CHORUS

FY24
Result Presentation

For the 12 months ended 30 June 2024

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• Should be read in conjunction with Chorus' audited consolidated financial statements for the year to 30 June 2024 and NZX and ASX market releases.

• Includes non-GAAP financial measures such as "EBITDA". These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. They should not be used in substitution for, or isolation of, Chorus' audited consolidated financial statements. 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.

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Agenda

Appendices

A steady result in a challenging economy

- EBITDA at top of guidance range, demonstrating resilience of essential fibre infrastructure
- fibre demand up to 71.4%; average monthly data usage above pandemic peaks and growing
- strong uptake of 50Mbps plan; while a significant market segment continues to choose high-speed 1Gbps plans
- solid momentum to becoming an all-fibre business, with 35% reduction in copper lines
- fibre RAB grew to $5.9 billion (at Dec 2023) and regulatory expenditure allowances just confirmed for 2025-2028
- new operating model and leadership team with clear aspiration with supporting strategy and capital management framework

FY24 overview

+3% REVENUE

+4% EBITDA[1]

-6% CAPITAL EXPENDITURE

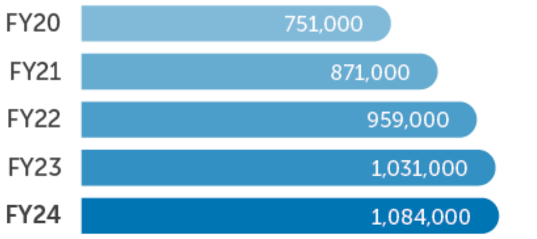
+12% DIVIDEND

-3% ELECTRICITY USE[2]

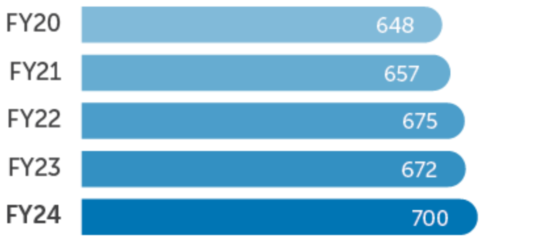
-39% SCOPE 1 & 2 EMISSIONS[3]

REVENUE ($ million)

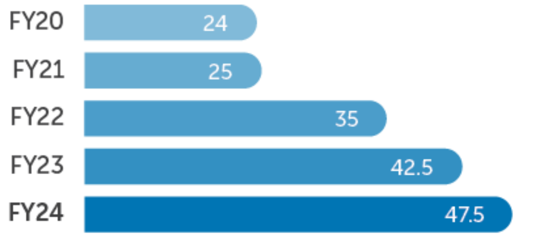
FIBRE CONNECTIONS



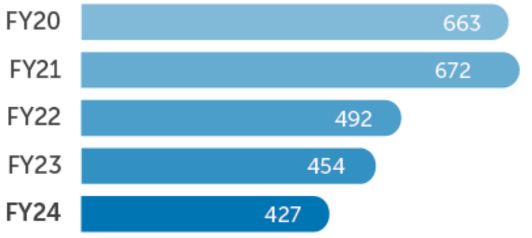
EBITDA[1] ($ million)



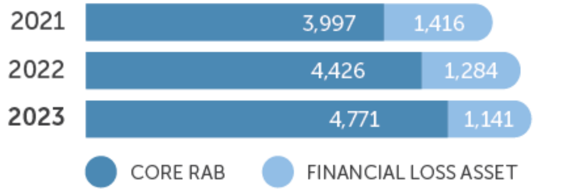
DIVIDEND (cents per share)



CAPITAL EXPENDITURE ($ million)



REGULATORY ASSET BASE-RAB ($ million)[4]



1 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.
2 3% reduction in electricity use in FY24 against FY23.
3 39% reduction in scope 1 &2 emissions against our base year of FY20.
4 As at 31 December

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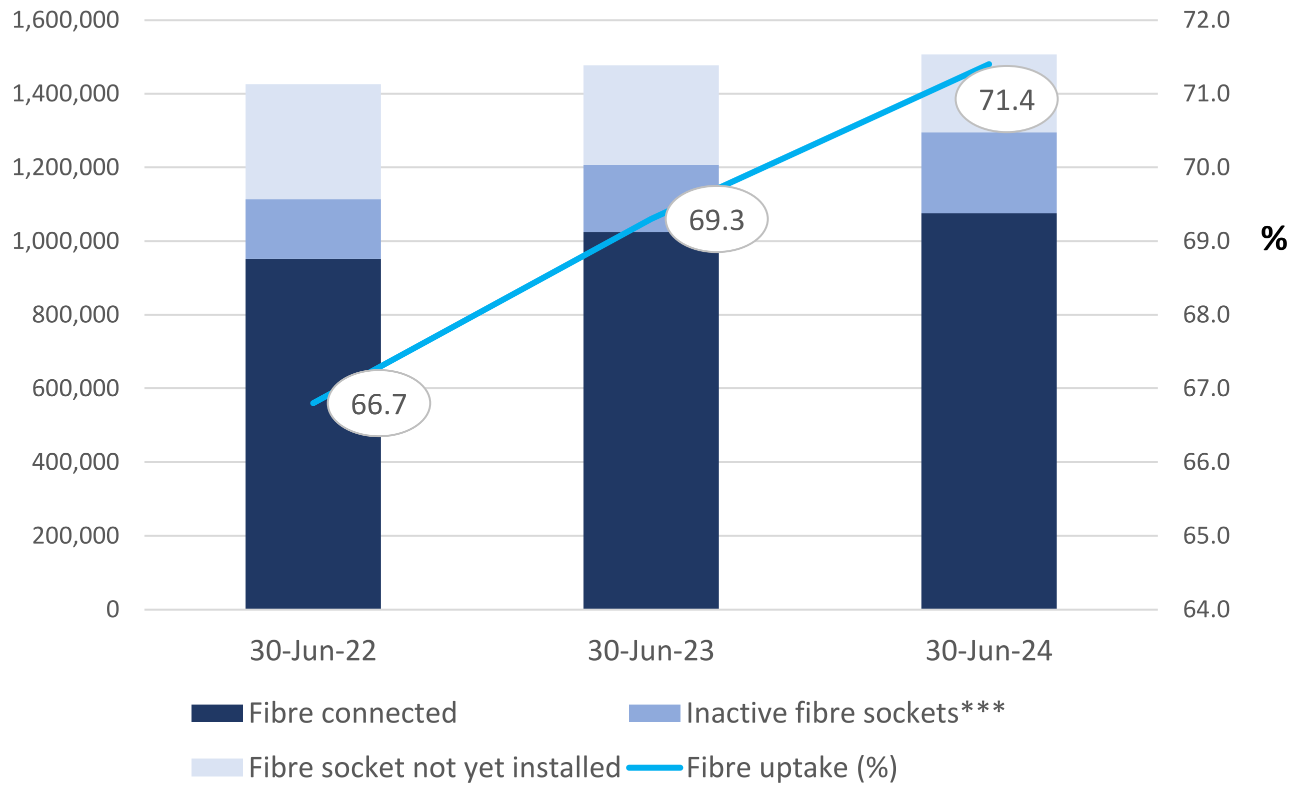
WIN IN CORE FIBRE

Fibre uptake grew 2% to 71.4%



- **1,506,000 passed addresses***
  - 1,075,000 active fibre addresses**
  - 1,294,000 fibre installed addresses
  - +29k addresses passed in FY24
  - +50k addresses connected in FY24

- UFB1: uptake +1% to 75%
- UFB2: uptake +7% to 58%

- Auckland 76.6%
- Dunedin 76.5%
- Wellington 70.7%

*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 June 2024

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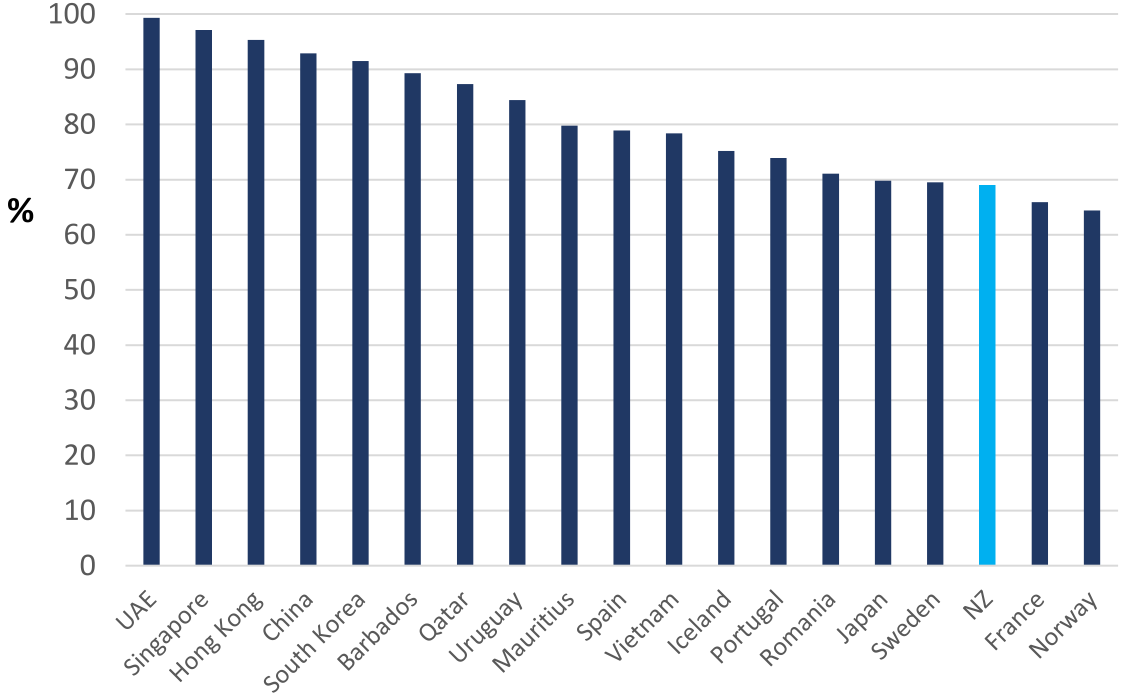
WIN IN CORE FIBRE

