

Chorus Annual Meeting 27 October 2021

CEO's Address

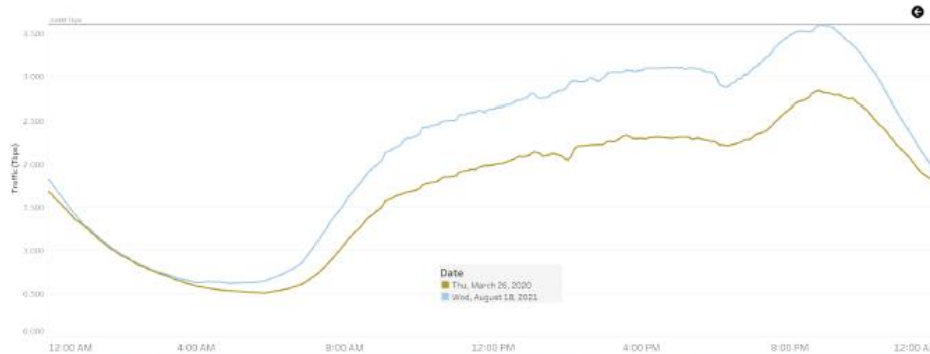
Tena koutou katoa.

Thank you, Patrick, and good afternoon everyone and let me extend my welcome to this Annual Shareholders Meeting.

NETWORK CAPACITY BETWEEN LOCKDOWNS

~30% increase in lockdown data demand

2020 vs 2021 lockdown: downstream data traffic



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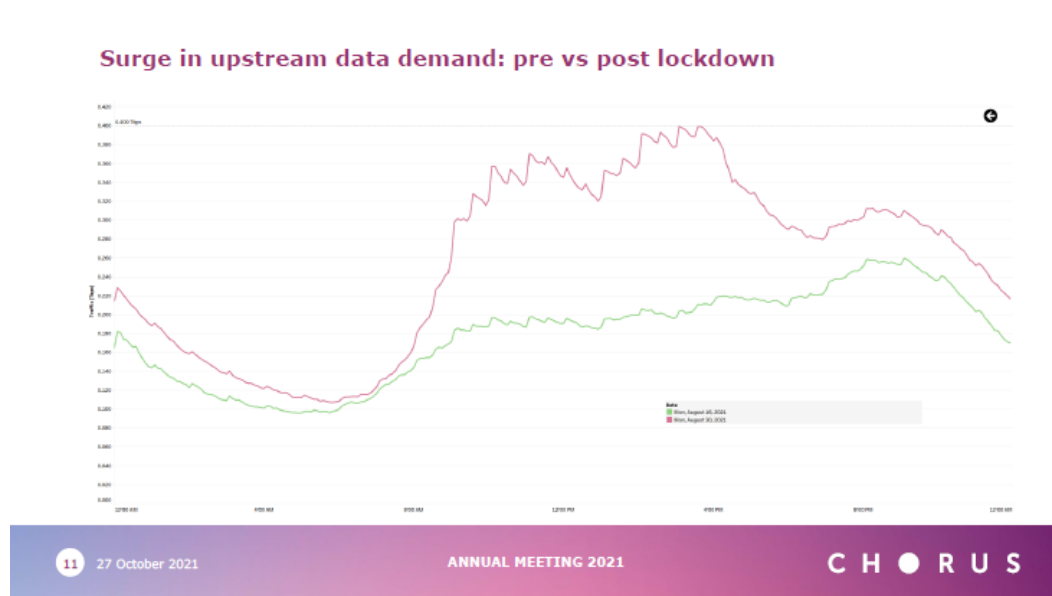
At last year's shareholder meeting, we talked about how COVID had turned the world on its head; sadly, 12 months on and it is still having a big impact. New Zealand's most recent COVID response has again demonstrated the value of our fibre network and how critical reliable high-speed broadband has become in all our lives.

In his address, Patrick spoke to the unrelenting growth in data demand, but I'll add to his commentary.

This slide compares the traffic volumes on the first day of national lock down for March last year and for August this year. It shows that we've seen a near 30 per cent increase in peak-time traffic across the network in a little over a year. That's phenomenal growth by any

standard and something we've come to expect with the year-on-year increases in data usage over the network.

