Q4 FY23 Connections Update

11 July 2023

CHORUS

Q4 FY23 overview

> **Update on flood and cyclone-related costs**
- As noted at Chorus' HY23 results, FY23 EBITDA guidance of $675m-$690m excluded potential flood and cyclone-related impacts. These FY23 EBITDA impacts are estimated to be $7m and exclude future capital expenditure, where required, for network replacement.

> **Total fibre connections increased by 19k to 1,031,000 (Q3 FY23: +15k)**
- Fibre uptake increased from 72% to 73% across the completed UFB footprint in Q4
  - 77% uptake (+1%) in UFB1 areas
  - 56.5% uptake (+2.5%) in UFB2 areas

> **Total broadband connections remained steady at 1,188,000***
- 7k broadband connections were added in Chorus UFB areas (Q3 FY23: +6k)
- 1Gbps and Hyperfibre connections were 44% of net mass market fibre adds in Q4 (Q3 FY23: 46%)
- Home Fibre Starter (50Mbps) connections grew 58% to 16k

> **Total fixed line connections declined by 8k to 1,271,000* (Q3 FY23: -6k)**
- copper broadband and voice connections declined by 27k (Q3 FY23: -21k)
- voice only disconnections were -8k (Q3 FY23: -5k)
- copper withdrawal: 544 copper broadband cabinets no longer have active customers (Q3 FY23: 330 cabinets)

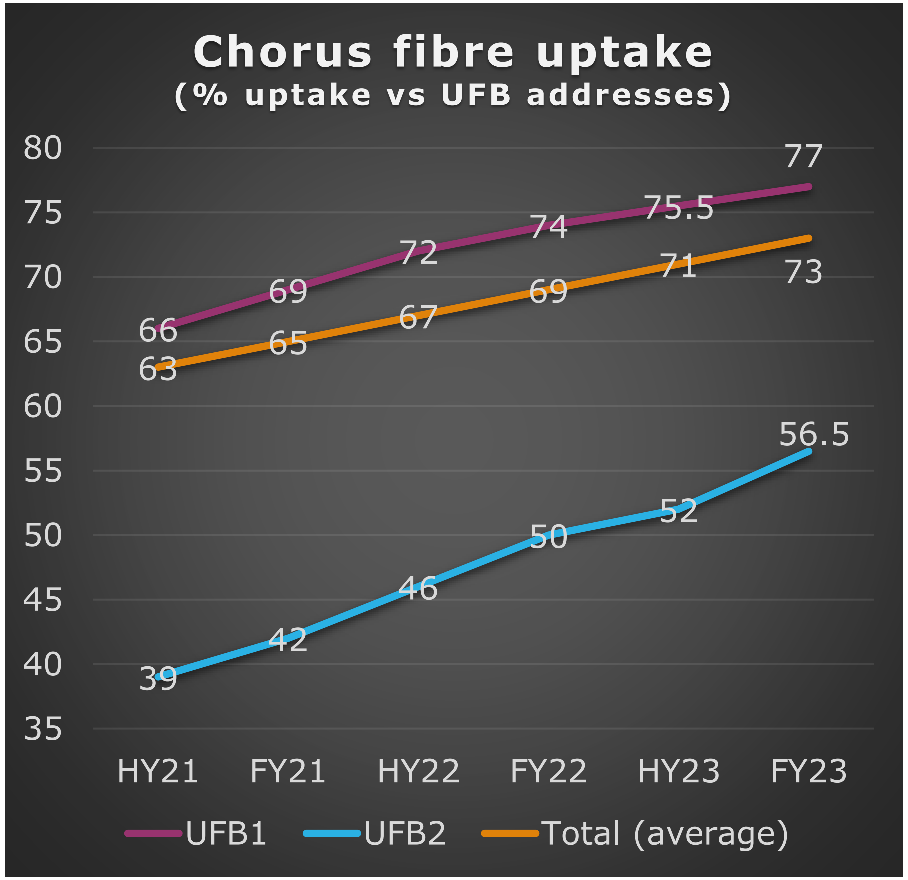
> **Average monthly data usage increased to 542GB in June (March: 502GB)**
- Average fibre data usage grew to 585GB in June (March: 548GB)
- Gisborne had the highest regional data usage at 665GB on fibre, likely reflecting ongoing weather and access challenges