NZ ranked 17th for uptake

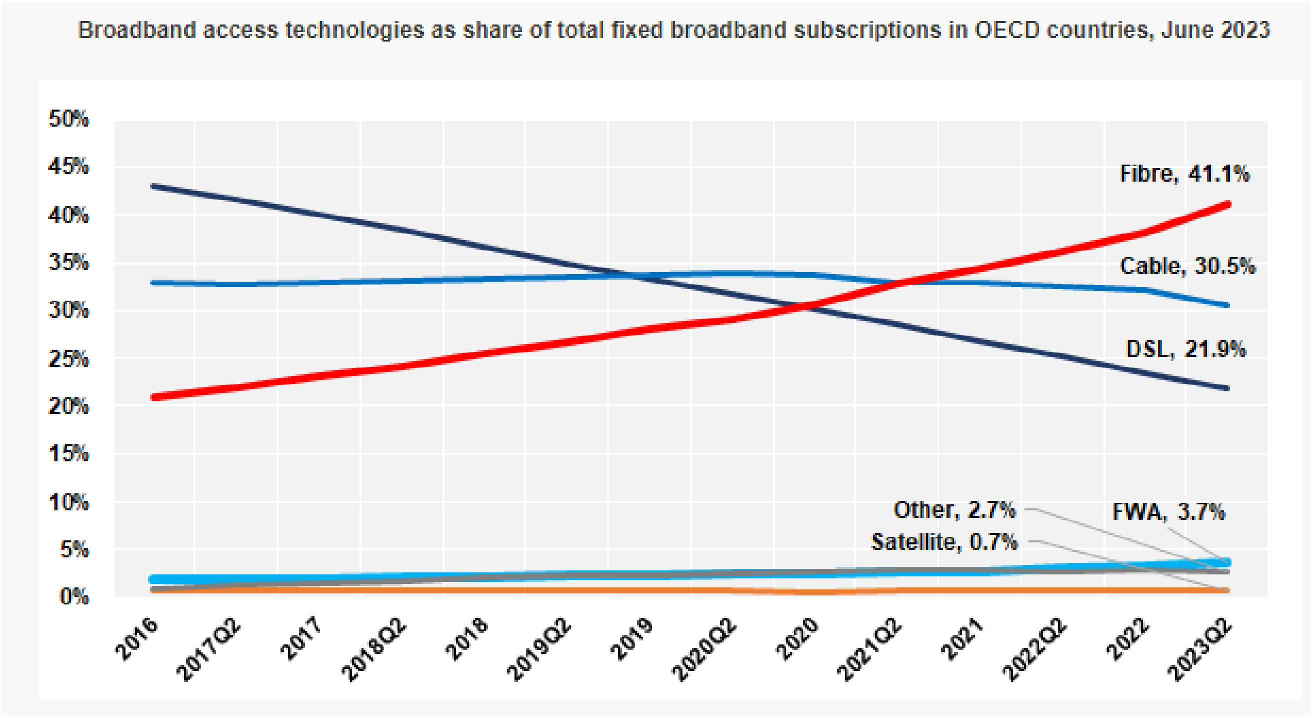
- Global leaders show opportunity to grow addressable market



FTTH/B uptake % by households – *FTTH Council Europe*, Sept 2023

Fibre connections surging globally

- OECD: fibre connections +73% post-pandemic to 211m
- cable and copper DSL connections declining



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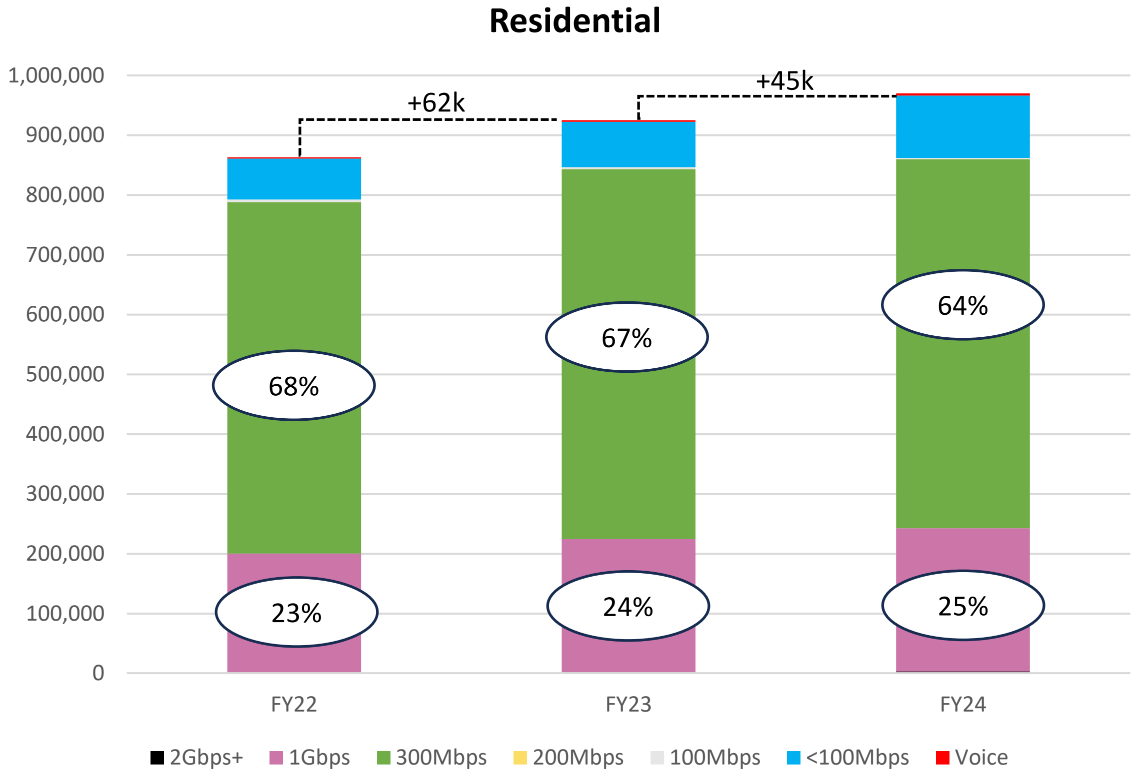
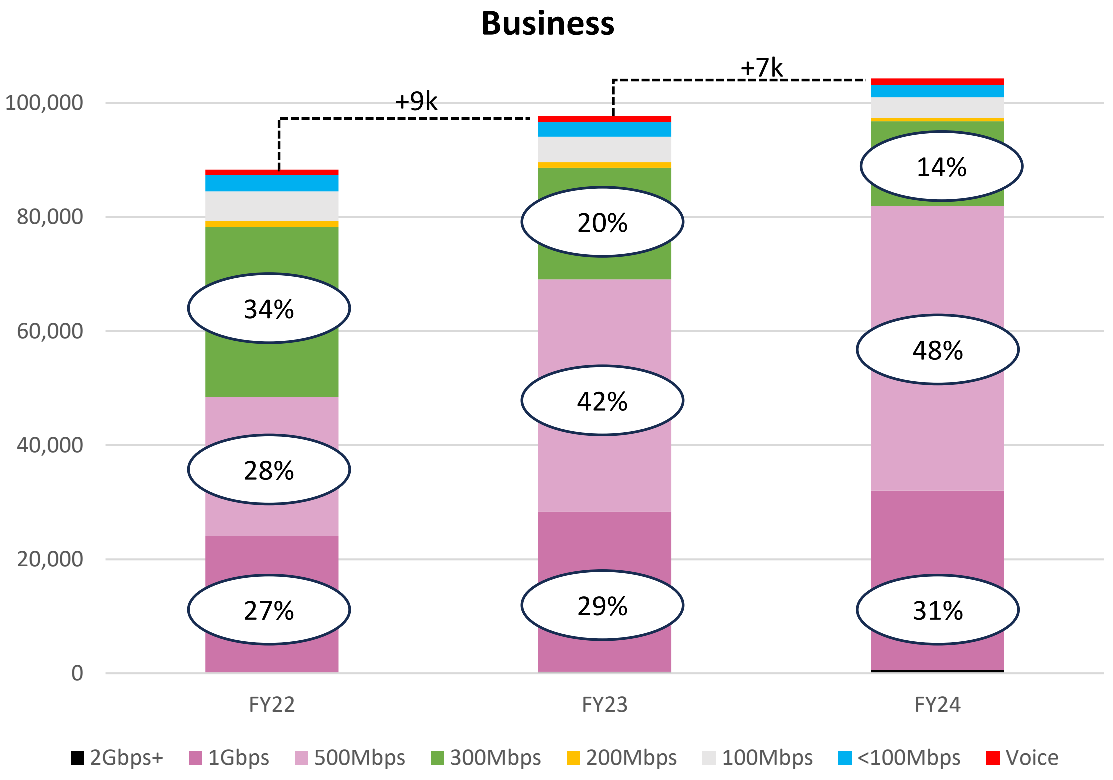
WIN IN CORE FIBRE

Products meeting market needs

- *Home Fibre Starter* (50Mbps) growing market niche: +31k to 47k
- residential connections on 1Gbps+ up to 25%; multi-gigabit growing as more retailers on-board
- business plans grew +7k in a challenging market; 93% on 300Mbps and above





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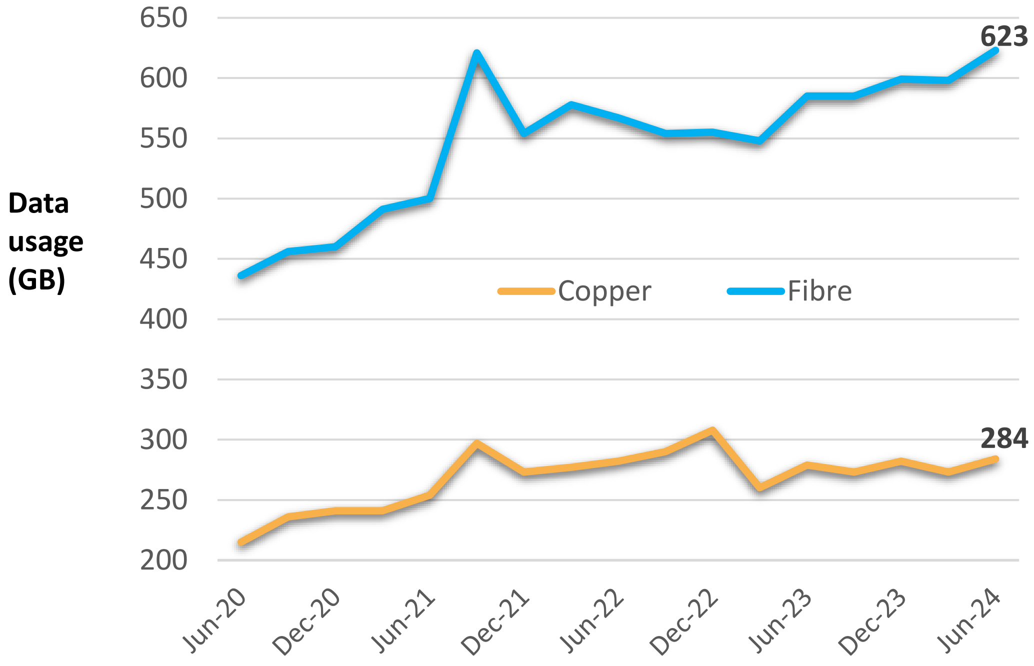
WIN IN CORE FIBRE

