



CH • R U S

Annual Report 2024

For the 12 months ended 30 June 2024

- 1 Board and management overview
- 11 Management commentary
- 20 Consolidated financial statements
- 66 Governance and disclosures
- 95 Glossary

Overview FY24

+3%

↑ REVENUE

+4%

↑ EBITDA¹

-6%

↓ CAPITAL EXPENDITURE

+12%

↑ DIVIDEND

-3%

↓ ELECTRICITY USE²

-39%

↓ SCOPE 1 & 2 EMISSIONS³

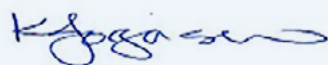
About this report

Our 2024 Annual Report covers the financial year ended 30 June 2024 (FY24) and includes aspects of our environmental, social and governance (ESG) performance. For additional ESG reporting, including emissions and climate-related information, please refer to our separate 2024 Sustainability Report and Climate Statements available at company.chorus.co.nz/sustainability.

This report is dated 26 August 2024 and is signed on behalf of the Board of Chorus Limited by Mark Cross, Board Chair, and Kate Jorgensen, Chair of the Audit & Risk Management Committee.



Mark Cross
Chair

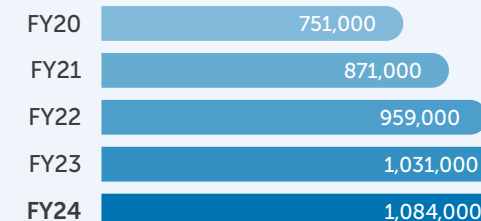


Kate Jorgensen
Chair Audit & Risk Management
Committee

REVENUE (\$ million)



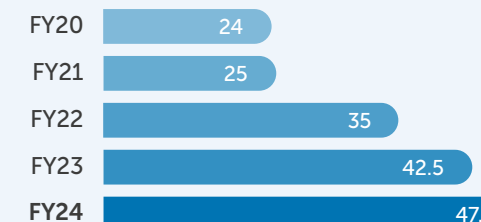
FIBRE CONNECTIONS



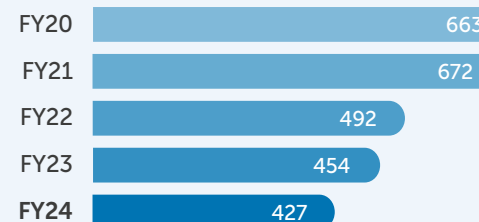
EBITDA¹ (\$ million)



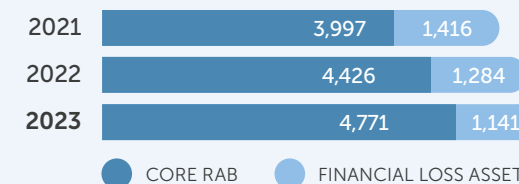
DIVIDEND (cents per share)



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.

Dear Investors,

On behalf of your Board, I'm pleased to report that Chorus has delivered another steady financial result in a challenging macroeconomic environment and we maintained solid momentum in our shift to becoming a simpler all-fibre digital infrastructure company.

We've announced a final unimputed dividend for the year of 28.5 cents per share, bringing total dividends for FY24 to 47.5 cents per share. For FY25 we've provided dividend guidance of a 21% increase to 57.5 cents per share, unimputed, subject to no material adverse changes in circumstances or outlook.

Fibre momentum continues

The OECD has said the shift to a post-pandemic digital future requires high-quality broadband networks characterised by high speeds, high reliability and low latency. It's therefore not surprising that the OECD reports an accelerating international shift to fibre networks, with fibre the dominant fixed network technology. By December 2023, 42.5% of total fixed broadband subscriptions in OECD countries were on fibre, with cable falling to 29.6% and copper falling to 20.3%.⁵

Fibre now comprises 87% of our total fixed line connections and demand for fibre broadband grew to more than 71% of addresses passed, up from 69% at the end of FY23. Average monthly data usage on fibre was 623 gigabytes in June 2024, above the peaks last seen during the COVID lockdowns in 2021. The proportion of fibre customers consuming more than 1 terabyte of data (1,000 gigabytes) a month lifted to 16%.