*totals exclude ~2,000 broadband connections Chorus is partly subsidising for student households

Uptake grew to 73% within completed UFB zone

- **Total uptake of 73% within completed UFB footprint in Q4 vs 72% in Q3**
  - uptake in UFB1 areas grew from 76% to **77%**
  - uptake in UFB2 areas grew from 54% to **56.5%**
  - **985,000** connections (Q3 FY23: 968,000) now within completed footprint (includes business premium and partly subsidised education connections)

- **25,000 fibre installations completed in Q4 (Q3 FY23: 19k)**
  - WIP reduced from 13k in March to 10k in June
  - customer satisfaction reduced from 7.6 to 7.4, reflecting workforce constraints in prior periods



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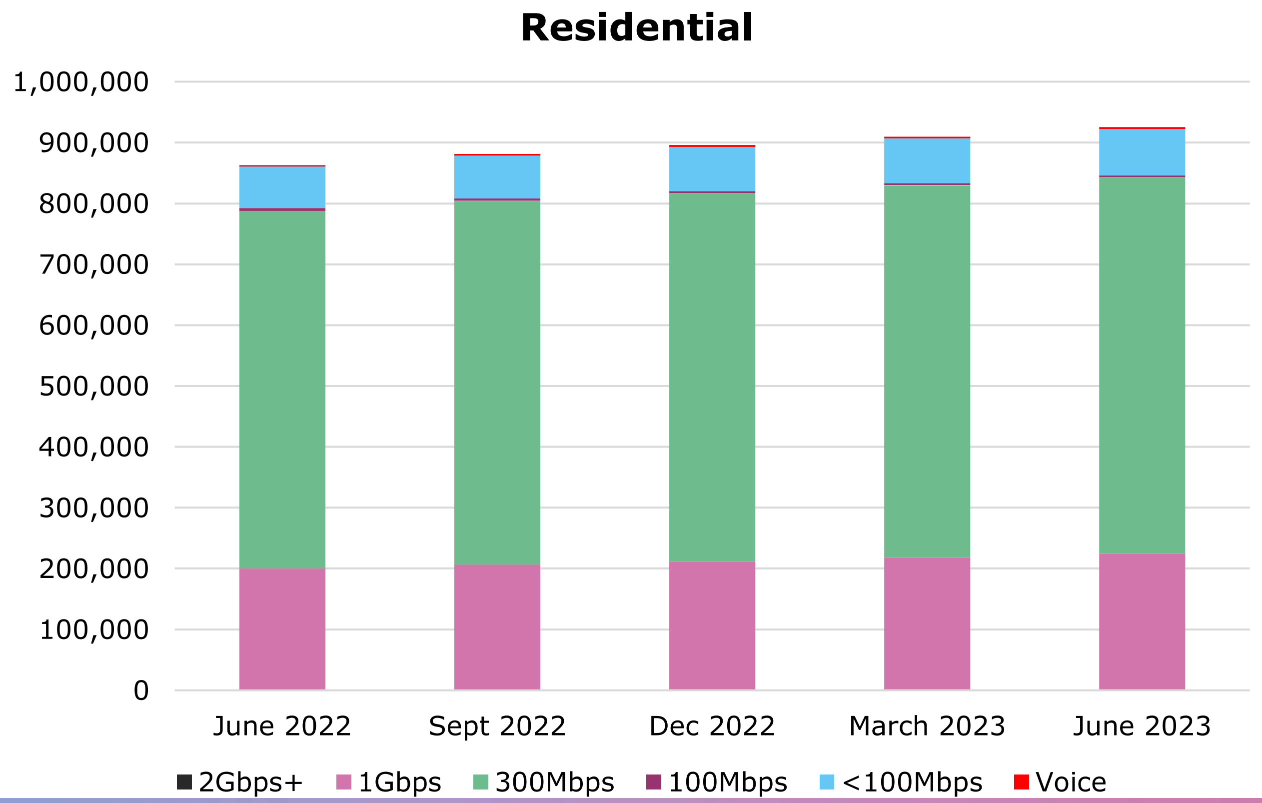
Mass market fibre connections grew 19k