SURGE IN UPSTREAM DATA DEMAND

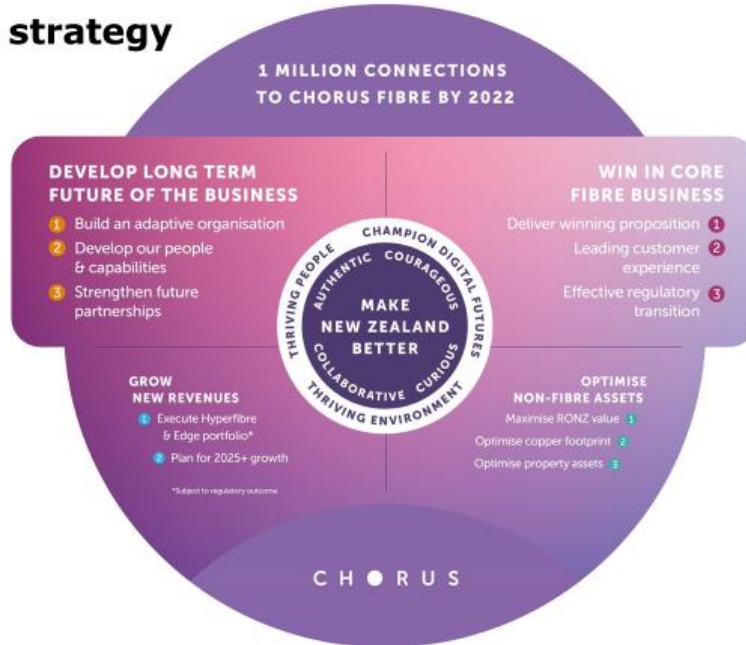


This second graph from the most recent lockdown tells another story. Not only has the download traffic increased especially in the peak evening time. But the upstream traffic has doubled during the day with the visible saw-tooth effect of video conferences as they start and stop on the hour and half-hour.

Our nation's COVID response has not only brought forward the need for uncongested network capacity; it has also created trends that are unlikely to revert, even when we return to a less disrupted future. New ways of remotely working, learning, and entertaining are now embedding as the new norm. For our part, we remain committed to ensuring our fixed networks can support Kiwis in whatever they wish to do online.

This includes continuing to work with the Ministry of Education to support about 10,000 broadband connections for students.

FY22 strategy



Our strategy remains largely the same. It remains anchored around four pillars: winning in our core fibre business, optimising our non-fibre assets, growing new revenues and developing the long-term future of our business. And in the short term it puts a high priority on the top two pillars.

The December upgrade of our most popular 100/20 megabits per second plan that Patrick mentioned is an excellent example for the first of these. Not only are we tripling the download speed of the plan at no wholesale cost increase, but we're also increasing the upload speed five-fold to 100 megabits per second. This upload performance improvement recognises that the fibre connections we need today must perform well in both directions to allow us to all work, learn and entertain at home.

This big fibre boost is expected to catapult New Zealand up the world's broadband ranking, with projections showing we are expected to move well into the top ten for fastest broadband in the world by early 2022.

It is great to see some broadband retailers have confirmed that they will pass on the performance increase at no cost to their customers. We know and appreciate that others are working on what they will do to accommodate the change in their networks.

Undoubtedly, we have plenty of work to do to achieve our target of one million Chorus fibre connections by the end of 2022. However, I'm delighted to tell you that we passed the 900,000 fibre connections mark just last week. Even with the disruption of the latest lockdowns, we remain on track to achieve this ambitious goal.

BROADBAND UPTAKE

On track for 1 million fibre connections

Just achieved 900,000 fibre connections (mass market and premium)

- fibre uptake in UFB areas at 66%
- 23,000 connections added in July-Sept quarter despite restrictions of COVID alert levels
- fibre connection activity now back to pre-lockdown levels
- strong demand for 1Gbps plans: now 20% of mass market connections
- new RSP fibre offers and new market entrants (e.g. SKY TV) expected to continue to drive broadband growth
- Chorus market incentives and managed migration programme helps underpin this vibrant retail market



Demand for fibre remains strong.

Uptake in our UFB build areas is now at 66 per cent, and fibre makes up 67 per cent of Chorus' connections.

Our recent quarterly connection numbers reflect the degree to which broadband has become an essential utility.

In the first quarter of this financial year, the number of fibre connections on our network increased by 23,000 to 894,000. This growth shows strong performance despite the impact of alert level 4 and then 3 in significant parts of New Zealand.

In recent weeks especially, we've seen broadband connection growth recover, with the Auckland area clearly remaining impacted.

Chorus' one-gigabit plan remains our fastest-growing connection, and the plan now makes up 20 per cent of mass-market connections.

Hyperfibre, the next generation of fibre broadband with symmetric speeds of two, four and eight gigabits per second, has also seen a lift in demand. Surprisingly this demand is not just from business, with many early-adopter consumers leading the way to multi-gigabit services in the home.

Chorus offers wholesale fibre services to more than 90 retailers across New Zealand and a recent shift in the broadband market is encouraging.

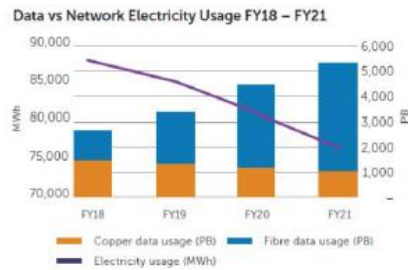
We're seeing our larger retailers now sharpening their fixed broadband offerings to compete with smaller, more agile competitors. With deals that now include incentives like six months of free broadband, there has never been a better time for consumers to shop around for a broadband plan to suit their needs.

Patrick has already talked about the transition to the new fibre regulatory regime. I will just touch briefly on one aspect of this.

For several years Chorus has offered incentives to retailers to promote fibre. These offers have been critical in helping create the competitive market for fibre that we have today.