Data demand back above pandemic peak

- monthly average data usage above pandemic peak
- 16% of fibre connections using >1 terabyte (1,000GB)

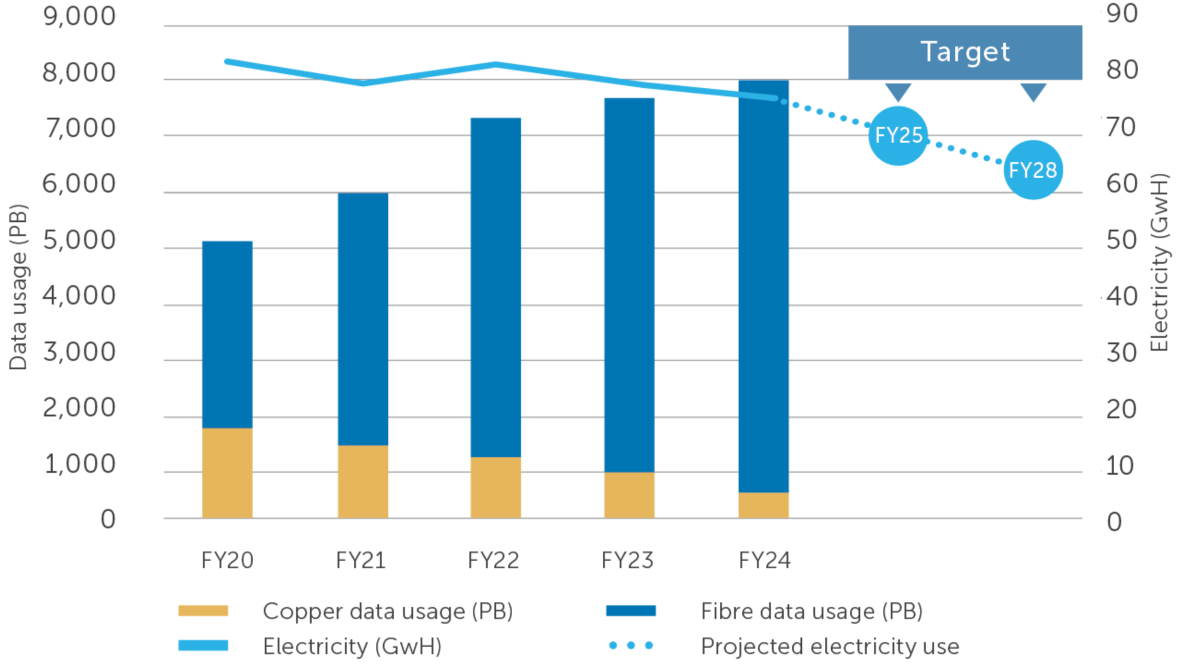
- copper shutdown helped drive 3% electricity reduction
- record data traffic (7,974 petabytes) with 94% carried more energy efficiently by fibre

Monthly average data usage per connection*



* includes upstream traffic

Network traffic vs Electricity (GwH)



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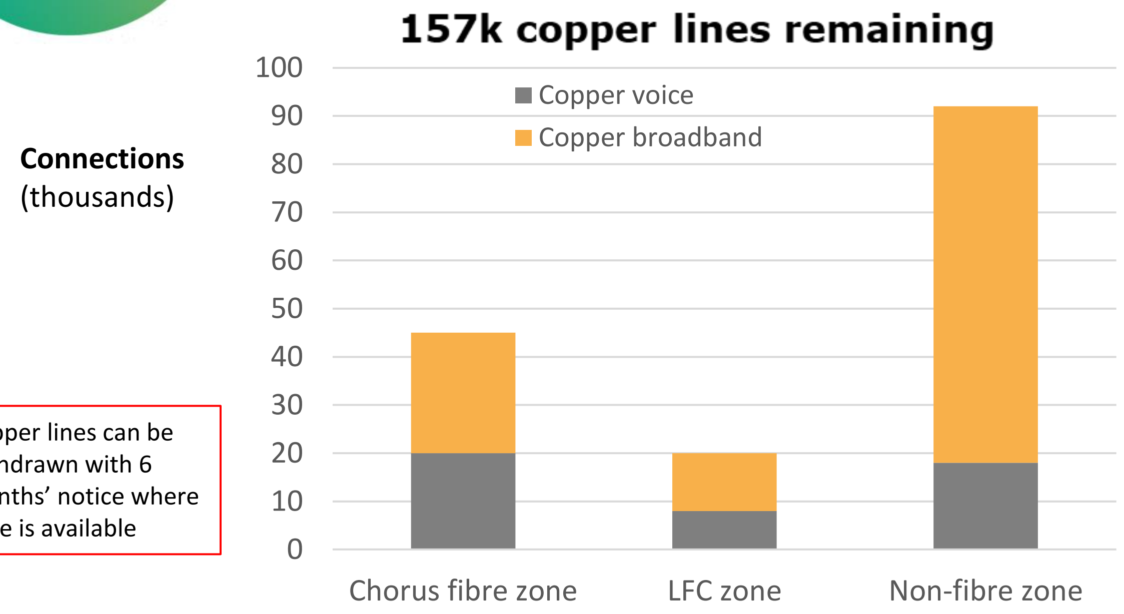
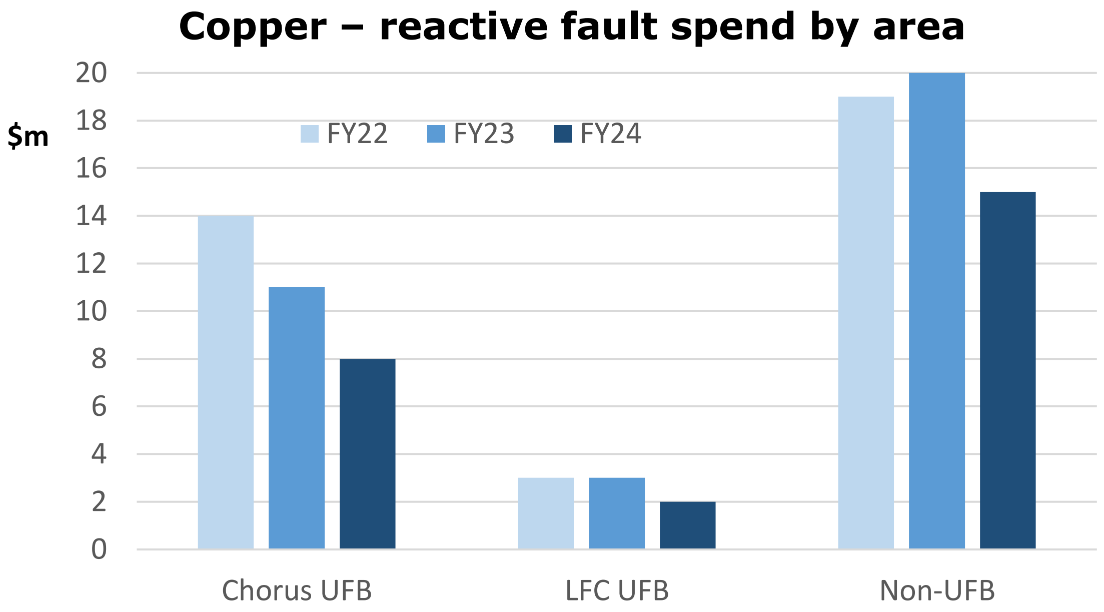
OPTIMISE NON-FIBRE ASSET BASE

Copper lines reducing rapidly: -83k in FY24



Copper lines can be withdrawn with 6 months' notice where fibre is available



- **just 45k copper lines remaining in Chorus fibre area**
  - ~30k currently under 6 months' notice (another ~52k notified connections ceased service)
  - 1,253 copper broadband cabinets closed in fibre areas; 1,416 under closure notice
  - 78% broadband retention rate across closed cabinets

- **copper fault volumes reduced by 15k, driving ongoing reduction in spend**
  - ~$25m reactive fault spend (FY23: $34m)
  - Note: FY23 included impact of extreme weather events

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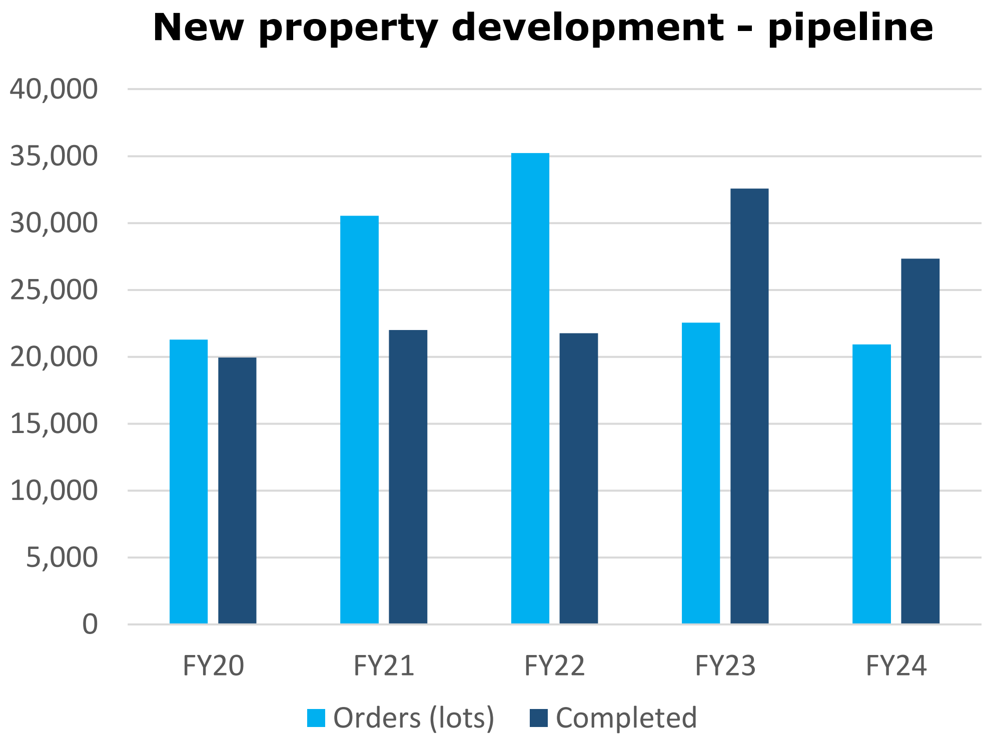
GROW NEW REVENUES