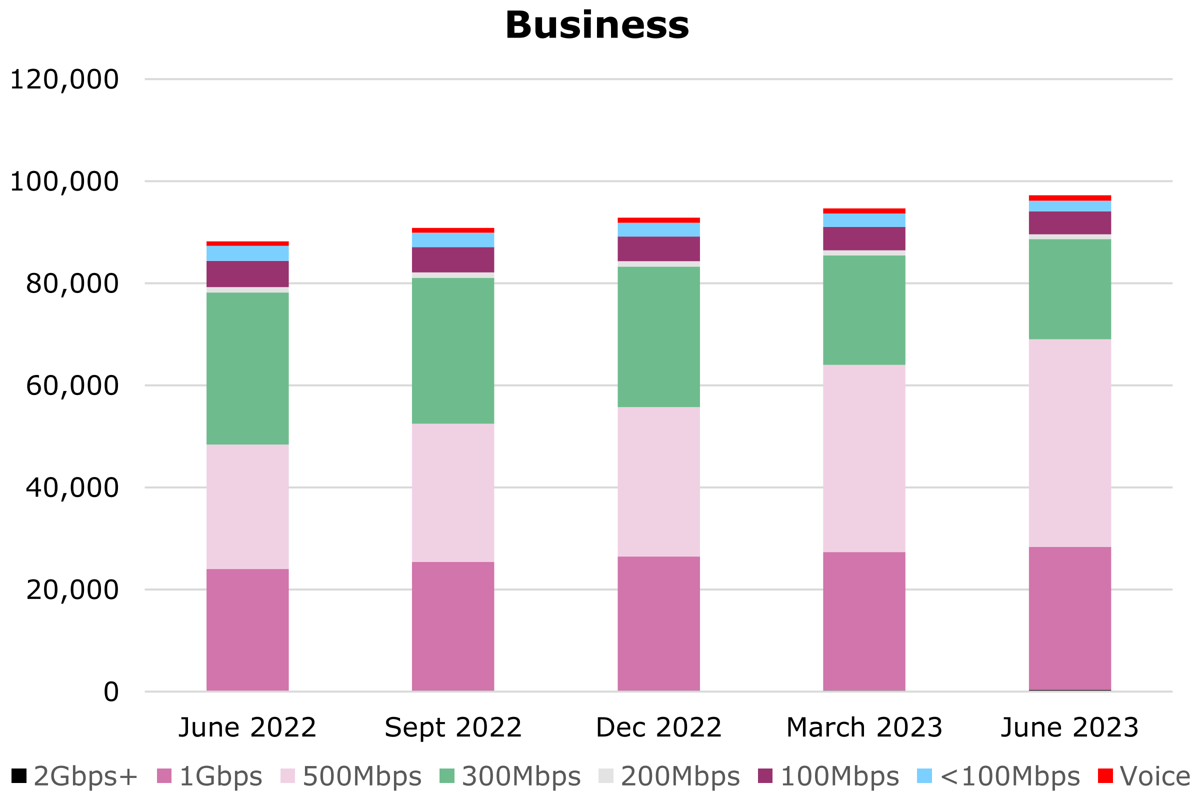
> Home Fibre Starter (50Mbps) connections grew 58% to 16k with large retailers now offering $50 plans

> 91% of residential and business connections are on plans of 300Mbps and above

> 1Gbps and Hyperfibre connections were 44% of net mass market fibre adds (Q3 FY23: 46%)

> CPI increase of 6.65% (or, if lower, the June quarter CPI) will be applied to most fibre plans – excluding Home Fibre Starter, Hyperfibre and Small Business Fibre Max plans – from 1 October





