

CHORUS

Half Year Result 2025

For the six months ended 31 December 2024

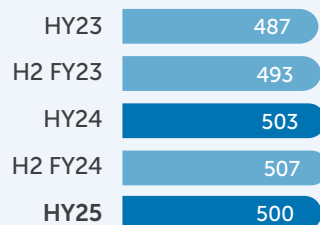
- 01 Half year result overview
- 02 Management commentary
- 04 Financial statements

Half year result overview

% COMPARISONS ARE HY25 VS HY24

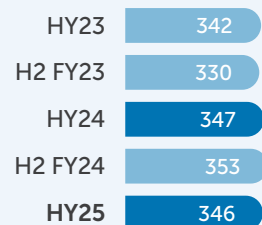
-1%

REVENUE (\$million)



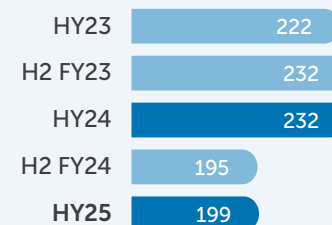
-1%

EBITDA¹ (\$million)



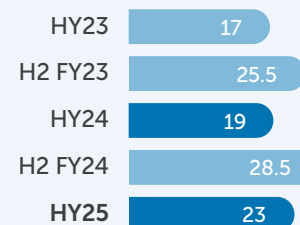
-14%

CAPITAL EXPENDITURE (\$million)

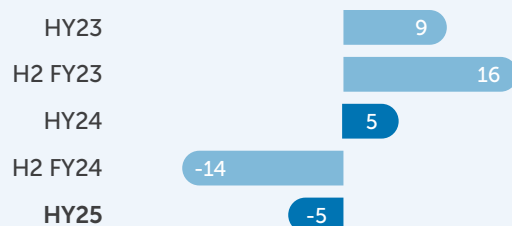


+21%

DIVIDEND (cents per share)



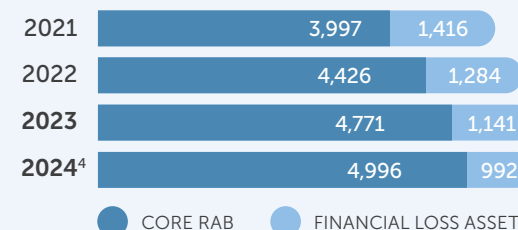
NET LOSS / EARNINGS (\$million)²



FIBRE CONNECTIONS



REGULATORY ASSET BASE-RAB (\$million)³



- Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure without a standardised meaning for comparison between companies. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
- Net earnings have been impacted by the increasing acceleration of depreciation on various copper assets since FY22. H2 FY24 also included a one-off \$15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings.
- Closing amount at 31 December.
- Based on Commerce Commission forecasts, 13 December 2024.

HY25: Six months ended 31 December 2024
 HY24: Six months ended 31 December 2023
 H2 FY24: Six months ended 30 June 2024

HY25 Management commentary

We report earnings before interest, income tax, depreciation, and amortisation (EBITDA) of \$346 million for the six months ended 31 December 2024 (HY25). This was consistent with HY24 EBITDA of \$347 million, despite the challenges of New Zealand's ongoing economic recession.

The acceleration of depreciation on copper related assets, as we transition to an all-fibre business, drove a net loss after tax of \$5 million, compared to a profit of \$5 million in HY24.

Operating revenue

Revenues of \$500 million were down \$3 million from HY24 revenues. This was due to the ongoing decline in legacy copper revenues.

We ended HY25 with about 1,221,000 fixed line connections, down about 20,000 lines during HY25. This reflected a reduction of 34,000 copper lines nationwide, as customers migrate to more modern technologies in some areas. In areas where our fibre network is available, copper connections declined by approximately 17,000 lines.

Our total fibre connections increased by about 14,000 to 1,098,000 during HY25 and comprise 90% of Chorus' total connections. Overall fibre uptake grew to 71.7% of addresses where Chorus fibre is available, excluding local fibre company areas, up from 70.6% at the end of HY24.

