

C H ● R U S

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Information Disclosure overview

- > Chorus provides Information Disclosure (ID) reporting to the Commerce Commission for each calendar year.
 - this presentation is a summary of the ID reporting and includes information on a six-monthly basis to assist with financial year comparisons.
 - the full schedules submitted by Chorus are available at <https://company.chorus.co.nz/disclosures>
- > Please note that:
 - RAB and wash-up movement calculations are subject to Commerce Commission review
 - regulatory categories for operating expenditure are different from Chorus' financial reporting categories
 - all historical financial numbers are nominal
 - the ID schedules include varying combinations of PQ FFLAS and ID-only FFLAS data

PQ FFLAS:

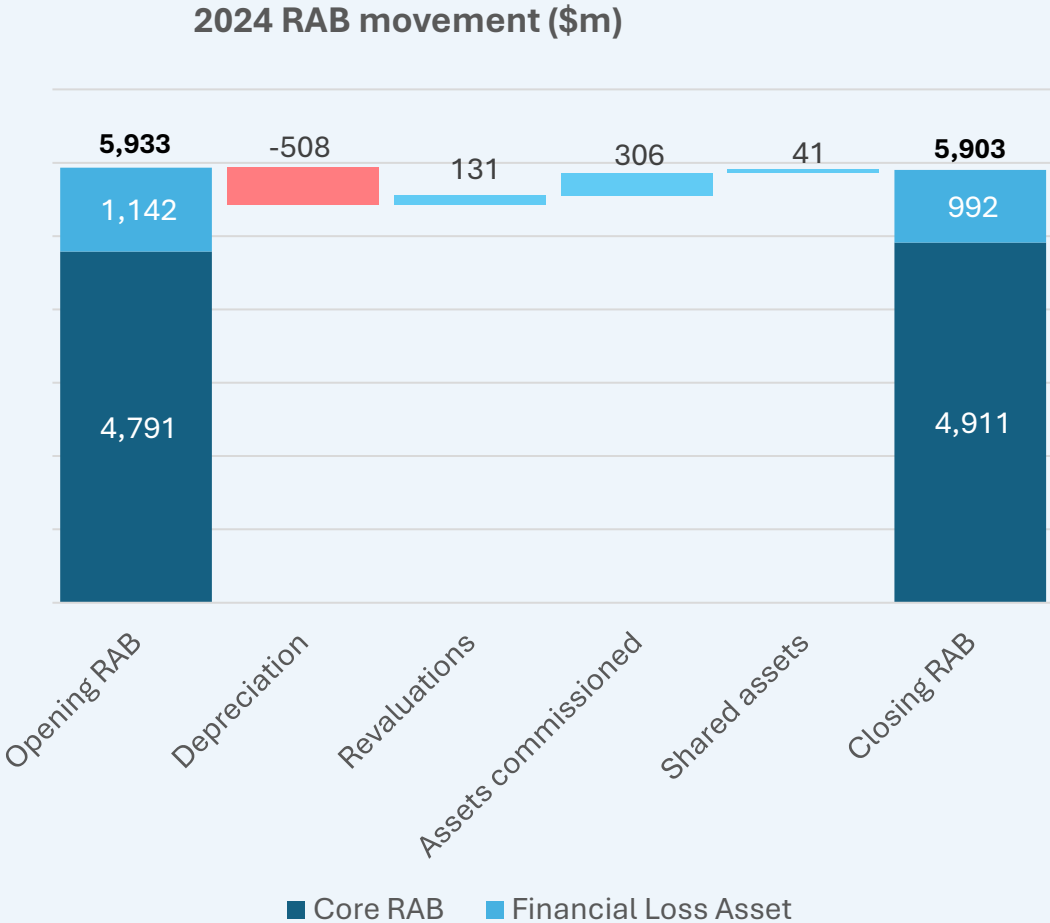
Chorus fibre fixed line access services/assets subject to price-quality RAB and MAR regime

ID only FFLAS:

Chorus fibre fixed line access services/assets not subject to price-quality regime but requiring information disclosure (e.g. assets in other local fibre company areas)

Regulated Asset Base (RAB) steady at \$5.9 billion

- > Chorus' fibre RAB remains at \$5.9 billion* in 2024
 - the core RAB grew \$120 million to \$4.9 billion
 - the Financial Loss Asset (FLA) reduced by \$150m to \$0.99 billion
 - *the opening 2024 RAB is \$20m higher than the closing 2023 RAB due to asset allocator updates (see next slide)
- > The key RAB movements were driven by:
 - depreciation increased from \$492m to \$508m in 2024
 - revaluations reduced to \$131m from \$266m in 2024 because of reduced inflation rates (2.22% vs 4.66% in 2023)
 - \$306m of RAB assets were commissioned in 2024, compared to \$358m in 2023
 - \$41m of shared assets were added to the core RAB, down from \$53m in 2023



RAB movements for 2024 ID year

Component	Core RAB \$m (nominal)	Financial Loss Asset (FLA) \$m (nominal)	Notes
Opening RAB (1 January 2024)	4,791	1,142	The closing RAB at 31 Dec 2023 included a <i>forecast</i> asset allocator adjustment. The opening RAB at 1 Jan 2024 is \$20m higher due to updates for <i>actual</i> asset allocators.
<i>less</i> Depreciation	(333)	(175)	FLA depreciation is diminishing value and the core RAB is straight-line. Assets start depreciating the regulatory year after commissioning.
<i>plus</i> Revaluations	106	25	2.22% actual inflation in the December quarter versus forecast 2.13% used in the final decision for 2024 MAR.
<i>plus</i> Assets commissioned	306	0	Amount is net of \$35m capital contributions
<i>plus</i> Adjustment resulting from asset allocation	41	0	An upwards adjustment reflects a greater proportion of shared assets being attributable to fibre (due to differences in allocations drivers such as revenues and connections) than was forecast for the opening RAB in 2024.
Total closing RAB value (31 Dec 2024)	4,911	992	

NOTE: RAB movements do not affect the PQP2 MAR.