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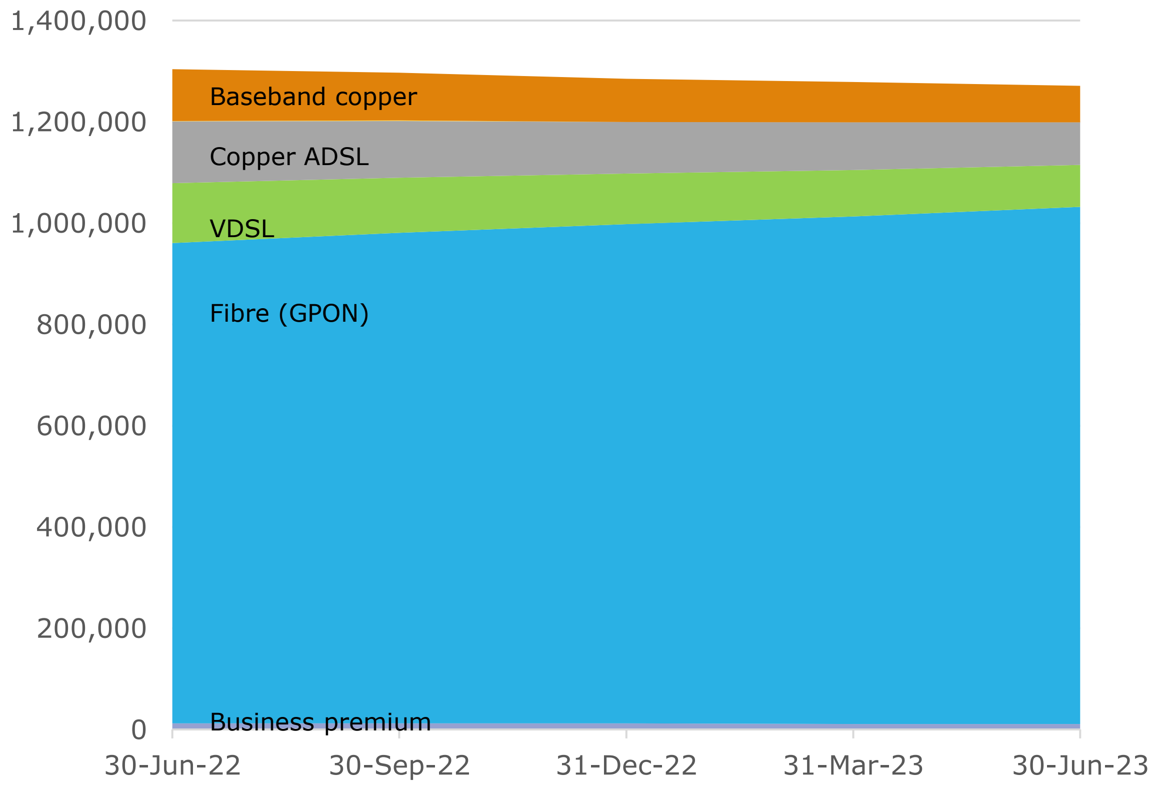
Fibre comprises 81% of Chorus connections

	30 June 2022	30 Sept 2022	31 Dec 2022	31 March 2023	30 June 2023
Unbundled copper (no broadband)	1,000	1,000	not material	not material	not material
Baseband copper (no broadband)	102,000	94,000	85,000	80,000	72,000
Copper ADSL (includes naked)	122,000	112,000	102,000	94,000	84,000
VDSL (includes naked)	118,000	109,000	100,000	92,000	83,000
Fibre broadband (GPON)	949,000	969,000	986,000	1,002,000	1,021,000
Data services (copper)	2,000	1,000	1,000	1,000	1,000
Fibre premium (P2P)	10,000	11,000	11,000	10,000	10,000
Total connections	1,304,000	1,297,000	1,285,000	1,279,000	1,271,000



- **1,188,000 broadband connections comprises:**
  - 1,021,000 fibre (GPON) connections
  - 167,000 VDSL/ADSL (copper) connections