	CONNECTIONS 31 DECEMBER 2024	CONNECTIONS 31 DECEMBER 2023	CONNECTIONS 30 JUNE 2024
Fibre broadband (GPON)	1,089,000	1,052,000	1,074,000
Fibre premium (P2P)	9,000	10,000	10,000
Copper VDSL	44,000	68,000	55,000
Copper ADSL	44,000	68,000	56,000
Data services over copper	1,000	1,000	1,000
Baseband copper	34,000	57,000	45,000
Total fixed line connections*	1,221,000	1,256,000	1,241,000

* includes several thousand partly subsidised education connections.

Fibre broadband revenues

Fibre broadband accounted for 72% of total revenues compared to 68% in HY24. The ongoing growth in fibre connections, together with price increases applied midway through HY24, saw HY25 fibre broadband revenues up \$20 million compared to HY24. The timing for adjustments to fibre pricing was delayed from October 2024 until January 2025 to better align with the start of the new regulatory period and allow for an expectation that the regulated revenue cap for fibre could constrain pricing in 2024.

Average monthly revenue per fibre user decreased from \$56.05 in December 2023 to \$55.34 in December 2024. This shift was driven by cost-of-living pressures and strong uptake of our entry-level 50Mbps Home Fibre Starter plan, with growth of approximately 21,000 connections in HY25. Plans below 300Mbps make up 12% of residential connections while 25% are on 1Gbps or faster.

Fibre premium revenues

Fibre premium revenues reduced by \$3 million from HY24 as we withdraw some legacy point-to-point fibre services and customers transition to cheaper fibre broadband inputs.

Copper revenues

Connection revenues across copper voice and data services continued to decline as customers migrated to fibre or alternative services. Together, copper broadband and copper voice revenues were down by \$19 million in HY25 from HY24. A 2.15% inflation-related price increase was applied to copper voice and broadband services in mid-December 2024.

Field services revenues

Field services revenues were flat. This was despite the challenging economic conditions reducing new property development revenues by \$2 million from HY24.

Other revenues

Other revenues were down by \$2 million because HY24 included a sale of property benefit that was not repeated in HY25. We're continuing to explore opportunities to optimise our property portfolio.

Expenses

Our focus on cost management saw total operating expenses reduce by \$2 million to \$154 million in HY25. This was despite ongoing inflationary cost pressures and investment in exploring non-regulated revenue opportunities.

Labour

Labour costs of \$43 million were up \$4 million from HY24. This was largely due to reduced capitalisation of labour costs, from 48% to 45%, as fibre rollout and connection activity decreases.

The number of permanent and fixed term employees reduced from 852 to 849 between the end of HY24 and HY25. As we transition to an all-fibre network operator there is an ongoing focus on organisational simplification.

Network maintenance

Network maintenance costs decreased by \$2 million in HY25 compared to HY24. The savings from fewer copper connections, and their comparatively higher fault rate than fibre connections, were partly offset by inflationary increases in maintenance costs.

Information technology

Information technology costs in HY25 were down \$3 million from HY24 as we continued to exit legacy systems.

Other network costs

Other network costs were down \$2 million from HY24. FY25 spend on copper network optimisation is weighted more to the second half of FY25.

Consultants

Consultant spend increased by \$3 million in HY25 because we are exploring the potential development of new revenue opportunities, such as a trans-Tasman submarine cable.

Depreciation and amortisation

Accelerated depreciation of copper related poles drove an \$8 million increase of depreciation expense compared to HY24.

Copper cables in Chorus UFB1 and UFB2 rollout areas will be fully depreciated by June 2025 and June 2026 respectively. Copper related assets in areas without fibre are currently being depreciated with an end date of 2032.

Finance expense

HY25 finance costs were \$1 million higher than HY24. Our weighted average interest rate decreased from 5.8% to 5.7% between HY24 and HY25. Approximately 70% of our floating interest rate exposure was hedged with fixed interest rate swaps at the end of HY25.

Capital expenditure

Gross capital expenditure in HY25 was \$199 million, down \$33 million from HY24. Within this total, there was \$105 million of discretionary growth capital expenditure. This was \$10 million lower than HY24 due to disciplined cost control and about 16,000 fewer fibre installations, which more than offset a \$10 million increase in spend on fibre network extension.