Economic headwinds slowed progress

- **New property development:** build completed (ready to connect) for 27k lots (FY23 33k); order pipeline reduced from post-COVID records to levels last seen in FY20
- **Fibre expansion:** ~25% of 10k planned 'frontier' premises have already registered interest to connect; rollout ends June 2025
- **Backhaul:** continued growth in demand for fibre backhaul to cellsites, data centres and other network sites
- **Smart locations/IoT:** connections grew 16% driven by demand for street-based devices (e.g. traffic cameras, digital billboards)
- **Edge Centre:** increased available space from 57 to 83 racks; potential to scale further subject to model



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Financial performance

Katrina Smidt, Acting Chief Financial Officer

Income Statement

	FY24 $m	FY23 $m	
Operating revenue	1,010	980	▪ 3% increase from growing fibre connections and ARPU
Operating expenses	(310)	(308)	▪ inflation-linked cost increases in FY24; FY23 included $6m extreme weather costs
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**700**	**672**	▪ 4% increase
Depreciation and amortisation	(462)	(446)	▪ $90m total depreciation across copper assets, up $11m from FY23 due to acceleration
Earnings before interest and income tax	238	226	
Net interest expense	(217)	(195)	▪ weighted effective interest rate on debt increased from 5.40% to 5.77% (includes accounting adjustments)
Net earnings before income tax	21	31	
Income tax expense	(30)	(6)	▪ $15m non-cash expense after law change to deductibility of tax depreciation for buildings; FY23 included $10m positive adjustment for useful life of buildings
Net (loss)/earnings	**(9)**	**25**	

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Revenue

	FY24 $m	FY23 $m
Fibre broadband (GPON)	697	622
Fibre premium (P2P)	69	68
Copper based broadband	83	117
Copper based voice	28	39
Data services copper	3	4
Field services	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total	**1,010**	**980**

- growing fibre uptake and ARPU: $55.71 (June FY24) vs $53.25 (June FY23)
- growing demand for direct fibre, mobile access and backhaul; but legacy enterprise services migrating from end-of-life platform
  - copper revenues declining as customers migrate to Chorus fibre or competing fibre/wireless/satellite networks
  - CPI increase of 5.65% applied to some services from mid-December
- greenfields revenue $26m (FY23: $33m); roadworks $10m (FY23: $8m)
- demand beginning to reduce for legacy network services
- four subdivisions and a property sale in FY24

Expenses

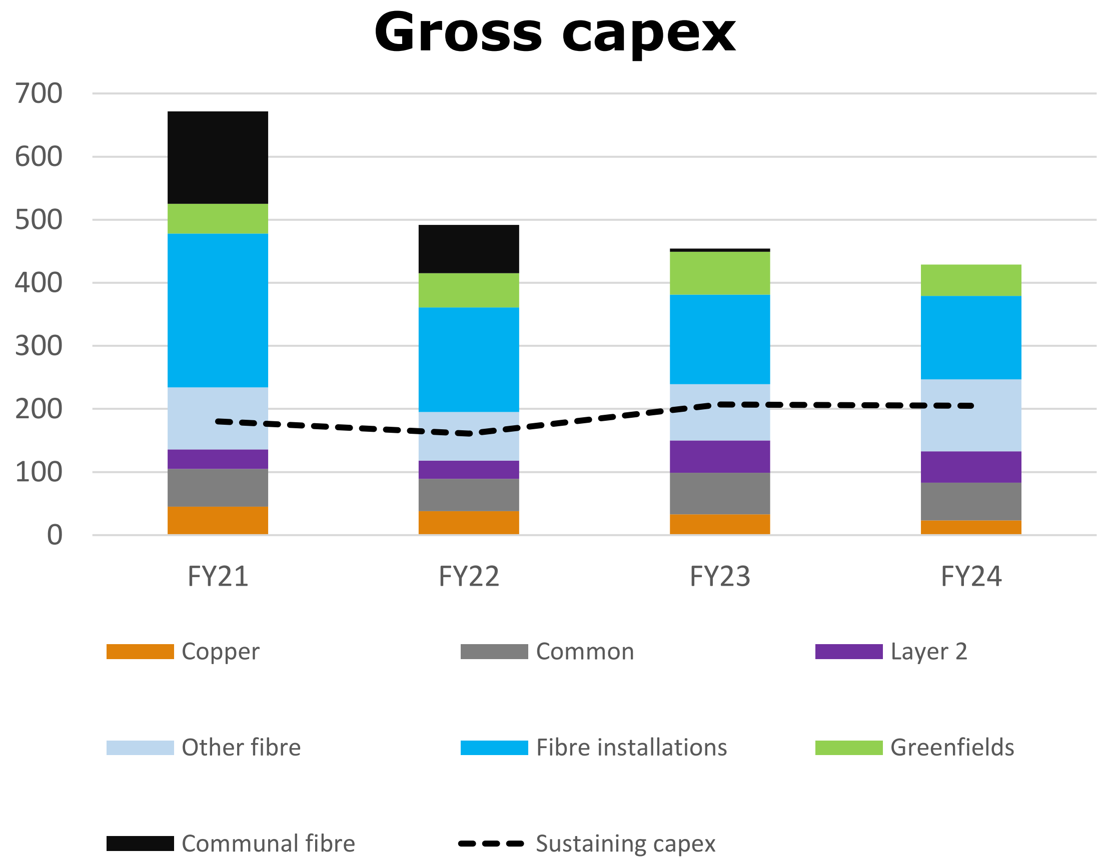
	FY24 $m	FY23 $m	
Labour	80	76	FY24 includes CPI and $2m for operating model changes
Network maintenance	53	60	reduced fault volumes partly offset by service company CPI increases; FY23 included $3m of extreme weather costs
IT	44	42	FY23 included release of $2m software provision
Other network costs	37	37	$4m of copper exit costs; FY23 included $2m of extreme weather costs
Rent, rates and property maintenance	27	26	CPI and activity increase; FY23 included $1m of extreme weather costs
Electricity	22	19	higher average spot prices offset 3% reduction in consumption
Advertising	11	13	
Insurance	5	5	
Consultants	6	9	reduced regulatory related spend; increased insourcing
Regulatory levies	9	9	
Provisioning	1	1	
Other	15	11	increased provision for doubtful debts given macroeconomic conditions; additional long-term market research
Total	**310**	**308**	

Capex reducing post-rollout and copper migration peak

Gross capex	FY24 $m	FY23 $m
Sustaining capex*	205	207
Discretionary growth capex	222	247
Gross capex	**427**	**454**
Less Third-party contributions**	(55)	(49)
Net capex	**372**	**405**

*__Sustaining capex__ is investment to maintain, replace or improve an existing copper or fibre asset.

** **Third-party contributions** included $12m of government grants that were applied to the balance sheet for specific projects. Other contributions were recognised as revenue.



Fibre Capex

	FY24 $m	FY23 $m
UFB communal	0	5
Fibre installations & layer 2	182	193
Fibre products & systems	12	10
Other fibre & growth	93	105
Fibre sustain	18	12
Customer acquisition costs	39	30
Subtotal	**344**	**355**

- UFB rollout ended Dec 2022
- 87,000 installations (FY23: 92,000); $50m layer 2 spend
- slowdown in greenfields from $68m (FY23) to $50m; $4m network expansion with ~0.4k of planned 10k passed
- increase in roadworks activity; cable route lifecycle projects; $2m cyclone recovery; release of $3m network provision
- incentive spend subject to connection volumes and retailer activity

- **Average cost per UFB premises installation: $1,132** vs $1,100 - $1,250 guidance
  (excludes layer 2 and includes standard installations, some non-standard single dwellings and service desk costs)

Copper and Common Capex

Copper capex	FY24 $m	FY23 $m
Network sustain	19	27
Copper connections	0	1
Copper layer 2	1	1
Customer acquisition costs	3	4
Subtotal	**23**	**33**

Common capex	FY24 $m	FY23 $m
Information technology	40	44
Building & engineering services	20	22
Subtotal	**60**	**66**

- FY24 includes $12m of grant/contribution funded capex; $1m cyclone recovery; FY24 total reduced by release of $6m network lifecycle provision

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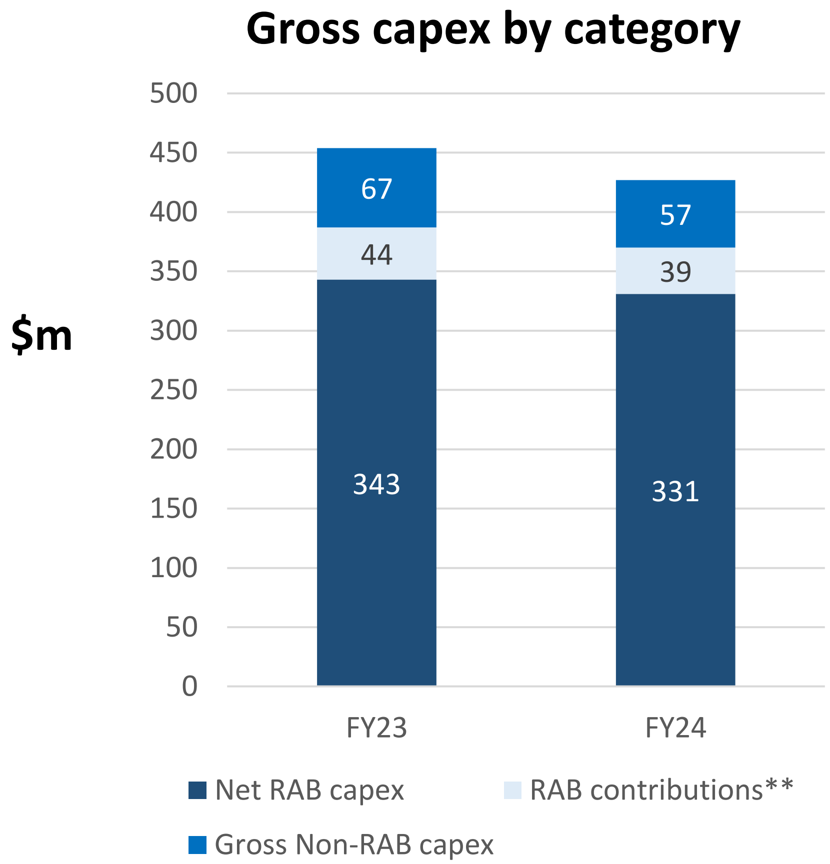
New capex reporting format – FY24

RAB capex*	Growth $m	Sustaining $m	TOTAL $m
Extending the network	55	0	55
Installations	151	19	170
IT & Support	0	45	45
Network capacity	0	65	65
Network sustain & enhance	0	35	35
Gross RAB capex	**206**	**164**	**370**
less Third-party contributions**	(37)	(2)	(39)
Net RAB capex	**169**	**162**	**331**