Note: ~2,000 partly subsidised education connections are excluded from this data

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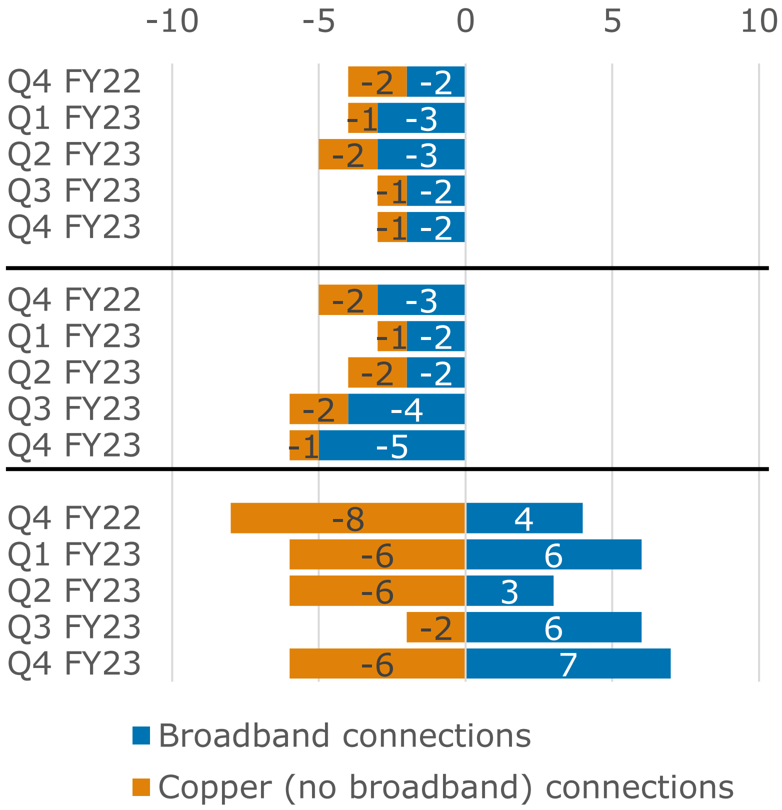
Connection changes by Zone (indicative as at 30 June)

Quarterly change ('000s) by zone*



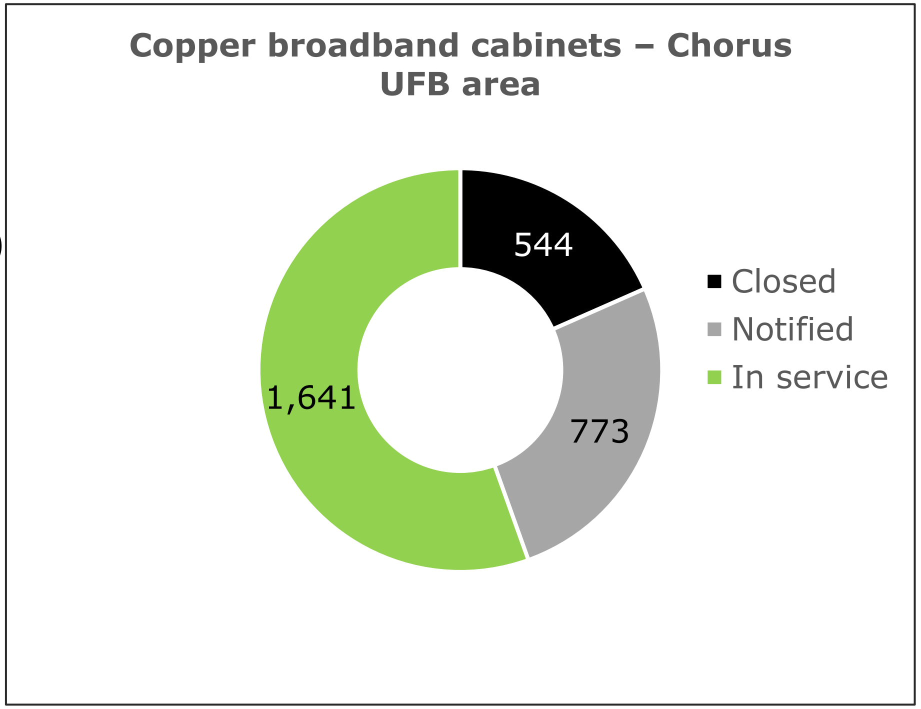
Other fibre company (LFC) zone	Broadband connections	25,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper line (no broadband)	14,000	
	TOTAL	**39,000**	
Non-UFB zone	Broadband connections	129,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion. Partly offset by fibre connections growth for greenfield developments.
	Copper line (no broadband)	23,000	
	TOTAL	**152,000**	
Chorus UFB zone	Broadband connections	1,034,000	Chorus copper withdrawal programme resumed after a pause in Q3 following Cyclone Gabrielle. Increase in technician workforce enabled a resumption of proactive fibre migration activity.
	Copper line (no broadband)	35,000	
	TOTAL	**1,069,000**	