Sustaining capital expenditure - to maintain, replace or improve an existing asset - reduced by \$23 million to \$94 million. This reflected reduced spend on the copper network and for fibre network capacity in HY25.

Gross capital expenditure was supported by \$2 million of Crown funding and \$22 million of customer contributions for activity related to roadworks, new property development, and rural broadband upgrades. Capital expenditure attributable to the regulated asset base (RAB) for fibre, which excludes capital contributions, is estimated to be about \$161 million.¹

Dividends, equity and capital management

We will pay an unimputed interim dividend of 23 cents per share on 15 April 2025 to all holders registered at 5:00pm on 18 March 2025.

The dividend reinvestment plan will not be available for the interim dividend.

A final unimputed dividend of 34.5 cents per share is expected to be declared in August 2025, subject to no material adverse changes in circumstances or outlook.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management and financial policies consistent with these credit ratings. It is Chorus' intention that in normal circumstances the ratio of net debt to EBITDA will not materially exceed 4.75 times. At 31 December 2024, we had a long-term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

¹ HY25 allocations to RAB capital expenditure are un-audited and will be finalised in the CY24 Information Disclosure announcement due in May 2025.

Financial statements

Condensed consolidated income statement

For the six months ended
31 December 2024

	Notes	SIX MONTHS ENDED 31 DECEMBER 2024 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2023 UNAUDITED \$M	YEAR ENDED 30 JUNE 2024 AUDITED \$M
Fibre broadband (GPON)		361	341	697
Fibre premium (P2P)		32	35	69
Copper connection revenues		42	61	114
Field services products		34	34	67
Infrastructure		17	16	33
Value added network services		13	13	26
Other		1	3	4
Total operating revenue		500	503	1,010
Labour		(43)	(39)	(80)
Network maintenance		(25)	(27)	(53)
Information technology		(20)	(23)	(44)
Other network costs		(17)	(19)	(37)
Electricity		(11)	(10)	(22)
Rent and rates		(7)	(6)	(13)
Property maintenance		(7)	(8)	(14)
Advertising		(5)	(6)	(11)
Consultants		(6)	(3)	(6)
Other		(13)	(15)	(30)
Total operating expenses		(154)	(156)	(310)
Earnings before interest, income tax, depreciation and amortisation		346	347	700
Depreciation	1, 6	(193)	(185)	(374)
Amortisation	2, 3	(42)	(43)	(88)
Earnings before interest and income tax		111	119	238
Finance income		1	2	5
Finance expense		(110)	(109)	(222)
Net earnings before income tax		2	12	21
Income tax expense		(7)	(7)	(30)
Net (loss)/earnings for the period		(5)	5	(9)
Earnings per share				
Basic (loss)/earnings per share (dollars)		(0.02)	0.02	(0.02)
Diluted (loss)/earnings per share (dollars)		(0.02)	0.01	(0.02)

The accompanying notes are an integral part of these consolidated financial statements.

Condensed consolidated statement of comprehensive income

For the six months ended
31 December 2024

	Notes	SIX MONTHS ENDED 31 DECEMBER 2024 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2023 UNAUDITED \$M	YEAR ENDED 30 JUNE 2024 AUDITED \$M
Net (loss)/earnings for the period		(5)	5	(9)
Other comprehensive income				
Movements in effective cash flow hedges	9	(51)	(22)	(12)
Amortisation of de-designated cash flow hedges transferred to Income statement	9	3	3	5
Movement in cost of hedging reserve	9	(2)	(8)	(9)
Items that will be reclassified subsequently to the income statement when specific conditions are met, net of tax		(50)	(27)	(16)
Net revaluation of land and buildings		-	-	7
Items that will not be reclassified subsequently to the income statement when specific conditions are met, net of tax		-	-	7
Total comprehensive loss for the period net of tax		(55)	(22)	(18)

The accompanying notes are an integral part of these consolidated financial statements.

Condensed consolidated statement of financial position

As at 31 December 2024

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements are approved and signed on behalf of the Board.