Non-RAB capex	Growth $m	Sustaining $m	TOTAL $m
Copper	5	18	23
Other	11	23	34
Gross non-RAB capex	**16**	**41**	**57**
less Third-party contributions	(9)	(7)	(16)
Net non-RAB capex	**7**	**34**	**41**



* FY24 unaudited. Final allocation for H2 FY24 to be determined for 2024 Information Disclosure.
**Third-party contributions are deducted from capex when calculating the value of RAB assets

See slide 41 for FY23 capex in this format

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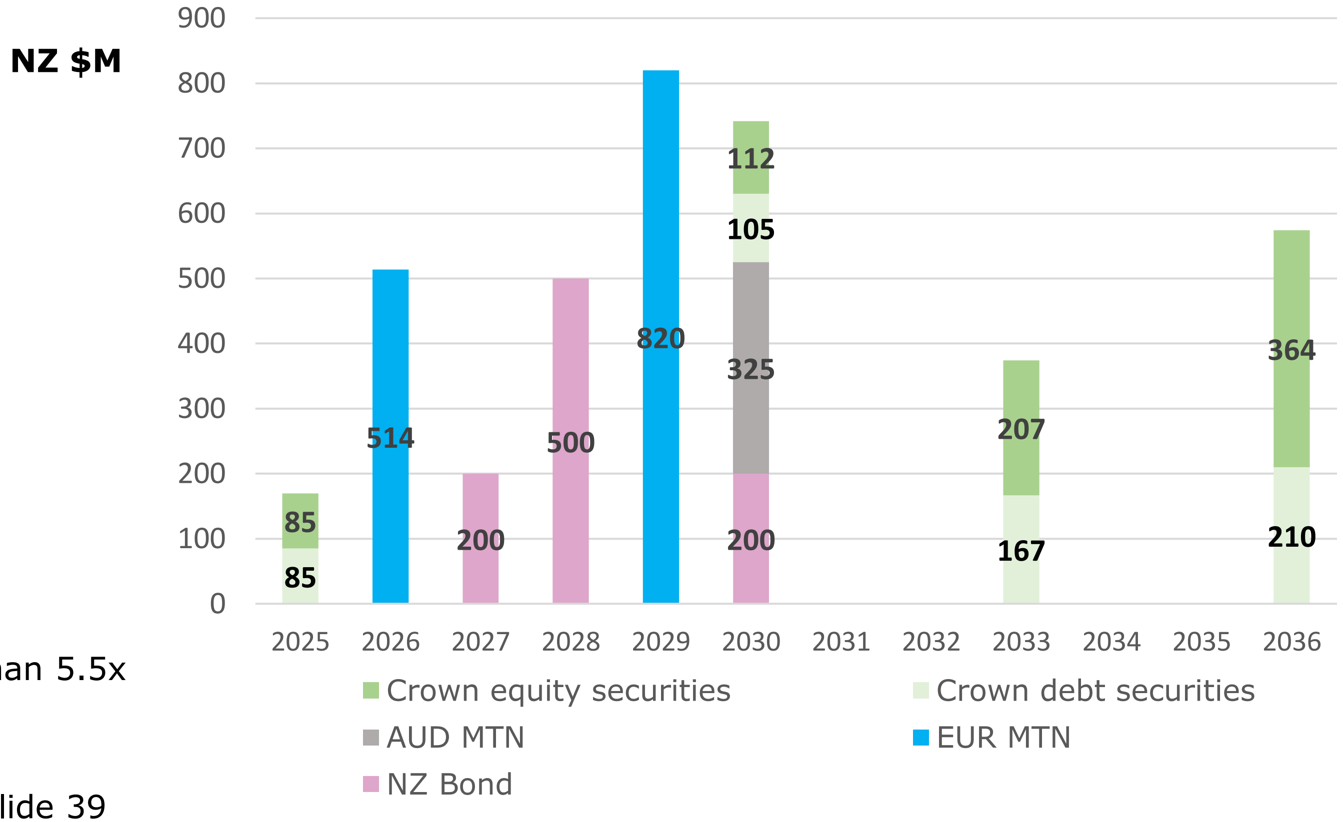
Leverage steady: 4.42x net debt/EBITDA

As at 30 June 2024	($m)
Borrowings	2,669
+ PV of CIP debt securities (senior)	302
+ Net leases payable	171
Sub total	3,142
- Cash	45
Total net debt	**3,097**
Net debt/EBITDA*	4.42x

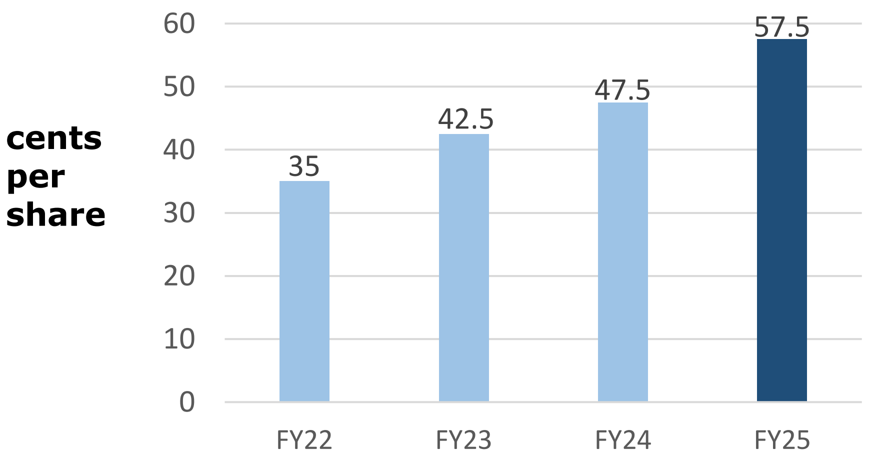
- FY23 Net debt/EBITDA 4.39x
- *based on S&P and bank covenant methodologies
- ratings agency thresholds: S&P 5.0x, Moody's 5.25x,
- financial covenants require senior debt ratio to be no greater than 5.5x
- borrowings increased $108m from $2,561 million (FY23)
  - long term bank facilities of $450m ($110m drawn)
  - ~70% of interest rate exposure fixed for 3 years – see slide 39

Debt maturity profile



FY24 dividend & FY25 guidance

- **FY24 final dividend**
  - 28.5cps, unimputed
    - **record date**: 16 September 2024
    - **payment date**: 8 October 2024
    - Dividend Reinvestment Plan not available
- **FY25 dividend guidance*:** 57.5cps
  - dividends remain unimputed in medium term



- **FY25 EBITDA $700m to $720m***
  - continued low single digit underlying growth partly offset by two headwinds outside our direct control:
    - deferral of pricing adjustment from October to January 2025 due to 2024 MAR constraint
    - expected reduction of some legacy network services
  - modest cost growth
- **FY25 gross capex $400m to $440m**
  - RAB vs non-RAB proportions similar to FY24
  - RAB capex: includes ~$35m for remainder of 10k premises rollout
  - non-RAB capex: copper spend declines, with potential for additional growth spend subject to opportunities
- **FY25 sustaining capex $200m to $220m**
  - lower than FY24 range due to rephasing of some lifecycle replacement programmes

* subject to no material adverse changes in circumstances or outlook

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Resetting our Horizons

Line of sight to a simpler all-fibre future

Regulatory clarity for Jan 2025-Dec 2028 (PQP2) underpins long-term strategy

Information Disclosure

(at 31 Dec 2023)

* $5.9bn RAB

* $105m wash-up balance

PQP2 Final Expenditure Decision

* $1,140m capex

* $790m opex

Final MAR decision due (Q4 2024)

* WACC 7.68% (vs 4.72% PQP1)

* slower regulatory depreciation proposed on core assets

Copper deregulation review

* Due by end 2025

* Commission report: just 37% of rural customers on copper broadband (June ’23)

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A new Aspiration…

A simplified all-fibre business with 80% uptake by 2030

10-year outlook with 3 distinct horizons

HORIZON 1
(FY25)

Embed Adaptive Organisation

'getting future fit for purpose'

HORIZON 2
(FY26-29)

Growth, Simplicity and Efficiency

'accelerating the benefits from our transition'

HORIZON 3
(FY30-34)

All Fibre Business

'future state, single technology'

Becoming the 'great network operator'

Simpler, more focused, more competitive

- **80% fibre uptake**
  - focus on fibre penetration over ARPU; win customer moments that matter
  - develop new propositions for under penetrated market segments
  - drive customer education on fibre superiority
- **All-fibre business**
  - accelerate copper withdrawal to offset diminishing economies of scale
  - advocate for fibre footprint expansion under the right market conditions
- **Efficiency & discipline**
  - prioritise what matters most; embrace simplification and automation
  - right-size our business as we transition to fibre-only
- **Leverage our infrastructure**
  - seek scalable growth in natural adjacencies
  - optimise non-core asset portfolio (e.g. high-sites, exchanges, poles, copper cables)

Capital management: Review

Delivering on our commitment to a sustainable growing dividend

REVIEW INPUTS	OTHER CONTEXT
Regulatory settings	Optimal capital structure for an infrastructure business
Financial outlook	Post-rollout free cash flow
Shareholder feedback	Investment hurdles for growth capex
Comparable company benchmarks	Clarity on dividend path and growth
Macroeconomic factors	PQP2 focus and looking further ahead

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Capital management: Principles

A digital infrastructure business maximising long-term value and shareholder returns

Capital allocation underpinned by free cash flow from an essential regulated infrastructure asset	Deliver a sustainable growing dividend, at least in real terms	Use balance sheet to fund discretionary growth capex - up to 4.75x ND/EBITDA	Discretionary growth capex must deliver greater value than returning funds to shareholders

Capital management: Framework

Net cash flow from operating activities

Less Sustaining capital expenditure

= Free cash flow for capital allocation

Less Ordinary dividend (70% to 90% of free cash flow for capital allocation)

= Surplus free cash flow for allocation

Share buy backs	Additional dividends	Discretionary growth capex

- **Chorus' dividend policy** is to pay an ordinary dividend of **70% to 90%** (on average, over time) of net cash flow from operating activities less sustaining capital expenditure
- **sustaining capex** is investment to maintain/replace/improve an existing asset
- updated from prior range of 60% to 80%
- discretionary growth capex is subject to an internal investment framework, market conditions and regulatory settings/approvals and can be phased to fit the parameters of the dividend policy and debt limits

Recap: Fast-track to all-fibre future

- a solid FY24 result demonstrating fibre’s resilience in a challenging market
- NZ and global trends back fibre as essential digital infrastructure to deliver quality, consistency and reliability
- updated capital management settings and continued commitment to a growing sustainable dividend
- strategy reset provides clarity and specificity for Chorus’ success:

A simplified all-fibre business with 80% uptake by 2030

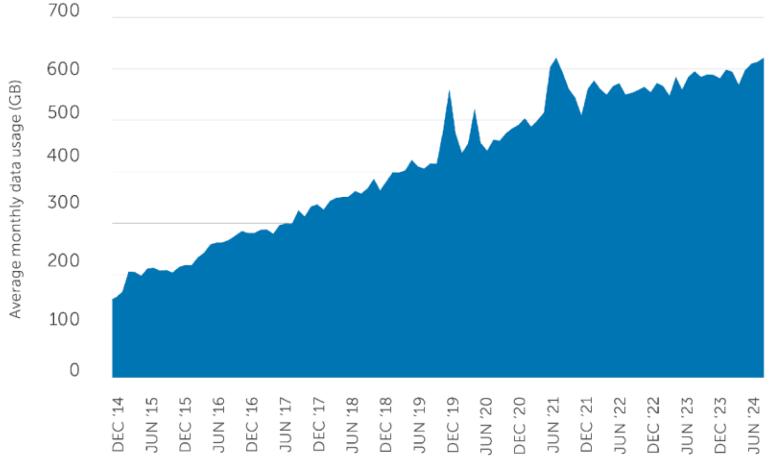
What are the data use trends on our fibre network?