* Excludes ~2k partly subsidised education connections and 11k fibre premium and data services (copper) connections

Copper withdrawal programme

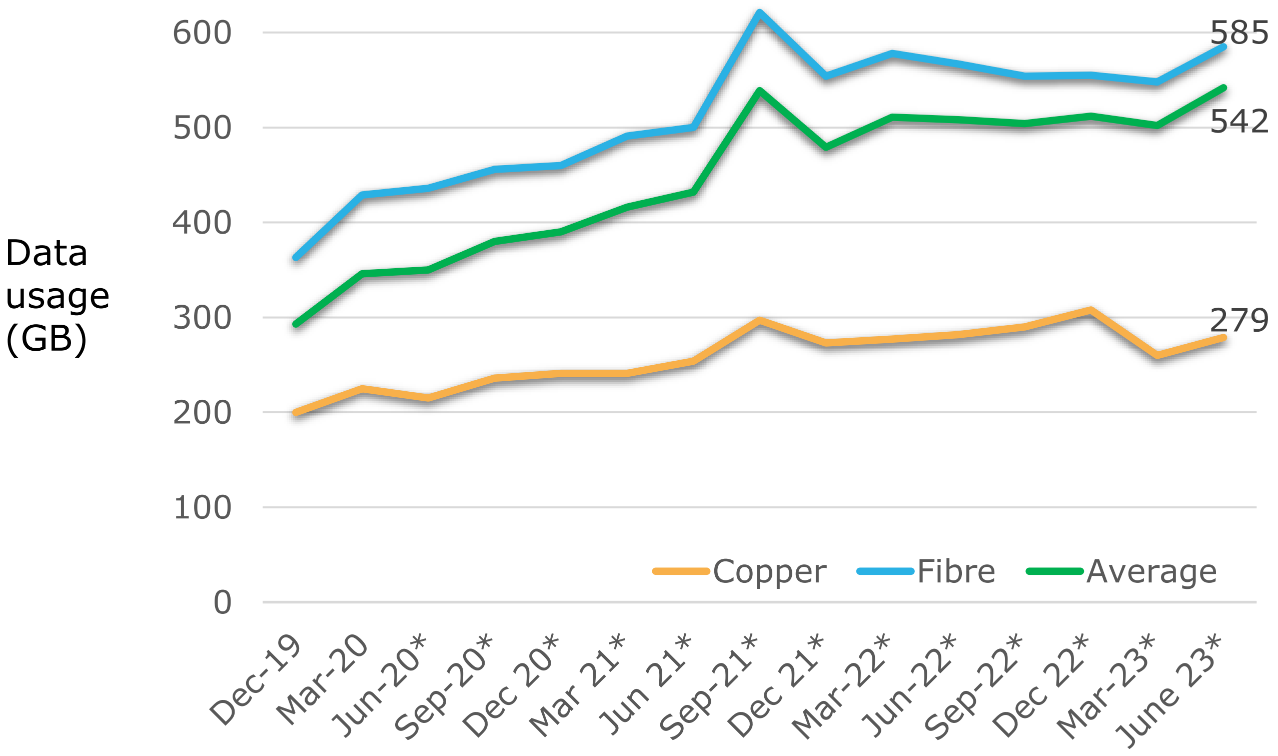
> **~30,000 initial withdrawal notifications issued (cumulative)**
- copper service ceased for ~22,000 notified connections
- 544 copper broadband cabinets now closed; withdrawal notices issued across another 773
- broadband retention rate of 88% across closed cabinets (Q3: 88%)

> **managed migration initiatives: activation of installed fibre sockets (ONTs)**
- ~8k sockets activated in Q3 (Q3 FY23: ~7k)
- 52% of activations were offnet addresses (Q3 FY23: 50%)