PQP1 MAR wash-up balance of \$153.5m

Description	Wash-up \$m (nominal)	Revenue \$m (nominal)	Notes
2024 maximum allowable revenue		808.7	PQP1 decision updated in 2023 for pass through costs and CPI forecasts.
<i>Less 2024 FFLAS revenue received</i>		<u>(807.8)</u>	
2024 MAR under-earn		0.9	
CPI on the price path for 2024	16		Actual CPI of 2.92% (since 2023 update) via in-period smoothing.
Cost allocators	18.4		Previously forecast cost inputs (e.g. totex, connections and data traffic) updated for actuals in the period.
Initial RAB true-up	9.7		MAR adjustment to reflect increased allocation of shared assets in the final RAB decision.
Connection capex	1.9		Commission requires connection capex to be included in the final year PQP2 wash-up calculation for the three years.
Individual capex proposal for 2023	1.0		Commission approved individual capex proposal for customer incentives for 2023.
Crown financing benefit	0.2		Reflects lower Crown financing balance than forecast.
Pass through costs under-forecast	<u>0.2</u>		Actual pass-through costs of \$16.1m versus forecast \$15.9m.
	47.4	<u>47.4</u>	
2024 wash-up balance		48.3	
2023 wash-up balance: smoothed		53.8	The 2022 and 2023 wash-up balances were adjusted as part of the in-period smoothing process plus connection capex.
2022 wash-up balance: smoothed		<u>51.4</u>	
TOTAL PQP1 wash-up carried forward		153.5	The wash-up balance is rolled forward each year using the post-tax WACC as the time-value of money to preserve NPV neutrality.

Operating Expenditure

Opex categories	Sub-categories	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Customer	▪ Customer operations	(3)	(4)	(3)	(3)	0	0
	▪ Product, Sales & Marketing	11	13	14	14	14	14
Network	▪ Maintenance	14	14	18	18	17	18
	▪ Network operations	8	9	11	13	12	14
	▪ Operating costs	4	4	4	4	3	2
Support	▪ Asset management	11	11	11	11	9	11
	▪ Corporate	20	21	23	22	24	21
	▪ Technology	13	10	11	11	11	10
TOTAL (\$m)		78	78	89	90	90	90
Pass through costs (\$m)		8	8	7	8	7	9

Capital Expenditure (excludes contributions)

Capex	Sub-categories	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024	
Extending the network	▪ Augmentation	3	2	4	4	8	16	▪ includes ~10k premises fibre expansion programme
	▪ New property developments	8	14	12	13	10	14	
	▪ UFB communal	29	5	0	0	0	0	
Installations	▪ Complex	1	1	2	2	1	2	▪ 2024 excludes provisioning, systems and service desk costs (now included in Network & Customer line below)
	▪ Standard	79	83	72	84	63	51	
IT and support	▪ Business IT	5	7	11	10	7	8	
	▪ Corporate	3		1	0	0	0	
	▪ Network & Customer	10	14	13	13	23	23	
Network capacity	▪ Access	9	9	25	16	9	10	
	▪ Aggregation	7	12	4	18	5	11	
	▪ Transport	4	7	5	5	15	11	
Network sustain & enhance	▪ Field sustain	7	4	11	2	4	8	
	▪ Relocations	1	2	2	2	1	3	
	▪ Resilience	1	2	8	1	2	1	
	▪ Site sustain	7	7	9	8	6	5	
TOTAL (\$m)		174	169	179	178	154	163	

Indicative EBITDA and capex

- > the tables below provide an indicative split of EBITDA and capital expenditure between regulated Price-Quality FFLAS (PQ FFLAS) and Other (i.e. non-PQ FFLAS) activity over the 2022-2024 calendar years (Price-Quality Period 1)
- capital contributions are deducted from asset values for PQ-FFLAS and are included as Other revenue together with non-FFLAS capital contributions
 - there will be a step up in FFLAS opex in PQP2 reflecting changes to shared cost allocators in the PQP2 decision
 - FFLAS opex will be increased further through the cost allocator wash-up if the copper shut down in CNU fibre areas is faster than PQP2 forecasts

PQ FFLAS	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Revenue	323	344	362	387	403	407
Opex	(78)	(78)	(89)	(90)	(90)	(90)
Pass through costs	(8)	(8)	(7)	(8)	(7)	(9)
EBITDA	237	258	266	289	306	308
Capex (net of capital contributions <u>and</u> leases)	172	167	176	175	153	162
Capital contributions	25	27	17	24	17	17

Other	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	H2 2024
Revenue	159	143	131	116	104	93
Opex	(68)	(59)	(67)	(58)	(57)	(55)
EBITDA	91	84	64	58	47	38
Capex (net of capital contributions)	30	26	36	27	17	13
Capital contributions*	2	2	3	6	8	7

*2024 includes government grants in the capital contributions line