Mark Cross
Chair



Kate Jorgensen
Chair, Audit & Risk
Management Committee

Authorised for issue on
24 February 2025

	Notes	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Current assets				
Cash and call deposits		83	87	45
Trade and other receivables		141	152	154
Derivative financial instruments	9	5	-	1
Total current assets		229	239	200
Non-current assets				
Derivative financial instruments	9	168	107	98
Trade and other receivables		5	-	4
Customer acquisition assets	3	67	66	67
Software and other intangible assets	2	142	146	142
Network assets	1	5,067	5,206	5,126
Land and buildings	1	376	357	375
Total non-current assets		5,825	5,882	5,812
Total assets		6,054	6,121	6,012
Current liabilities				
Trade and other payables		207	240	230
Lease payable		14	12	12
Derivative financial instruments	9	1	1	-
Debt	4	215	150	110
Total current liabilities excluding Crown funding		437	403	352
Crown Infrastructure Partners (CIP) securities		163	-	160
Crown funding	6	28	27	28
Total current liabilities		628	430	540
Non-current liabilities				
Trade and other payables		10	2	13
Deferred tax liability		374	359	386
Derivative financial instruments		61	82	72
Lease payable		152	167	159
Debt	4	2,672	2,526	2,516
Total non-current liabilities excluding CIP and Crown funding		3,269	3,136	3,146
Crown Infrastructure Partners (CIP) securities	5	607	721	584
Crown funding	6	888	915	901
Total non-current liabilities		4,764	4,772	4,631
Total liabilities		5,392	5,202	5,171
Equity				
Share capital		577	578	578
Reserves		272	304	322
Retained earnings		(187)	37	(59)
Total equity		662	919	841
Total liabilities and equity		6,054	6,121	6,012

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2024

	Notes	Share capital \$M	Revaluation reserve \$M	Other reserves \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2023		589	265	66	143	1,063
Comprehensive income						
Net loss for the period		-	-	-	(9)	(9)
Other comprehensive income						
Movement in cash flow hedge reserve		-	-	(12)	-	(12)
Amortisation of de-designated cash flow hedges transferred to income statement		-	-	5	-	5
Movement in cost of hedging reserve		-	-	(9)	-	(9)
Movement in revaluation reserve		-	7	-	-	7
Total comprehensive income		-	7	(16)	(9)	(18)
Contributions by and (distributions to) owners						
Dividends	8	-	-	-	(193)	(193)
Share buy-back		(11)	-	-	-	(11)
Total transactions with owners		(11)	-	-	(193)	(204)
Balance at 30 June 2024 (AUDITED)		578	272	50	(59)	841
Comprehensive income						
Net loss for the period		-	-	-	(5)	(5)
Other comprehensive income						
Movement in cash flow hedge reserve		-	-	(51)	-	(51)
Amortisation of de-designated cash flow hedges transferred to income statement		-	-	3	-	3
Movement in cost of hedging reserve		-	-	(2)	-	(2)
Total comprehensive income		-	-	(50)	(5)	(55)
Contributions by and (distributions to) owners						
Dividends	8	-	-	-	(124)	(124)
Shares vested under LTI scheme		(1)	-	-	1	-
Total transactions with owners		(1)	-	-	(123)	(124)
Balance at 31 December 2024 (UNAUDITED)		577	272	-	(187)	662

The accompanying notes are an integral part of these consolidated financial statements.

Condensed consolidated statement of changes in equity (continued)

For the six months ended 31 December 2024

	Notes	Share capital \$M	Revaluation reserve \$M	Other reserves \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2023		589	265	66	143	1,063
Comprehensive income						
Net earnings for the period		-	-	-	5	5
Other comprehensive income						
Movement in cash flow hedge reserve		-	-	(22)	-	(22)
Amortisation of de-designated cash flow hedges transferred to income statement		-	-	3	-	3
Movement in cost of hedging reserve		-	-	(8)	-	(8)
Total comprehensive income		-	-	(27)	5	(22)
Contributions by and (distributions to) owners						
Dividends	8	-	-	-	(111)	(111)
Share buy-back		(11)	-	-	-	(11)
Total transactions with owners		(11)	-	-	(111)	(122)
Balance at 31 December 2023 (UNAUDITED)		578	265	39	37	919

