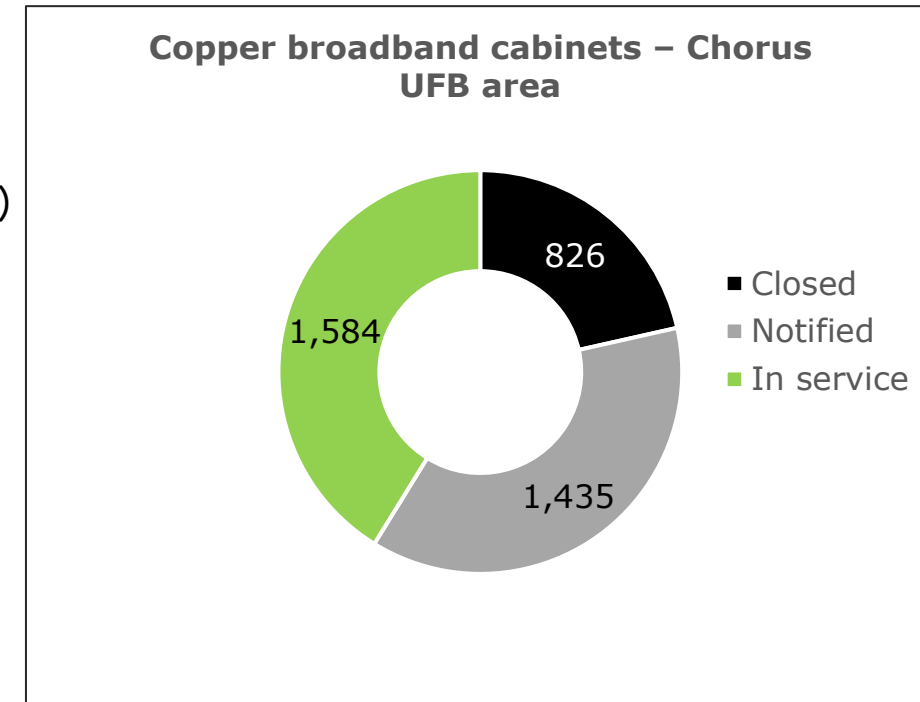


Business



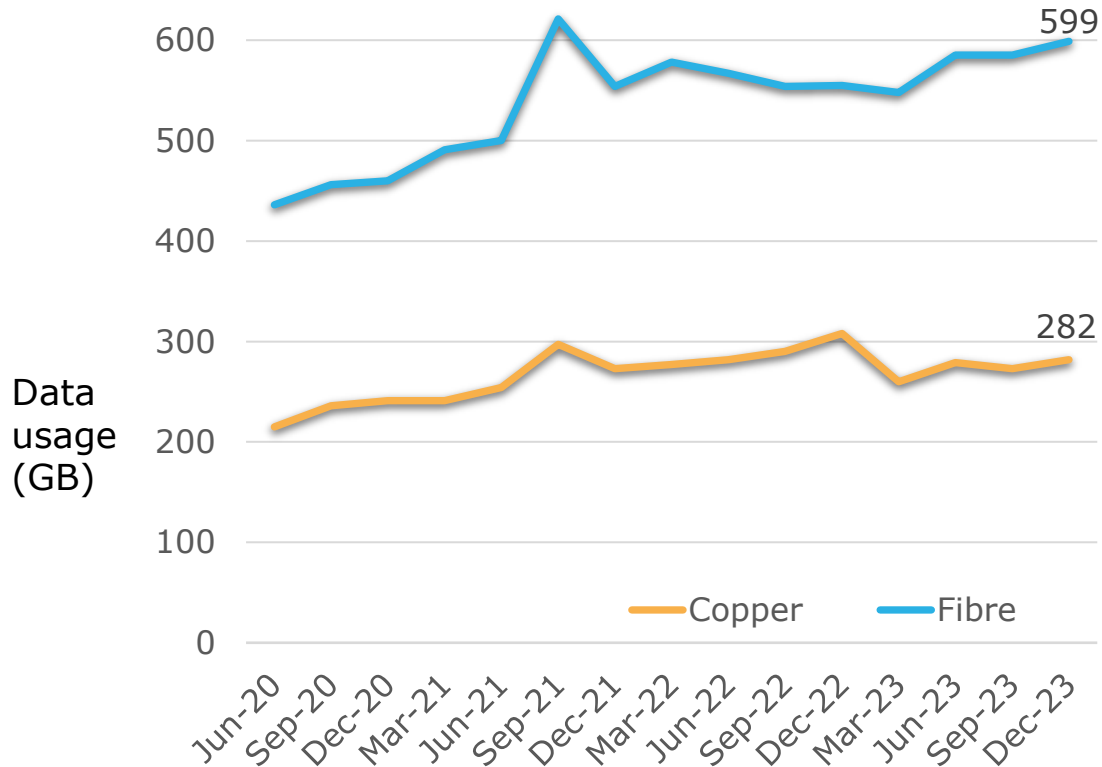
Copper withdrawal programme

- > **~47,000 initial withdrawal notifications issued (cumulative)**
 - copper service ceased for ~36,000 notified connections (Q1:29k)
 - 826 copper broadband cabinets now closed (Q1: 663)
 - broadband retention rate of 82% across closed cabinets (Q1:83%)
- > **managed migration initiatives: activation of installed fibre sockets (ONTs)**
 - ~7k sockets activated in Q2 (Q1: ~8k)
 - 57% of activations were offnet addresses (Q1: 54%)



Monthly average data usage on fibre 599 gigabytes

Monthly average data usage per connection*



- > monthly average data usage on fibre grew from 585GB in September to 599GB in December
- > copper usage increased from 273GB in September to 282GB in December
- > the proportion of broadband connections using more than 1 terabyte of data grew from 15% to 16% in the quarter
- > a new peak time throughput record of 5.3Tbps was set in December, coinciding with a *Fortnite* update

* includes upstream traffic