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STOCK EXCHANGE ANNOUNCEMENT

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Q4 FY25 Connections Update

Chorus today released its connections update for the Q4 period to 30 June.

Data demand steps up in winter months

The quarter featured a strong step up in data demand with average monthly usage consistently above 670 gigabytes (GB) in April, May and June. Fibre usage in June averaged 671GB compared to 642GB in April.

The increase through the quarter was likely driven by ongoing changes in consumption combined with holidays, winter streaming habits and gaming updates. A new record for daily usage on the network of 30 petabytes, the equivalent of 30 million gigabytes, coincided with a Fortnite gaming update on 8 June. June also saw the proportion of fibre users consuming more than 1,000GB in a month, or 1 terabyte of data, near 19% for the first time.

Steady fibre connection growth

Total fibre connections increased by about 8,000 lines in the quarter to 1,115,000. This growth more than offset a decline of about 6,000 copper lines in Chorus' fibre areas.

Fibre uptake in UFB2 rollout areas, completed between 2018 and the end of 2022, rose from 61% to 62%. Fibre uptake across Chorus' wider fibre network footprint, excluding other local fibre company areas, lifted by 0.1% to 72.1%.

Another 7,000 addresses were passed by fibre in the period. This included about 2,000 addresses covered by Chorus' network extension project for existing homes in smaller communities. Half of the more than 9,000 planned addresses can now connect, with 1,200 connections activated so far.

Chorus boosts home fibre plan speeds

Chorus completed its Big Fibre Boost for retail partners in June, lifting home fibre 50/10Mbps plans to 100/20Mbps and 300/100Mbps plans to 500/100Mbps, at no extra wholesale cost. Retailers are now enabling the upgrade for their customers.

The Home Fibre Starter plan, now 100/20Mbps, remained popular in the challenging economic environment with another net 11,000 connections added in the quarter. About 67% of gross adds on the plan were from new fibre connections or off-net addresses, and

another 6% transferred from legacy low-speed plans. Just over a quarter of the gross adds were from higher speed plans.

Residential demand for speeds of 1Gbps and above remained resilient with another 1,000 connections added in the quarter and Hyperfibre demand close to 5,000 connections.

Copper retirement in Chorus fibre areas by mid-2026

Chorus' total fixed line connections reduced by 7,000 lines, consistent with the trend in the prior quarter. This reflected the combination of reducing demand for copper connections, partly offset by growth in fibre connections.

Another 15,000 copper lines disconnected in the quarter, leaving about 92,000 in service nationwide at the end of June. Just 13,000 of these lines remain in service in Chorus' fibre areas, with copper services in these areas on track to be retired by mid-2026.

In areas where fibre is not available, Chorus saw about 7,000 copper customers choose to migrate to alternative network options in the quarter. This leaves approximately 68,000 copper lines outside of the existing fibre footprint. Based on this rate of decline and market estimates, Chorus expects that satellite connections will very soon overtake the number of copper connections in rural areas, if they haven't already.

In March, the Commerce Commission released a draft recommendation that copper voice and broadband services should be deregulated given the wide availability of alternative technologies. A final recommendation is due to Government by the end of 2025.

As part of the copper network retirement, Chorus is committed to a clear, consumer-centric retirement process that supports the transition of customers still on copper to modern services.

Improving rural connectivity

Chorus has also proposed expanding fibre from 87% to 95% of New Zealanders to deliver better socio-economic outcomes for homes and businesses currently beyond the fibre footprint. This proposal was one of 17 infrastructure initiatives recently endorsed by the government's Infrastructure Commission. While this endorsement is independent of any government funding decisions, it highlights both the importance of improving rural connectivity and the need for a coordinated strategy to support it.

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ENDS

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