Fibre's capability relative to other technologies is clear when you consider the scale of data growth it has absorbed. Total data traffic on our combined fibre and copper network has grown 12% in the last two years, from 7,140 petabytes (PB) to 7,974 PB. Within that total, the proportion carried by our fibre network has grown from 87% to 94%. Despite this growth, fibre's electricity efficiency relative to other technologies means we've been able to reduce our overall electricity consumption and lower our emissions.

As customers typically have a choice of technologies, we're also very focused on customer experience. We were therefore pleased to see strong improvements in end customer satisfaction through the year. A range of initiatives saw satisfaction with fault restoration increase from 7.8 to 8.6 out of ten, while satisfaction with intact provisioning on an existing fibre connection rose from 7.3 to 7.7.

Capital management review

As I noted in last year's Annual Report, the prioritisation of long-term shareholder value, through capital allocation, is one of your Board's most important responsibilities.

During the year the Board initiated various value maximisation initiatives with management. These included a refreshed internal investment framework, reflecting a post-rollout operating environment, to guide the allocation of cash flows and a review of our capital management settings. Other areas of focus are fit-for-purpose regulatory settings and operating efficiencies as the copper network is shut down.

In February 2024 we announced a review to ensure our existing capital management framework is fit for purpose, as we prepare to enter the new regulatory period in 2025. Our review included consideration of regulatory settings, shareholder feedback, comparable company benchmarks, macroeconomic factors and Chorus' financial outlook.

Shareholder feedback was that investors value the predictable growing dividends that come from the robust cash flows generated as an owner-operator of essential infrastructure. Investors anticipate a higher proportion of free cash flow following the conclusion of the ultra-fast broadband (UFB) rollout and the slowing number of fibre installations as a shrinking pool of customers are left to migrate from copper.

Our capital management settings remain largely unchanged following the review. We are committed to maintaining a capital structure reflective of a regulated utility business and operating within the parameters of our investment grade BBB credit rating. However, a key conclusion from our review is that we will now target a higher dividend payout range of 70% to 90% of our net operating free cash flows, after sustaining capex. This is an increase from the prior 60% to 80% range and reflects the greater clarity we have for cash flows through the next regulatory period as fibre investment tapers.

Our intention is to provide shareholders with a sustainable dividend that grows at the rate of inflation. This will ensure an appropriate return to shareholders on the significant investment made in Chorus' network since the beginning of the UFB rollout in 2011.

The dividend will be accommodated within the revised payout range, while continuing to allow for discretionary investment such as fibre installations. Discretionary growth investment can also be supported by the headroom in our balance sheet capacity up to our internal limit of 4.75 times net debt/EBITDA, which provides a buffer to our credit rating threshold of 5.0 times. Any discretionary investment will be subject to our internal investment framework and restricted to activities that are adjacent to, or have synergies with, our core business.

⁵ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/broadband-statistics/data/1-3-fixed-and-mobile-subscriptions-by-technology.xls>

Becoming a simpler all-fibre business by exiting copper

In 2012, when we began building our fibre network under the public-private partnership with government, Chorus had close to 1.8 million copper connections. On 30 June 2024 there were just 157,000 remaining. Of these, approximately 45,000 were in our fibre areas where we will switch off copper in less than two-and-a-half years. The remainder are in areas where other fibre, wireless and satellite network providers now have greater market share than Chorus.

This market fragmentation, together with the shift to regulated revenues under the new fibre regime, means Chorus cannot cross-subsidise rural network costs with urban revenues. Customers are rightly choosing newer, better, technologies and copper’s looming obsolescence is evident from global network trends. Norway shut its retail copper network in December 2022 and the European Union is consulting on a 2030 target for the complete shutdown of copper networks. Copper networks will soon join the long list of other outdated technologies like dial-up, 2G mobile and analogue TV.