Appendix A: Data trends

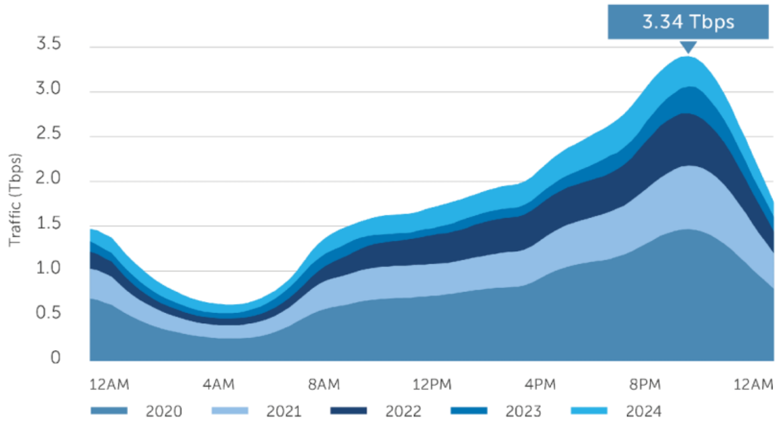
Kiwis keep using more data each year, consistent with bandwidth trends overseas.

Much of that data usage occurs in evening peak times due to activity such as video streaming and gaming. Video streaming on multiple devices at the same time generates frequent high-volume bursts of data within a household. Gaming updates often create above average peak time traffic on the Chorus network.

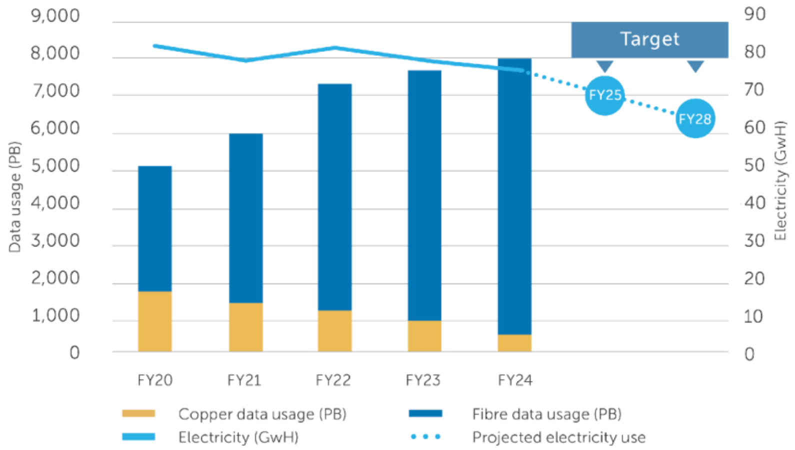
Average monthly data usage per connection (GB)



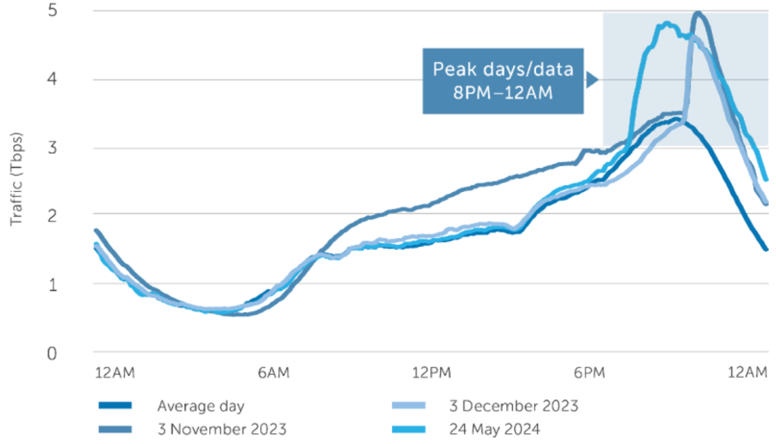
Average daily network traffic per year



Network traffic vs Electricity (GwH)



Peak traffic days in FY24



What's driving data growth?

Advances in customer-facing technology and services, together with new ways to use data and changing customer habits, are all combining to drive increased bandwidth demand.

Everything from homes to cars, to factories and hospitals, are becoming digitally smart. This Internet of Things is forecast to drive 1 Yottabyte* of data per year within a decade. Fibre is meeting the need for high-quality broadband because of its efficiency in carrying more data at multi-gigabit speeds, together with its high reliability and fast response time.

SPEED/CAPABILITY

MULTI-GIGABIT SERVICES

25% OF CHORUS USERS ON **1GBPS** AND **2GBPS+** IN MARKET

GOOGLE FIBER LAUNCHED **20GBPS**

STREAMING

50% OF CHORUS TRAFFIC AND GROWING

DAILY ONLINE VIDEO REACH HAS **SURPASSED** LINEAR TV

60+ AGE GROUP STREAMING MORE

4K ULTRA HD

HIGH DEFINITION QUALITY NEEDS MORE DATA

IF ALL STREAMING IS 4K, DATA USE **~1,200GB** A MONTH

IF ALL TV SHIFTS TO 4K ONLINE, DATA USAGE X3 **~2,000GB** A MONTH

WIFI ADVANCES

IN-HOME UPGRADES TO WIFI 7 REDUCES CONSTRAINT ON FIBRE

46GBPS THROUGHPUT (VS 9.6GBPS ON WIFI 6)

UP TO **100X LESS** LATENCY (THAN WI-FI 6) AND **5X MORE** CAPACITY

MULTI-SCREENS

PROFLIFERATION OF CONNECTED HOUSEHOLD DEVICES

AVERAGE **~20** CONNECTED DEVICES PER HOME TODAY

NUMBER OF DEVICES EXPECTED TO DOUBLE EVERY **5 YEARS**

1YB* of data = 1 million trillion megabytes or the amount of data that would fit on DVDs stacked all the way to Mars. (225 million km)

Looking ahead to 2030

We believe New Zealand was fortunate to begin investing in fibre in 2011.
In the wake of the COVID pandemic, other countries are now making the shift to fibre.

Demand for high-quality broadband networks - characterised by high speeds, high reliability and low latency – continues to grow as data hungry digital applications become integral to economies and daily life.

TODAY

- **71% FIBRE UPTAKE** ON OUR NETWORK
- **16% OF FIBRE USERS** CONSUME 1,000GB+ PER MONTH
- 1 GBps — **25% OF CUSTOMERS** ON 1 GIGABIT PLAN OR FASTER
- **STREAMING** 50% OF CHORUS TRAFFICIS VIDEO
- **<160,000** COPPER LINES REMAINING
- **ELECTRICITY USE** REDUCING AS COPPER SWITCHES OFF

WHAT'S ON OUR HORIZON FOR 2030

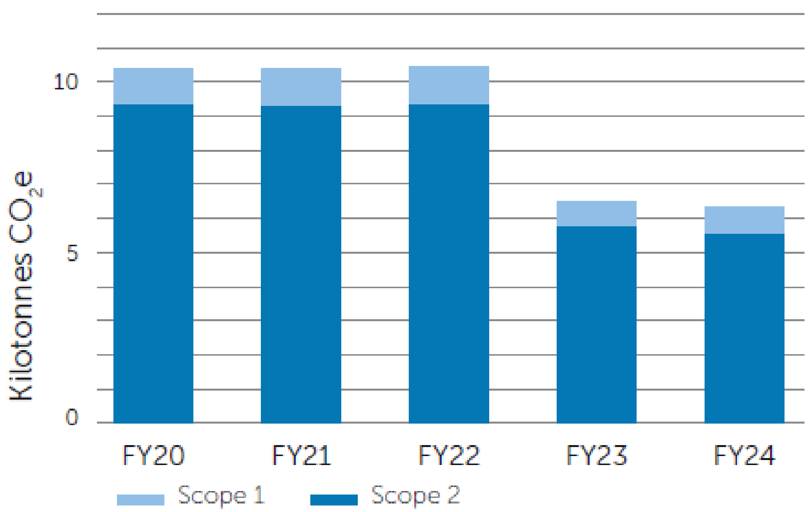
- **80% FIBRE UPTAKE** ON OUR NETWORK
- **1,000GB+** PER MONTH HAS BECOME THE NORM
- 2+ GBps — **MULTI GIGABIT** PLANS HAVE GONE MAINSTREAM
- **BROADCAST TV** HAS SHIFTED TO STREAMING
- **ALL–FIBRE** BUSINESS AS DEMAND FOR COPPER FADES
- **25% REDUCTION** IN ELECTRICTY USE FROM 2020 AS FIBRE ENABLES EFFICIENCY