We believe these incentives, which are offered equally to all retailers, should not be subject to a drawn-out regulatory approval process as is currently proposed. And we're not alone in this view; many of our retail customers support us on this, recognising their need for early certainty around these incentives so they can plan their offerings and campaigns.

SUSTAINABILITY

Fibre enables sustainability

- transition to fibre expected to reduce electricity consumption 30-40%
- target: 80% carbon emissions reduction (scope 1 & 2) from FY12 level by 2030

This year we published our first sustainability report.

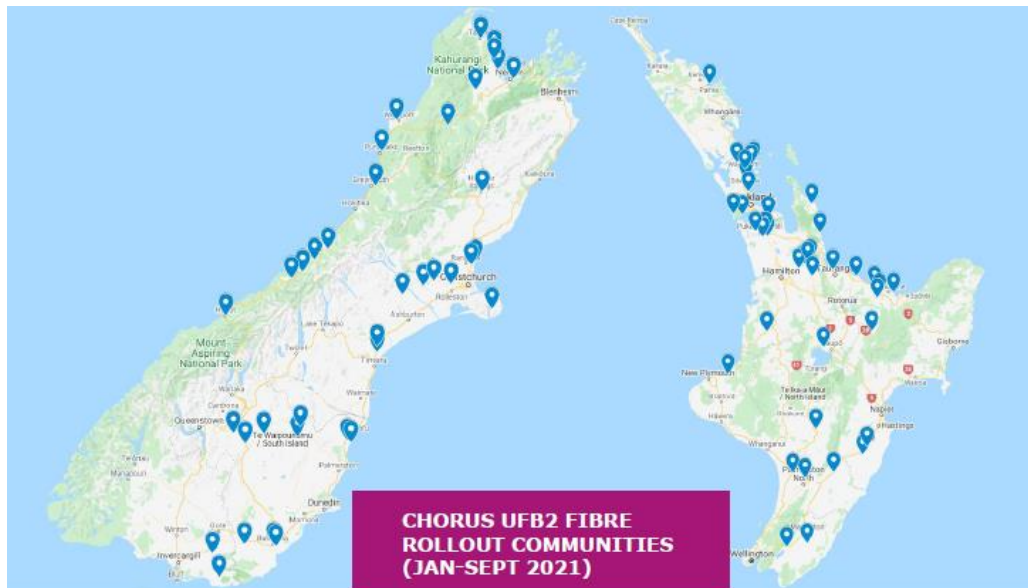
The report emphasises some of the things we are doing and enabling as part of our goal to make New Zealand better. Our sustainability strategy is articulated around three pillars: championing digital futures, thriving people and a thriving environment.

The fibre network that we've built is highly reliable and energy-efficient. As more customers migrate to fibre for their broadband, our electricity consumption reduces. This reduction in consumption improves further as we begin switching off the copper network where it is no longer needed.

International research shows that passive fibre networks result in significantly lower rates of carbon emissions than other broadband technologies. Not only that, but by enabling other activities to go digital, the network is contributing to New Zealand's overall carbon footprint reduction by enabling more remote working, learning and entertaining.

For example, a recent Infrastructure Commission report notes that district health boards saw telehealth consultations grow 100-fold to more than 34,000 a week during COVID-19 lockdowns.

UFB2 & END OF BUILD



By the end of next year, Chorus' eleven-year fibre build programme will come to an end. There are now less than 50,000 homes and businesses remaining to pass with fibre.

Once complete, fibre will be available to 87 per cent of the population, from our largest centres to many of our smaller towns and communities. This slide highlights the geographic scale and breadth of the communities we've connected in the last 10 months alone.

Haast on South Island's West Coast is a great case study. It is remote and has just a few hundred residents, but it is now more connected to the world than ever before. Gigabit fibre is available there after a partnership with the Government to take fibre further.

This West Coast fibre project will build about 300 kilometres of fibre from Fox Glacier to Lake Hawea and Te Anau to Milford. The project will complete in March next year, and in addition to lighting up gigabit communities on its path, it will also provide enhanced network redundancy for the lower South Island.

THE WORLD'S BEST BROADBAND



The world's best broadband is only getting better

- 900,000 connections on fibre
- 140,000 more consumers can switch fibre on today
- and another 270,000 with fibre at their gate
- fibre products continue to evolve...8Gbps.....25Gbps
- Wi-Fi 6E will help consumers make even more of fibre

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In conclusion, our priority is to keep focusing on maintaining the gigabit advantage that New Zealand has developed in the last decade.

While we now have passed 900,000 fibre connections, there are still 140,000 who could switch to fibre today and another 270,000 where fibre is just an order away.

Continued growth in everything digital and in data traffic continues to fuel a need for faster, more reliable, more environmentally friendly, and effective technologies.

Like many other telcos around the world we believe that fibre is the best technology to meet them.

With the Commerce Commission's focus on transparent and equivalent product performance information, we believe that Kiwis will soon have the information that will allow them to take control and make educated choices about what technology is best for their homes and businesses.

And, assuming reasonable regulatory settings we will be in a great position to continue to play a significant role in this next stage of the journey of Aotearoa New Zealand to a more digital future.

ENDS