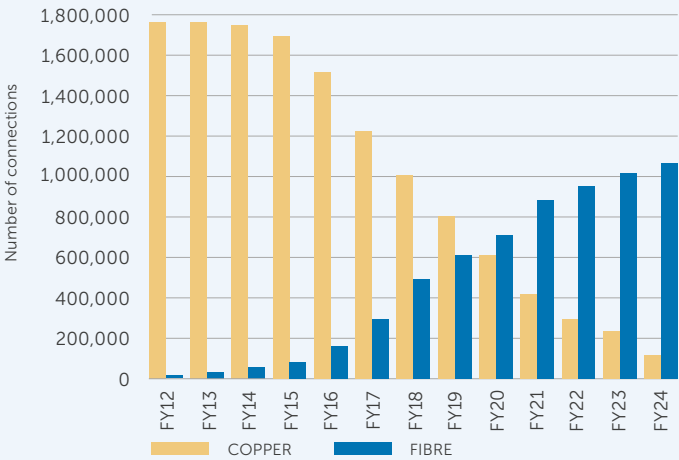
It’s against this backdrop that the Commerce Commission announced an investigation into the potential deregulation of copper services. This is expected to be concluded by the end of 2025.

We believe that fibre should and could go further to reduce the digital divide between urban and non-urban areas. In February, we announced plans to extend fibre to 10,000 more homes and businesses across 59 communities. About 25% of customers in these communities have already registered their interest in connecting to fibre following the announcement and interest is growing rapidly as work gets underway.

While we believe further expansion of Chorus’ fibre network would offer significant benefits to more New Zealanders, we are very mindful of the need to exercise capital discipline on behalf of our shareholders. Our original regulatory proposal had contemplated taking fibre to another 30,000 premises, but we chose to put this additional investment on hold in the absence of clarity on the pricing, market and regulatory changes needed to make the commercial case for further investment.

The chart below shows just how much Chorus’ network environment has changed.

Becoming an all fibre business



CEO transition and governance

We appreciate the efforts of the wider Chorus team over FY24. It has been a period of significant change as the organisation evolves into its next phase.

In April, we said bon voyage to Chief Executive, JB Rousselot, who led Chorus from November 2019 through to April 2024. During JB’s tenure, Chorus completed the government-supported UFB rollout, saw fibre connect more than one million New Zealand homes and businesses, and navigated the challenges of COVID-19. We’re grateful for his passionate advocacy of both fibre and customer transparency.

Mark Aue, previously our Chief Operating Officer, stepped into the CEO role in April 2024. Mark joined Chorus in April 2023, having previously been the CEO of 2Degrees and, before this, the CFO of Vodafone NZ (now One NZ). His deep understanding of Chorus and the telecommunications industry, together with his proven leadership and innovation track record, make him the ideal person to lead Chorus into its next chapter. Mark’s immediate focus is on implementing our new operating model, in place since February, to deliver key initiatives with better focus and prioritisation.

The Board is working with Mark and his executive team to ultimately provide improved customer and shareholder outcomes. We look forward to updating you on Chorus’ progress at our annual meeting in October.

Board succession is an ongoing focus for us. Director Miriam Dean is scheduled to be up for re-election this year, and Murray Jordan will retire after the September meeting. We thank Murray for the valuable contribution he has made to the Board over the last nine years, and in particular the important work he has done as chair of our People, Performance and Culture Committee.

We were also pleased to welcome our new director, Neal Barclay, in August. He brings valuable insights both as an experienced CEO and former CFO, and from his work across energy and communications infrastructure. He will be up for election by shareholders at the annual meeting.

Thank you to our customers, our shareholders, our people and my colleagues for your continuing support of Chorus.