Monthly average data usage on fibre 585 gigabytes

Monthly average data usage per connection on our network*



* includes upstream traffic from June 2020 onwards

- Monthly average data usage increased in June
  - **585GB** on fibre (March:548GB)
  - **279GB** on copper (March:260GB)
  - **542GB** average across all connections (March:502GB)
- Gisborne had the highest regional data usage with an average of 665GB on fibre in June, likely reflecting increased reliance on broadband connectivity given ongoing weather and access issues
- Average peak throughput on our network at peak time (~9pm) was 3.5Tbps, up from 3.3Tbps in March
  - a single day peak of 4.39Tbps coincided with a *Fortnite* update on 9 June

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Measuring Broadband NZ, Autumn Report 2023

- Commerce Commission reporting continues to highlight the strong performance of fibre relative to other technologies.

Figure 1: The proportion of households able to stream 1, 2, 3 or 4 simultaneous Ultra High Definition videos from Netflix.

Based on the average download speed to Netflix servers for each household.
The number of Whiteboxes contributing to each result is shown under each plan name (eg n = 77).
Error bars show 95% confidence intervals.

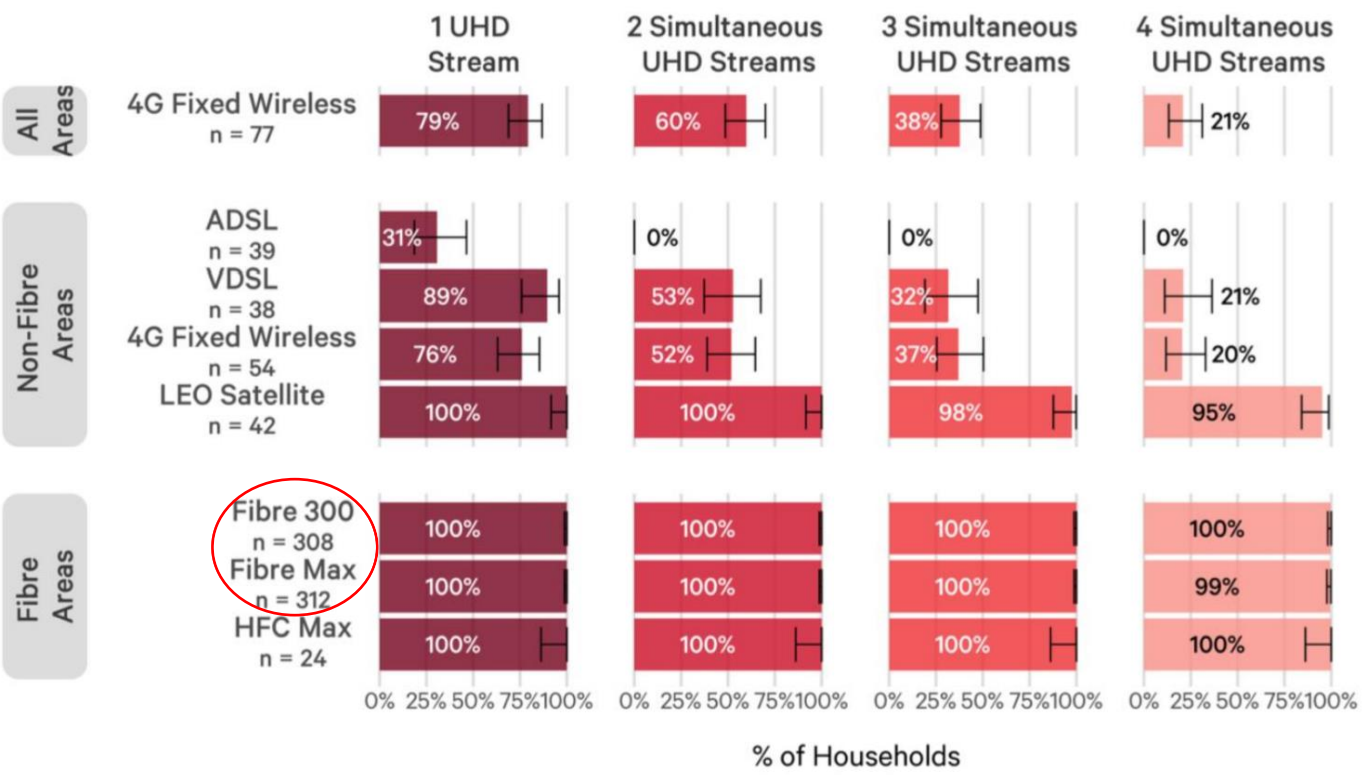
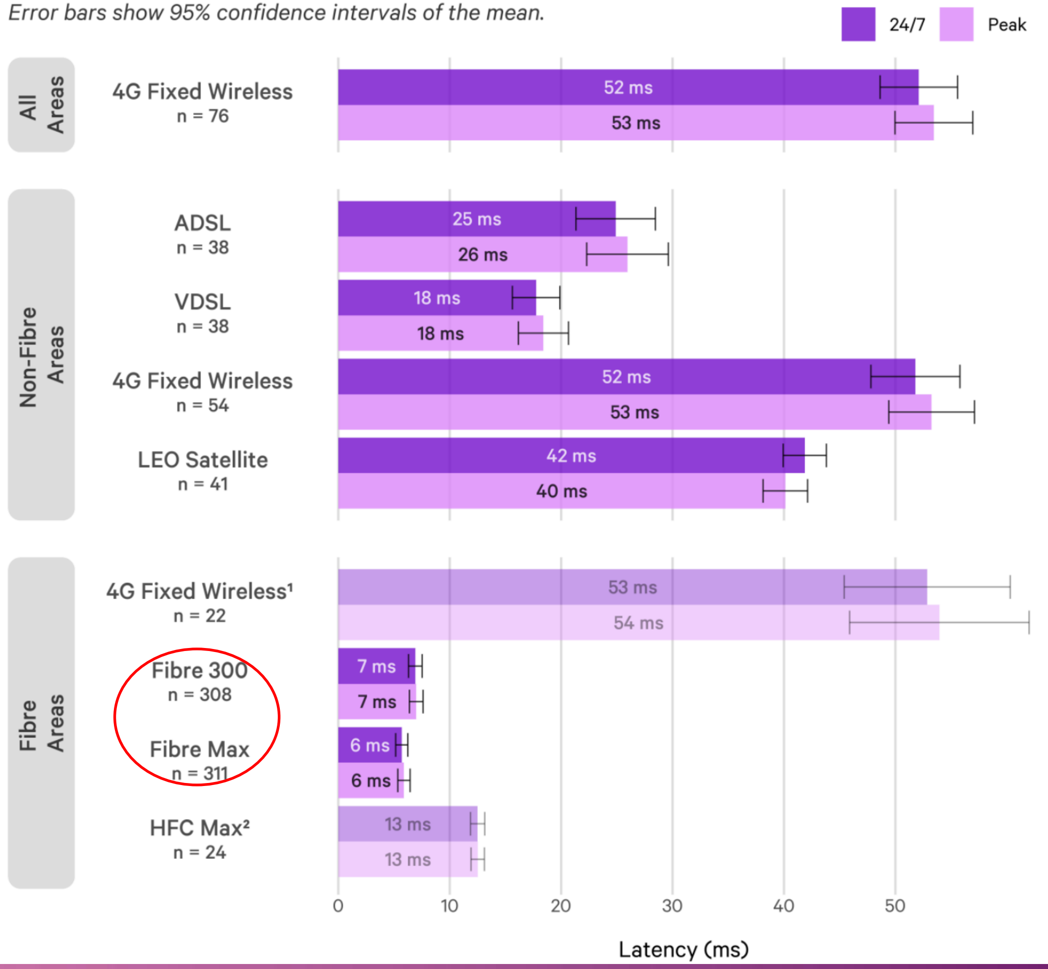


Figure 14: Average Latency to Test Servers by Plan. Lower is better.

Average of monthly household weighted averages. Peak hours are Monday - Friday, 7pm - 11pm.
The number of Whiteboxes contributing to each result is shown under each plan name (eg n = 76).
Error bars show 95% confidence intervals of the mean.



MBNZ, Autumn Report 2023 (cont.)