

STOCK EXCHANGE ANNOUNCEMENT**16 December 2021****Commerce Commission makes final decisions for new fibre regulatory regime**

The Commerce Commission has determined a regulated asset base of \$5.425 billion, compared to \$5.427 billion in its August draft decision.

The Commission has determined a maximum allowable revenue (MAR) of \$690.2 million to \$789.5 million (nominal) for the first regulatory period for fibre (RP1, 2022-2024) with total revenue of \$2.227 billion. This compares to the Commission's 27th May draft MAR of \$689 million to \$786 million with total revenue of \$2.219 billion that was broadly in line with Chorus' forecast fibre revenues.

Other key elements of today's decision relative to the earlier draft decisions include:

- depreciation on the financial loss asset using a tilted annuity method at a rate of -13%
- tax losses of \$955 million
- reinstatement of capital expenditure for our incentive payments to RSPs for 2022 of \$18.6 million, with a need to seek approval for 2023-24 payments
- total capital expenditure allowance of \$884 million (real) including base and connection capex
- operating expenditure of \$434 million (real) – a modest improvement against the draft decision
- a core RAB of \$4.03 billion and a financial loss asset of \$1.39 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.

Chorus CEO JB Rousselot said Chorus is pleased to finally have clarity on how the regulatory framework will shape investment in fibre broadband over the next three years.

"We've done a substantial amount of work to help develop and implement the new regulatory regime since it was first approved by Parliament back in 2018.

"The shift to the new regime on 1 January is a major milestone in our transition from building the fibre network over the last decade to a focus on maintaining what has now become essential infrastructure.

"For consumers, the benefits of the fibre rollout have made New Zealand the envy of

many other countries and Chorus' recent 300-megabit speed upgrade means New Zealand is poised to enter the top 10 global connectivity speed rankings.

"Given some of the final regulatory settings, we'll need to keep looking for ways to work with the Government to help meet New Zealand's increasing connectivity needs beyond our planned fibre footprint," he said.

Chorus will review all aspects of today's decisions closely. As advised at its full year results, Chorus expects to provide a capital management update at its interim results on 21 February 2022.

Authorised by:

David Collins
Chief Financial Officer

ENDS

For further information:

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

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