Mark Cross
Chair

Operating highlights

	FY22	FY23	FY24
Fixed line connections ⁶	1,304,000	1,271,000	1,241,00
Data traffic (petabytes)	7,140	7,402	7,974
Average revenue per user	\$50.67	\$53.25	\$55.71

Chorus delivered a strong financial result, underpinned by our first normal operating period after the pandemic, workforce and weather challenges of the last few years.

Demand for fibre broadband grew by another 53,000 connections in the year, while copper connections reduced by 83,000 connections. This reflected the acceleration of our programme to retire the copper network in our fibre areas and diminishing customer demand for copper services in areas where alternative networks are available.

Data demand across our network grew almost 8% in the year to 7,974 petabytes. Our fibre network carried 94% of this traffic, with average monthly usage for fibre connections growing 6.5% to 623GB through the year.

Inflation-linked price changes, together with ongoing growth in the uptake of high-speed fibre plans, lifted revenues from \$980 million to \$1,010 million. Average revenue per user (ARPU) on GPON fibre services rose from \$53.25 to \$55.71 through the year.

Tight cost management and reducing copper network costs helped offset inflationary pressure across various expense lines. However, operating expenditure of \$310 million was \$2 million higher than FY23, despite the prior period including one-off cyclone-related costs of \$6 million.

Our operating results produced FY24 EBITDA of \$700 million. This was at the top of our EBITDA guidance range of \$680 million to \$700 million and up \$28 million from the prior year.

A net loss after tax of \$9 million was reported compared to a profit of \$25 million in FY23. This was due to a combination of a one-off \$15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings, a \$14 million increase in depreciation from our accelerated depreciation of copper assets, and higher interest costs.

Gross capital expenditure of \$427 million was down from \$454 million in FY23. This was within our guidance range of \$400 million to \$440 million and reflects the slowdown in new property developments from post-COVID highs, as well as reducing fibre installation volumes as we pass the peak of copper customer migration. Net capital expenditure was \$372 million when excluding capital contributions for roadworks, property development and government-backed deployment.

Borrowings at the end of FY24 were 4.42 times net debt/EBITDA and remain well within our business tolerance level of 4.75 times and ratings agency threshold of 5.0 times.

1.1 Winning in our core fibre business

	FY22	FY23	FY24
All fibre connections	959,000	1,031,000	1,084,00
Addresses passed	1,428,000	1,477,000	1,506,000
Fibre uptake (% of addresses passed) ⁷	66.7%	69.3%	71.4%
Customer satisfaction: fault restoration (3 month average)	8.2/10	7.7/10	8.6/10 (target 8.1)
Customer satisfaction: intact provisioning (3 month average)	7.3/10	7.3/10	7.7/10 (target 7.6)

By the end of June, fibre uptake had reached 71.4%, up from 69.3% in FY23, across a footprint of 1,506,000 addresses. This footprint grew by 29,000 addresses in FY23, compared to 49,000 addresses the year before, due to the end of the UFB rollout and slowing new property development.

Our objective is to achieve 80% fibre uptake, and we continue to refine our active wholesaler strategy to help achieve this goal.

Cost-of-living pressures combined with increased retailer marketing saw demand for our entry level 50 megabits per second (Mbps) plan grow from 16,000 to 47,000 connections during the year. This plan provides superior performance to 4G fixed wireless technology and enables low data users to experience fibre with the potential to upgrade to higher speed plans in the future.

We continue to see growth in uptake of our gigabit and multi-gigabit plans and they now comprise 25% of our customer base, up from 24% last year. This shift underscores New Zealanders' growing appetite for high-speed, reliable connectivity. About 64% of residential connections are on our popular 300Mbps plan.

⁶ Includes several thousand partly subsidised education connections from FY24.

⁷ A new measure to calculate fibre uptake was adopted in FY24 to better reflect Chorus' expanding fibre footprint beyond the original UFB rollout areas. It includes addresses outside of local fibre company areas that have been passed by Chorus fibre.