The accompanying notes are an integral part of these consolidated financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2024

	SIX MONTHS ENDED 31 DECEMBER 2024 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2023 UNAUDITED \$M	YEAR ENDED 30 JUNE 2024 AUDITED \$M
Operating cash flows			
<i>Cash was provided from/(applied to):</i>			
Receipts from customers	501	500	1,007
Interest received	1	2	5
Payments to suppliers and employees	(168)	(177)	(334)
Interest paid	(77)	(82)	(165)
Net operating cash flows	257	243	513
Investing cash flows			
<i>Cash was provided from/(applied to):</i>			
Purchase of network and intangible assets	(193)	(259)	(442)
Disposal of network and intangible assets	-	-	1
Capitalised interest paid	(1)	(1)	(1)
Net investing cash flows	(194)	(260)	(442)
Financing cash flows			
<i>Cash was provided from/(applied to):</i>			
Payment of lease liabilities	(7)	(7)	(16)
Crown funding (including CIP securities)	2	11	12
Proceeds from debt	200	474	574
Repayment of debt	(95)	(328)	(468)
Repurchase of shares	-	(11)	(11)
Shares vested under LTI scheme	(1)	-	-
Dividends paid	(124)	(111)	(193)
Net financing cash flows	(25)	28	(102)
Net cash flows	38	11	(31)
Cash at the beginning of the period	45	76	76
Cash at the end of the period	83	87	45

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiary Chorus New Zealand Limited as at and for the six months ended 31 December 2024.

Chorus is New Zealand's largest fixed line communications infrastructure business. It maintains and builds a network predominantly made up of fibre and copper cables, local telephone exchanges and cabinets.

Chorus Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. The condensed consolidated interim financial statements ("financial statements") have been prepared in accordance with the New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements do not include all of the information required for the full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of Chorus as at and for the year ended 30 June 2024.

These financial statements are expressed in New Zealand dollars. All financial information has been rounded to the nearest million, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments, and land and buildings as identified in the specific accounting policies disclosed in the notes to the consolidated financial statements for the year ended 30 June 2024 and described in note 9 to these financial statements.

Some comparatives have been re-presented to reflect the current year classification. This has led to no impact on working capital, the consolidated statements of cash flows, or equity.

Accounting policies and standards

The accounting policies adopted, and methods of computation have been applied consistently throughout the periods presented in these financial statements. No changes in accounting policies have occurred during the period.

The financial statements for the six months ended 31 December 2024 and comparative information for the six months ended 31 December 2023 are unaudited. The comparative information for the year ended 30 June 2024 is audited.

No new standards, amendments, or interpretations to existing standards that are not yet effective, have been early adopted by Chorus in these financial statements.

Accounting estimates and judgements

In preparing the financial statements, management have made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

In preparing the financial statements, the significant judgements made by management in applying Chorus' accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2024.

Estimates and assumptions are continually evaluated and are based on experience and other factors, including macro-economic and market factors, and expectations of future events that may have an impact on Chorus. All judgements, estimates, and assumptions are believed to be reasonable based on the most current set of circumstances available to Chorus. The principal areas of judgement in preparing these financial statements are set out below.

Land and buildings

Land and buildings are recorded at fair value. Fair value relating to land and buildings is determined based on a periodic independent valuation using a combination of both an optimised depreciated replacement cost, capitalised income, and a market valuation approach. The valuation technique applied to each asset is determined by the independent valuer, with input and review by Chorus management who are familiar with the nature of the assets. The underlying assumptions used in the valuation are reviewed at each reporting date to ensure the carrying value is not materially different from the fair value. Valuations are performed every three years, or more frequently where indicators exist that the carrying amount of the asset materially differs from its fair value at the end of the reporting period. This may be the result of external factors (e.g. a volatile property market) or internal factors. In instances where indicators of material difference exist, a desktop valuation may be obtained to appropriately adjust the carrying value of the assets. As at 31 December 2024 there were no indicators that fair value was materially different.