Appendix B: Sustainability

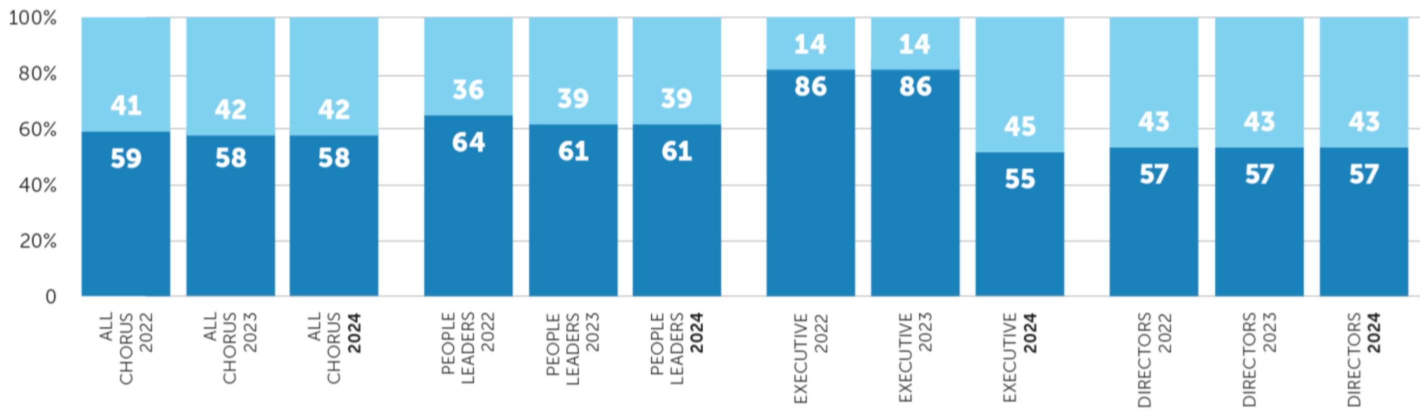
	FY22	FY23	FY24
Health & Safety: Recordable injuries	18	8	8
Electricity use (gigawatt hours)	81	77.4	75.1
Emissions Scope 1 & 2 (tonnes CO_2e)	10,456*	6,544*	6,387
Waste – tonnes (% recycled)	287 (67%)	368 (87%)	339 (93%)
Gender diversity (all Chorus)	41%F/59%M	42%F/58%M	42%F/58%M
Employee engagement (out of 10)	8.5	8.7	8.6

* Prior years emissions (FY22 and FY23) restated using retrospective emissions factor updates released by Ministry for the Environment in FY24, and reflecting improved data quality.

Scope 1 & 2 emissions reduction from FY20 base year

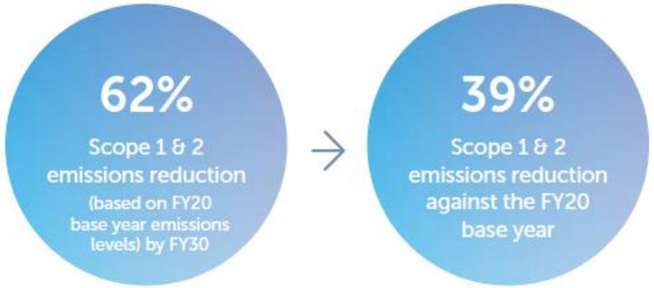


Gender by role - FY22 - FY24 (as of 30 April 2024)



Science-aligned target*

Progress against target



Our targets are science-aligned*, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) sector.

https://company.chorus.co.nz/sustainability

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Appendix C: Pricing and market data

Fibre plan - consumer	Current wholesale price	Proposed price from 1 Jan 2025. Subject to consultation.	Notes
Voice line	$29.11	$30.59	
Home starter 50/10Mbps	$35	$40	To apply where retail price is $66. Wholesale price was previously reduced to $35 from 1 Feb 2022
50/10Mbps	$50.43	$53.96	
100/20Mbps 300/100Mbps	$53.54	$56.28	100Mbps is anchor service. 300Mbps plan introduced late 2021.
1Gbps	$61.86	$66.19	
Hyperfibre 2Gbps	$70	$74.90	
Hyperfibre 4Gbps	$85	$90.95	
Hyperfibre 8Gbps	$110	$117.70	

Copper pricing	Current wholesale price	Price before 16 Dec 2023	Notes
Copper line	$38.21	$36.17	Annual CPI adjustment mid-December 2024
Copper broadband	$51.08	$48.35	

Fibre comprises 87% of Chorus connections

	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Unbundled copper	10,000	1,000	-	-
Baseband copper (no broadband)	137,000	102,000	72,000	45,000
Copper ADSL (includes naked)	163,000	122,000	84,000	56,000
VDSL (includes naked)	157,000	118,000	83,000	55,000
Data services (copper)	2,000	2,000	1,000	1,000
Fibre broadband (GPON)	860,000	949,000	1,021,000	1,074,000
Fibre premium (P2P)	11,000	10,000	10,000	10,000
Total connections	1,340,000	1,304,000	1,271,000	1,241,000*

FY24 copper connections total 157k

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

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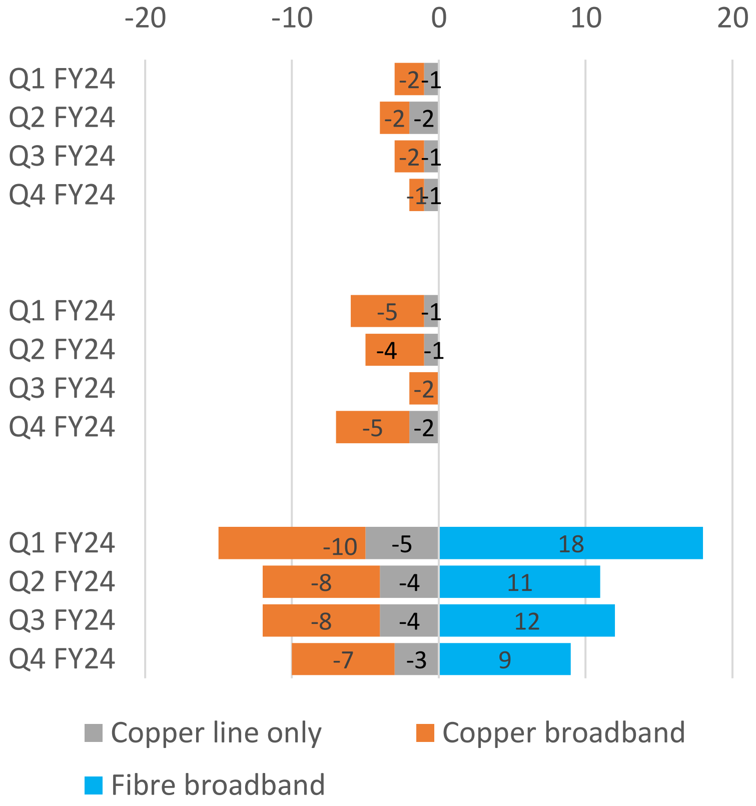
Connection changes by Zone (indicative as at 30 June*)

Other fibre company (LFC) zone	Copper lines (no broadband)	8,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	12,000	
	Fibre broadband lines (GPON)	3,000	
	TOTAL	**23,000**	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	18,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	74,000	
	TOTAL	**92,000**	
Chorus fibre zone	Copper lines (no broadband)	20,000	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	25,000	
	Fibre broadband lines (GPON)	1,068,000	
	TOTAL	**1,113,000**	