1.2 Growing new revenues

	FY22	FY23	FY24
Smart locations	+19%	+19%	+16%
Edge Centre	57	57	83
Greenfields – lots passed	22,000	33,000	27,000

Demand for fibre connectivity to street-based devices (e.g. traffic cameras, digital billboards) continued to grow. We increased the number of 'smart locations' by another 16% in FY24. Smart city and utility requirements are expected to drive increased demand for Internet of Things (IoT) connectivity in the coming years.

The rapid increase seen in demand for large scale data centres in New Zealand is also translating into growing interest in our regional network co-location space. We have five EdgeCentre co-location sites in our exchange buildings in Auckland, Tauranga, Wellington and Christchurch. During FY24 we increased the available space from 57 to 83 racks and we are evaluating further expansion of our service.

Legacy enterprise fibre connections are declining as the technology platforms reach end of service and customers migrate to alternative services. We had continued growth in direct, or dark, fibre connections. Demand for fibre backhaul to cellsites, data centres and other network sites also grew.

We experienced a period of record housing development activity in the wake of the COVID pandemic, but this demand slowed during FY24 because of macroeconomic factors. The slowdown in demand meant we saw a reduction in the number of lots passed by fibre, down by approximately 6,000 lots from FY23.

1.3 Optimising our non-fibre assets

	FY22	FY23	FY24
Copper connections remaining	345,000	240,000	157,000
Withdrawal notices (cumulative)	10,000	30,000	82,000
Broadband cabinets closed (cumulative, in fibre areas)	130	544	1,253
Properties and surplus leases exited	14	8	5

Optimisation of our legacy copper network is continuing as we evolve to become a simpler all-fibre business. The number of connections on our copper network reduced by 35% in FY24 and is down 55% in the last two years.

Much of this reduction has been driven by the acceleration of our copper withdrawal programme. We've now provided 82,000 copper customers with at least six months' notice of service withdrawal, with 52,000 notices issued in FY24. This enabled us to close another 700 broadband cabinets during the year. We expect to close the copper network in our fibre areas by the end of 2026, with just 45,000 connections remaining at the end of FY24.

Approximately 92,000 copper connections remain in areas where fibre isn't available, down from 112,000 at the start of FY24. Chorus has a legacy Telecommunications Service Obligation (TSO) that requires us to provide Spark with basic telephone services for premises connected to the network in 2001. With a dwindling number of rural premises connected to copper, and even fewer TSO qualifying premises, we believe the regulatory regime is no longer fit for purpose.

Technology has moved on significantly since 2001. Customers are migrating to satellite or government-subsidised fixed wireless providers for improved services. Mobile network operators are also partnering with low-earth-orbit satellite providers with a view to delivering mobile services well beyond current cellsite coverage.

In April 2024, the Commerce Commission acknowledged this unprecedented technological change, describing satellite services as a "game-changer", and announced an investigation into whether copper services should be deregulated outside fibre areas. This is expected to be concluded by the end of 2025.

1.4 Developing our long-term future

	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 ₂ e)	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.

Details of our work in the Sustainability area can be found in our standalone 2024 Sustainability Report. This year also marks our first year preparing mandatory Climate Statements containing our climate-related disclosures for FY24, (prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards). Copies of our Sustainability Report and Climate Statements are available, at company.chorus.co.nz/sustainability.

We've been operating our copper and fibre networks in parallel for some years now. The withdrawal of copper services and removal of unused copper network equipment helped us reduce electricity usage by another 3% in FY24 (against FY23). The energy efficiency of fibre networks meant we achieved this outcome despite our network carrying 8% more data traffic than the year before.

The reduction in electricity usage, together with 87% of renewable generation in the electricity grid⁸, saw our Scope 1 and 2 emissions reduce to 6,387 tonnes CO₂e in FY24. This represents a 39% reduction since our FY20 base year, meaning we are making good progress (as shown in Figure 1) towards our science-aligned target of a 62% reduction in our scope 1 and 2 emissions by FY30⁹, from our FY20 base year.