The Company adopted a fair value approach on 30 June 2023. The movement in fair value of \$282 million (excluding deferred tax) had been recognised as at that date. There was no movement in fair value as at 31 December 2023.

Net current liability position

As at 31 December 2024 Chorus has a net current liability position of \$399 million (31 December 2023: \$191 million, 30 June 2024: \$340 million).

The net current liability position reflects the classification of the upcoming repayment of the first tranche of the CIP securities as a current liability. Chorus is refinancing the CIP debt and related CIP equity as each tranche becomes repayable with replacement long term debt arrangements. Including the refinancing, Chorus has sufficient short-term funds, undrawn facilities and forecast positive cashflows available to meet the current liability obligations.

Earnings before interest and income tax (EBIT) and earnings before interest, income tax, depreciation and amortisation (EBITDA)

Chorus calculates EBIT by adding back finance expense and income tax to, and subtracting finance income from, net earnings/(loss). EBITDA adds back depreciation and amortisation expense to EBIT. A reconciliation of EBIT and EBITDA is provided below based on amounts taken from, and consistent with, those presented in the financial statements.

Period ended 31 December	SIX MONTHS ENDED 31 DECEMBER 2024 UNAUDITED \$M	SIX MONTHS ENDED 31 DECEMBER 2023 UNAUDITED \$M	YEAR ENDED 30 JUNE 2024 AUDITED \$M
Net (loss)/earnings reported under NZ IFRS	(5)	5	(9)
Add back: income tax expense	7	7	30
Add back: finance expense	110	109	222
Subtract: finance income	(1)	(2)	(5)
EBIT	111	119	238
Add back: depreciation	193	185	374
Add back: amortisation	42	43	88
EBITDA	346	347	700

Note 1 – Network assets, land and buildings

	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Cost			
Opening balance	12,491	12,159	12,159
Additions	209	243	443
Disposals	(5)	-	(5)
Transfers from work in progress	(55)	(49)	(116)
Net revaluations through other comprehensive income	-	-	7
Other	(4)	-	3
Closing balance	12,636	12,353	12,491
Accumulated depreciation			
Opening balance	(6,990)	(6,589)	(6,589)
Depreciation	(208)	(201)	(405)
Disposals	5	-	4
Closing balance	(7,193)	(6,790)	(6,990)
Net carrying amount	5,443	5,563	5,501

There are no restrictions on Chorus network assets or any network assets pledged as security for liabilities.

Crown funding

Chorus received funding from the Crown to finance the capital expenditure associated with the development of the UFB network and continues to receive funding for other services. Where Crown funding is used to construct assets, it is offset against depreciation over the life of the assets constructed. Refer to note 6 for information on Crown funding.

Impairment

The carrying amounts of non-financial assets including network assets, land and buildings, software and other intangibles, and customer acquisition assets are reviewed at the end of each reporting period for any indicators of impairment.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised in earnings whenever the carrying amount of an asset exceeds its estimated recoverable amount. Should the conditions that gave rise to the impairment loss no longer exist, and the assets are no longer considered to be impaired, a reversal of an impairment loss would be recognised immediately in earnings.

The recoverable amount is the greater of an assets value in use and fair value less costs to sell. Chorus' assets do not generate independent cash flows and are therefore assessed from a single cash-generating unit perspective.

Capital commitments

At 31 December 2024 the contractual commitments for acquisition and construction of the network assets was \$45 million (31 December 2023: \$41 million, 30 June 2024: \$53 million).

Note 2 – Software and other intangible assets

	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Cost			
Opening balance	1,038	989	989
Additions	41	28	101
Disposals	-	(4)	(4)
Transfers from work in progress	(16)	-	(48)
Closing balance	1,063	1,013	1,038
Accumulated amortisation			
Opening balance	(896)	(843)	(843)
Amortisation	(25)	(28)	(57)
Disposals	-	4	4
Closing balance	(921)	(867)	(896)
Net carrying amount	142	146	142

There are no restrictions on Chorus software and other intangible assets, or any pledged as security for liabilities.

Capital commitments

At 31 December 2024 the contractual commitment for acquisition of software and other intangible assets was \$8 million (31 December 2023: \$11 million, 30 June 2024: \$9 million).