Quarterly change ('000s) by zone



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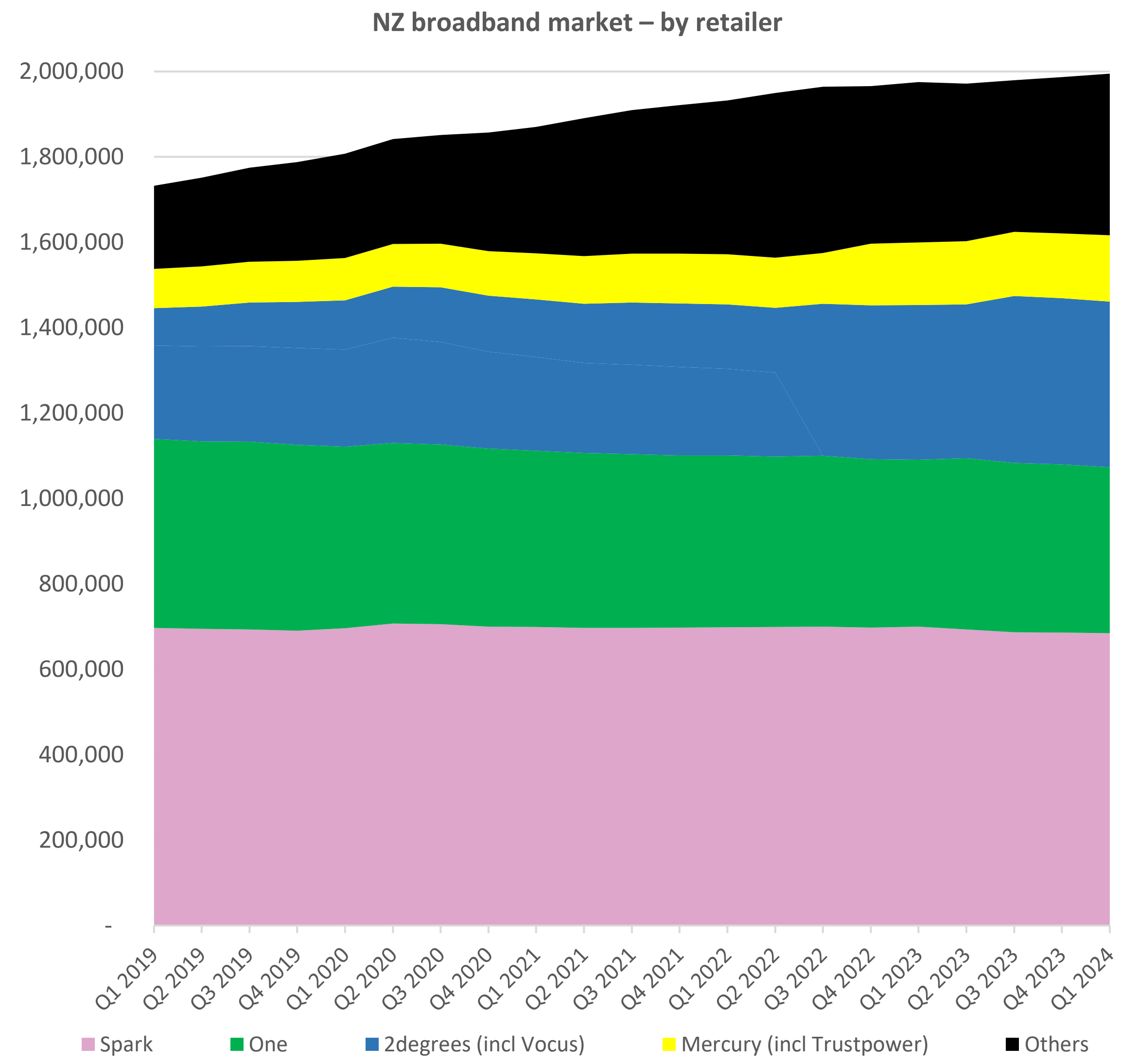
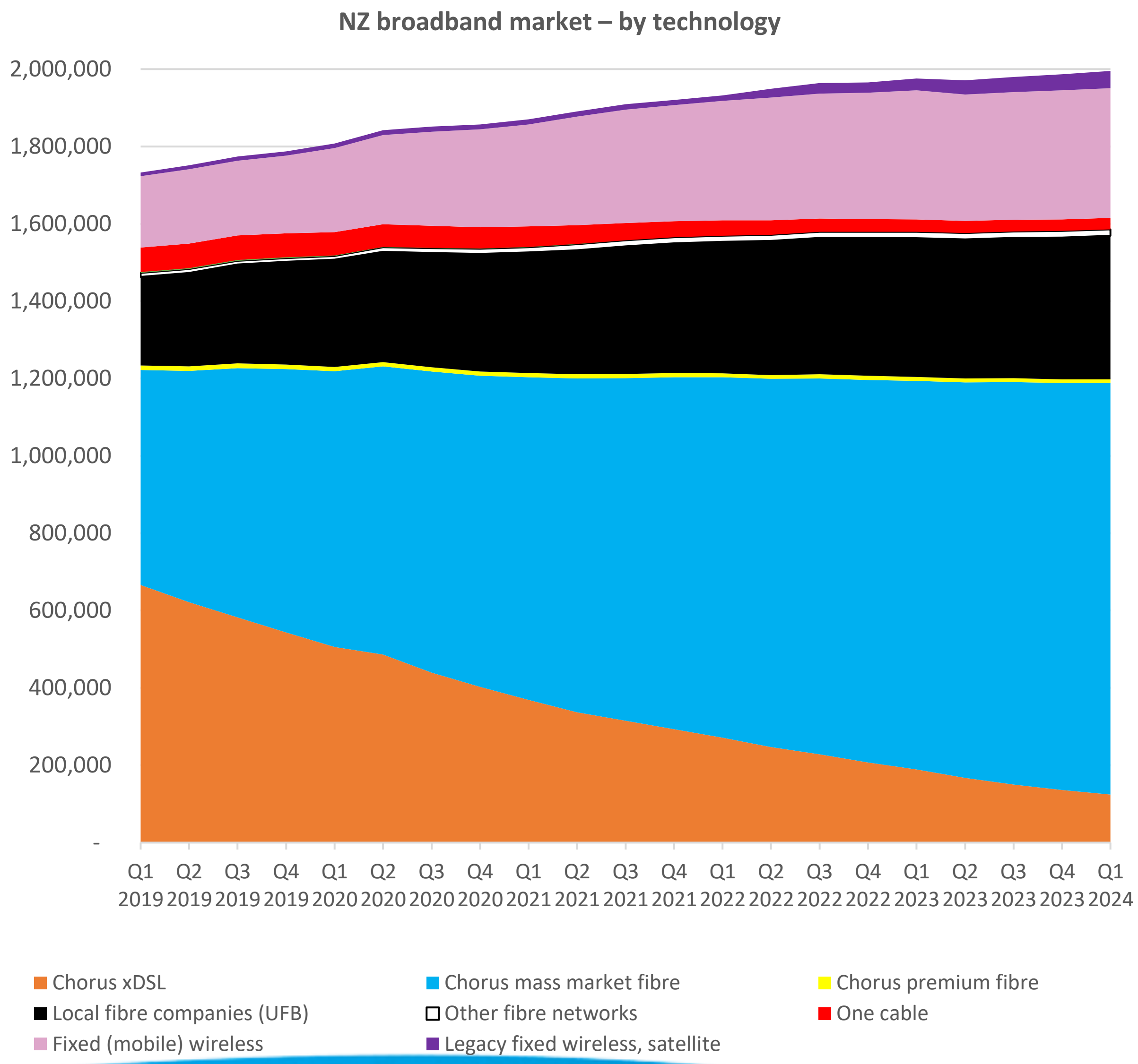


NZ broadband market – by retailer
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024
Spark
One
2degrees (incl Vocus)
Mercury (incl Trustpower)
Others



NZ broadband market – by technology
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024
Chorus xDSL
Chorus mass market fibre
Chorus premium fibre
Local fibre companies (UFB)
Other fibre networks
One cable
Fixed (mobile) wireless
Legacy fixed wireless, satellite

Source: IDC

Appendix D: Additional financial information

Interest rate hedges

Bond	Amount (NZ$m)	Current hedge profile
EMTN 2026	514	100% fixed for life of bond at 3.39%
NZD 2027	200	100% fixed for life of bond at 1.98%
NZD 2028	500	100% fixed for life of bond at 6.21% from Dec 2023
EMTN 2029	820	Swapped to a margin over floating (BKBM) through cross currency interest rate swaps. ~50% fixed at 6.3% from Dec 2023
NZD 2030	200	100% fixed at 2.5%
AMTN 2030	325	Swapped to a margin of 1.73% over floating (BKBM) through cross currency interest rate swaps. ~30% is fixed using an interest rate collar of 5.48% to 6.05% from March 2025

Crown financing summary

Crown securities $m	30 June 2025	30 June 2030	30 June 2033	30 June 2036	TOTAL
Equity securities (cumulative total)	85.3	197.0	404.0	768.5	768.5
Debt securities (maturity profile)	85.3	104.7	166.7	210.2	566.9

Crown equity securities
- unique class of security with no voting rights but a repayment preference on liquidation
- an increasing portion attract dividend payments from 30 June 2025 onwards based on 180-day NZ bank bill rate, plus 6% p.a. margin
- redeemable by cash payment of total issue price or the issue of Chorus shares (at a 5% discount to the 20-day VWAP for Chorus shares)

Crown debt securities
- unsecured, non-interest bearing and carry no voting rights
- to be redeemed in tranches from 30 June 2025 to 2036 by repaying the issue price to the holder

New capex reporting format: FY23

RAB capex	Growth $m	Sustaining $m	TOTAL $m
Extending the network	66	-	66
Installations	149	15	164
IT & Support	5	41	46
Network capacity	-	62	62
Network sustain & enhance	6	43	49
Gross RAB capex	**226**	**161**	**387**
less Third-party contributions	(37)	(7)	(44)
Net RAB capex	**189**	**154**	**343**

Non-RAB capex	Growth $m	Sustaining $m	TOTAL $m
Copper	5	19	24
Other	16	27	43
Gross non-RAB capex	**21**	**46**	**67**
less Third-party contributions	(3)	(2)	(5)
Net non-RAB capex	**18**	**44**	**62**

RAB movements for 2023 ID year

Closing RAB of $5,912m

Component	Core RAB $m (nominal)	Financial Loss Asset (FLA) $m (nominal)	Notes
Opening RAB (1 January 2023)	4,444	1,283	The closing RAB at 31 Dec 2022 included a *forecast* asset allocator adjustment. The opening RAB at 1 Jan 2023 is $17m higher due to updates for *actual* asset allocators.
less Depreciation	(290)	(202)	FLA depreciation is diminishing value and the core RAB is straight-line. Assets start depreciating the regulatory year after commissioning.
plus Revaluations	206	60	4.66% actual inflation in the December quarter versus forecast 2.20% used in the final decision for 2023 MAR. The ID RAB rolls forward into PQP2 and will be reflected in the PQP2 MAR.
plus Assets commissioned	358	0	Amount is net of $41m capital contributions
plus Adjustment resulting from asset allocation	53	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 2023.
Total closing RAB value (31 Dec 2023)	**4,771**	**1,141**	

PQP1 MAR wash-up balance of $105.6m at 31 Dec 2023

Description	Wash-up $m (nominal)	Revenue $m (nominal)	Notes
Building blocks revenue Pass-through costs **Forecast total allowable revenue 2023**		732.9 14.5 **747.4**	For the purposes of the wash-up 2023 MAR was set on the basis of 2021 forecasts for pass through costs and CPI.
CPI on the price path for 2023	26.6		Forecast CPI of 2.17% updated with 5.73% actuals via in-period smoothing.
Cost allocators	18.9		Previously forecast cost inputs (e.g. totex, connections and data traffic) updated for actuals in the period.
Initial RAB true-up	9.2		MAR adjustment to reflect increased allocation of shared assets in the final RAB decision: $17m for CY22/CY23, with a further ~$10m in CY24.
Individual capex proposal for 2023	1.3		Commission approved individual capex proposal for customer incentives for 2023.
Crown financing benefit	0.1		Reflects lower Crown financing balance than forecast.
Pass through costs over-forecast	(0.2)		Actual pass-through costs of $14.7m versus forecast $14.9m.
Subtotal of 2023 wash-ups	55.9	**55.9**	
Updated total allowable revenue 2023		**803.3**	
Less 2023 FFLAS revenue received		**(749.3)**	
2023 wash-up balance 2022 wash-up balance: smoothed		54.0 51.6	The 2022 wash-up balance was adjusted as part of the in-period smoothing process.
TOTAL PQP1 wash-up carried forward		**105.6**	The wash-up balance is rolled forward each year using the post-tax WACC as the time-value of money to preserve NPV neutrality.

PQP2: Draft MAR decision

18 July 2024

Table X3 Draft building blocks revenue components ($m, nominal)

Component	2025	2026	2027	2028
Total return on capital	**249.3**	**267.2**	**266.1**	**263.9**
Return on assets (RAB x WACC)	455.0	454.9	452.8	450.0
Revaluations	-125.7	-113.6	-112.7	-112.0
Ex-ante stranding allowance	5.9	5.9	5.9	5.9
Benefit of Crown finance	-88.5	-82.6	-82.5	-82.4
TCSD allowance	2.6	2.6	2.5	2.5
Opex allowance	**172.5**	**173.9**	**176.2**	**173.5**
Total depreciation	**455.7**	**445.3**	**422.4**	**418.9**
Core fibre assets	303.6	309.2	300.1	308.8
Financial loss assets	152.1	136.1	122.3	110.2
Tax allowance	**0.0**	**0.0**	**0.0**	**84.7**
In-period smoothing	**-38.5**	**-8.6**	**48.3**	**6.1**
Total	839.0	877.8	913.0	947.3

Source: Commerce Commission

PQP2: Final expenditure decision

22 August 2024

PQP2 expenditure allowance ($m, nominal)	2025	2026	2027	2028
Capex (excludes possible individual capex proposals)	327.6	290.6	261.3	260.0
Opex (excludes pass through costs)	189.6	196.3	200.7	202.9

Note: The draft decision applies tilted annuity depreciation to a subset of core fibre assets, at a tilt rate of +3.5%, deferring regulatory depreciation that would otherwise be recovered within PQP2. The actual tilt rate to be applied will be in the final decision due to be released Q4 2024.

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