Note 3 – Customer acquisition assets

	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Opening balance (net carrying amount)	67	60	60
Additions	17	23	42
Amortisation to amortisation expense	(17)	(15)	(31)
Amortisation to operating revenue	-	(2)	(4)
Closing balance (net carrying amount)	67	66	67

Amortisation of customer acquisition assets

Customer acquisition assets are amortised to the consolidated income statement, either as amortisation expense or operating revenue, based on the nature of the specific costs capitalised.

Note 4 – Debt

	Due Date	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Syndicated bank facility		215	150	110
Euro medium term notes (EMTN) EUR	Dec 2026	531	484	488
Euro medium term notes (EMTN) EUR	Sep 2029	929	870	857
Australian medium term notes (AMTN) AUD	Sep 2030	336	329	326
Fixed rate NZD Bonds	Dec 2027	200	200	200
Fixed rate NZD Bonds	Dec 2028	521	500	502
Fixed rate NZD Bonds	Dec 2030	170	161	160
Less: facility fees		(15)	(18)	(17)
Total debt		2,887	2,676	2,626
Current		215	150	110
Non-current		2,672	2,526	2,516

As at 31 December 2024 Chorus had a \$450 million committed syndicated facility on standard market terms and conditions (31 December 2023: \$450 million, 30 June 2024: \$450 million). The facility is comprised of a single tranche that expires in April 2027 and is held with banks that are rated A to AA-, based on Standard & Poor's ratings. As at 31 December 2024 there was \$215 million drawn down from this facility (31 December 2023: \$150 million, 30 June 2024: \$110 million).

Note 5 – Crown Infrastructure Partners (CIP) securities

	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Fair value on initial recognition			
Opening balance	478	478	478
Closing balance	478	478	478
Accumulated notional interest			
Opening balance	266	219	219
Notional interest	26	24	47
Closing balance	292	243	266
Total CIP securities	770	721	744
Current	163	-	160
Non-current	607	721	584

Note 6 – Crown funding

Funding from the Crown is recognised at fair value where there is reasonable assurance that the funding is receivable, and all attached conditions will be complied with. Crown funding is then recognised in earnings as a reduction to depreciation expense on a systematic basis over the useful life of the asset the funding was used to construct.

	31 DECEMBER 2024 UNAUDITED \$M	31 DECEMBER 2023 UNAUDITED \$M	30 JUNE 2024 AUDITED \$M
Fair value on initial recognition			
Opening balance	1,172	1,160	1,160
Additional funding recognised at fair value	2	10	12
Closing balance	1,174	1,170	1,172
Accumulated amortisation			
Opening balance	(243)	(212)	(212)
Amortisation	(15)	(16)	(31)
Closing balance	(258)	(228)	(243)
Total Crown funding	916	942	929
Current	28	27	28
Non-current	888	915	901

Crown funding largely comprises project-related government funding for the Ultra-Fast Broadband (UFB) build, West Coast Southland Network Build (WCSNB), and Rural Broadband Initiative (RBI) projects.

Note 7 – Segmental reporting

Chorus has determined that it operates in one segment providing nationwide fixed line communications infrastructure. The determination is based on the reports reviewed by the CEO in assessing performance, allocating resources and making strategic decisions.

Note 8 – Equity

Dividends

On 8 October 2024 an unimputed final dividend of 28.5 cents per share, totalling \$124 million was paid to shareholders.

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel under which key senior management are issued share-rights.

The scheme is equity settled and treated as an option plan for accounting purposes. Each tranche of each grant is valued separately. The absolute performance hurdle is valued using Monte Carlo simulations.

In August 2024, Chorus issued a tranche of share rights under the scheme. The shares have a vesting date of 30 August 2027. The grant carries two performance hurdles;

1. For 50% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 26.11% over the vesting period, using a hurdle rate of 8.04% that compounds annually.
2. For 100% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 28.76% over the vesting period, using a hurdle rate of 8.79% that compounds annually.

A total of 219,343 share rights were issued in the tranche.

The combined option cost for the period ended 31 December 2024 of \$282,000 has been recognised in the Consolidated income statement (31 December 2023: \$230,000, 30 June 2024: \$290,000).

Note 9 – Derivative financial instruments

Finance expense includes any unrealised ineffectiveness arising from the hedge accounting relationships.

Cross-currency interest rate swaps (CCIRS)

In conjunction with the issuance of the Euro Medium Term Notes and Australian Medium Term Notes (MTN), Chorus enters into CCIRS to hedge the foreign currency and foreign interest rate risks associated with the issuances. Using the CCIRS, Chorus pay NZD floating interest rates and receive EUR/AUD nominated fixed interest with coupon payments matching the underlying notes. The medium term notes and CCIRS are each designated into three part hedging relationships for issue: a fair value hedge of EUR/AUD benchmark interest rates, a cash flow hedge of the margin and a cash flow hedge of the principal exchange.

	Maturity	Principal - Receive leg €M	Principal - Receive leg A\$M	Principal - Pay leg \$M
Hedged item				
EUR EMTN 300	Dec 2026	300	-	514
EUR EMTN 500	Sep 2029	500	-	820
AUD AMTN 300	Sep 2030	-	300	325

Interest rate swaps

As at 31 December 2024 Chorus holds all interest rate swaps in designated hedging relationships. All are held in effective hedging relationships and for those which are designated as cash flow hedges, unrealised gains or losses are recognised in the cash flow hedge reserve.

Restructured interest rate swaps

Three interest rate swaps have been restructured. Two interest rate swaps restructured in December 2018 were reset in conjunction with the resettable NZD fixed rate bond issued on 6 December 2018 to hedge interest rate exposure from December 2023. The forward dated interest rate swap restructured in February 2020 was reset in conjunction with the EUR 300 million EMTN issued on 5 December 2019, to hedge interest rate exposure from April 2020.

As part of these restructures, the original hedge relationships were discontinued and on the dates of termination the net present value (\$14 million and \$27 million respectively) of these swaps was recognised in the cash flow hedge reserve as the hedged item still exists and is amortised over the original hedge period.

The balance at 31 December 2024 was \$3 million and \$6 million respectively.

Note 10 – Related parties

Subsidiaries

The financial statements include Chorus Limited and its subsidiaries as listed below:

	Location	2024 ownership	2023 ownership
Chorus New Zealand Limited	New Zealand	100%	100%

Key management personnel compensation

	31 DECEMBER 2024 UNAUDITED \$000's	31 DECEMBER 2023 UNAUDITED \$000's	30 JUNE 2024 AUDITED \$000's
Short term employee benefits	4,678	4,430	8,203
Termination benefits	-	1,075	1,075
Share based payments	1,417	-	-
	6,095	5,505	9,278
Directors fees	600	591	1,085

Note 11 – Post balance date events

Dividends

On 24 February 2025 Chorus declared an interim dividend in respect of the six-month period ended 31 December 2024. The total amount of the dividend is \$100 million, which represents an unimputed dividend of 23 cents per ordinary share.

Independent Auditor's Review Report



To the shareholders of Chorus Limited (Group)

Report on the interim consolidated financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements on pages 4 to 16 do not:

- i. present fairly, in all material respects, the Group's financial position as at 31 December 2024 and its financial performance and cash flows for the 6 month period then ended and comply with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) issued by the New Zealand Accounting Standards Board.

We have completed a review of the accompanying interim consolidated financial statements which comprise:

- the interim consolidated statement of financial position as at 31 December 2024;
- the interim consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including material accounting policy information.

Basis for conclusion

We conducted our review of the interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the interim consolidated financial statements section of our report.

We are independent of Chorus Limited in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Our firm has provided other services to the Group in relation to regulatory assurance and training services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent Auditor's Review Report

This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the interim consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the interim consolidated financial statements in accordance with NZ IAS 34; and;
- implementing necessary internal control to enable the preparation of interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error..

Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review.

NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34.

A review of the interim consolidated financial statements prepared in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the financial statements.

The engagement partner on the audit resulting in this independent auditor's review report is David Gates.

KPMG
Wellington
24 February 2025

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