The number of hours worked by our service companies continued to reduce as fibre network activity diminishes following the end of the UFB rollout and the peak of copper migration activity. Injury frequency rates remained low, consistent with the year before. Eight injuries were recorded across Chorus and our service company people. These were of minor severity and included strains, sprains, and lacerations caused by manual handling activities, as well as slips, trips, falls, and vehicle accidents.

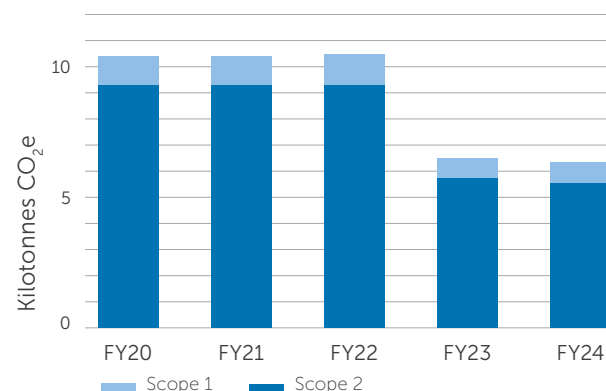
Our aspiration is for Chorus to be a diverse and inclusive employer of choice. The Board sets measurable objectives to promote diversity and inclusion with an overall objective of a 40:40:20 gender ratio. Women represented 42% of all employees in FY24, consistent with FY23. At 30 April 2024, women executives increased to 42%, up from 14%. Our commitment to diversity, equity, and inclusion was recognised with wins in the HRNZ Awards and the Newmarket Business Association awards, as well as being a finalist in the Deloitte Top 200 Awards.

Employee engagement remained strong, despite the challenge of changes to our operating model during FY24. Overall engagement was 8.6 out of ten, down slightly from 8.7 in FY23, but we maintained our position within the top 10% of the international technology company sector we benchmark ourselves against. Our Net Promoter Score was 65, down from 70 in FY23, placing us in the top 5% of the technology sector.

Digital equity remains a cornerstone of our social sustainability efforts. We continued to support approximately 2,800 students by working with the Ministry of Education to subsidise internet connections. We also worked with local organisations to support digital literacy in under-served communities. This included funding Digital Seniors Hubs nationwide (588 hubs across 21 locations) and funding the Hapori Connect programme (through Katoa Connect) with 100 people graduating in FY24.

Figure 1:

Scope 1 & 2 emissions reduction from FY20 base year

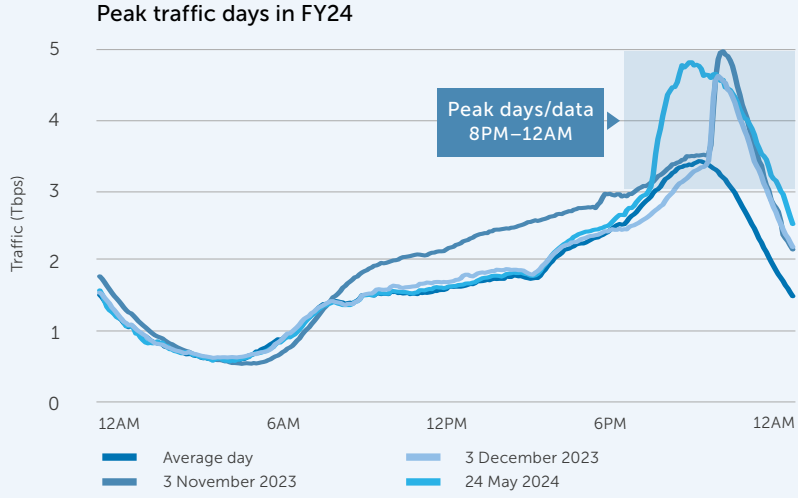
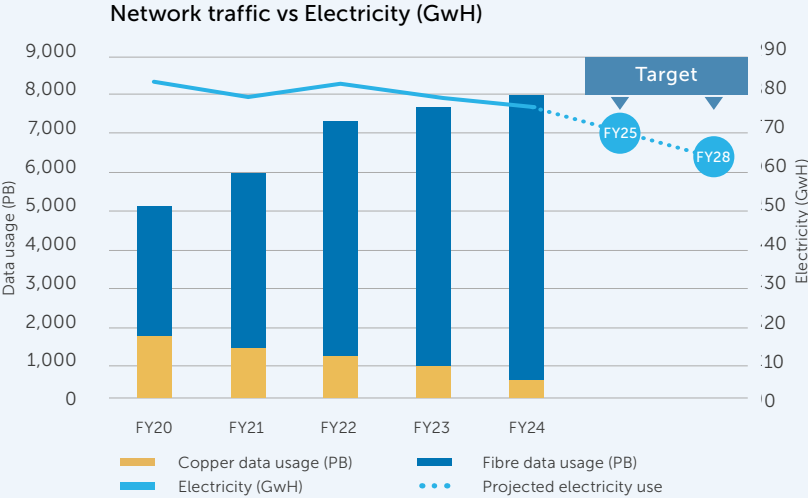
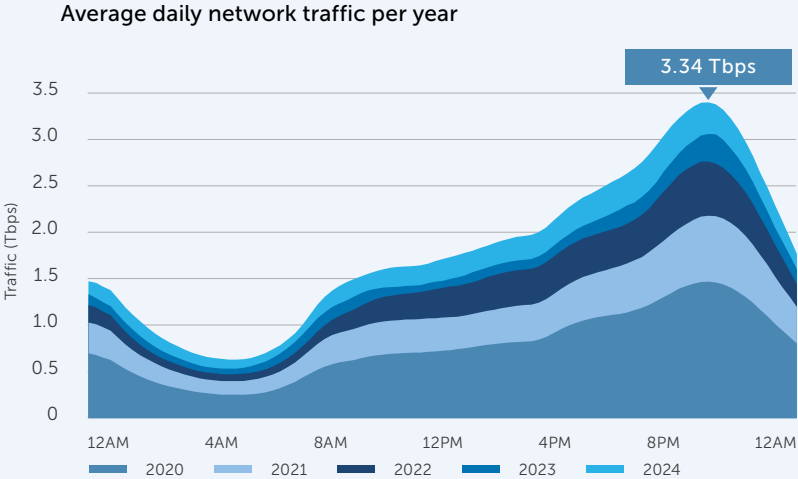
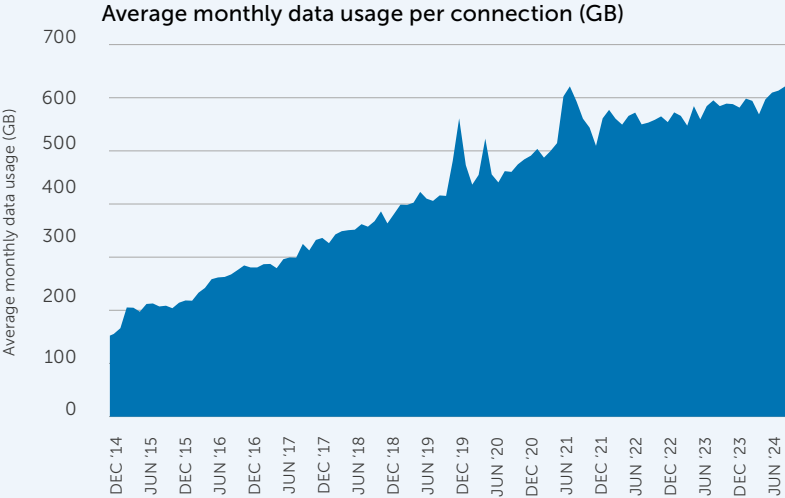


⁸ MBIE, NZ Energy Quarterly, March 2024

⁹ Our emissions reduction target is science-aligned, following guidance from the Science Based Targets Initiative (SBTi) for the Information Communications Technology (ICT) Sector.

What are the data use trends on our fibre network?

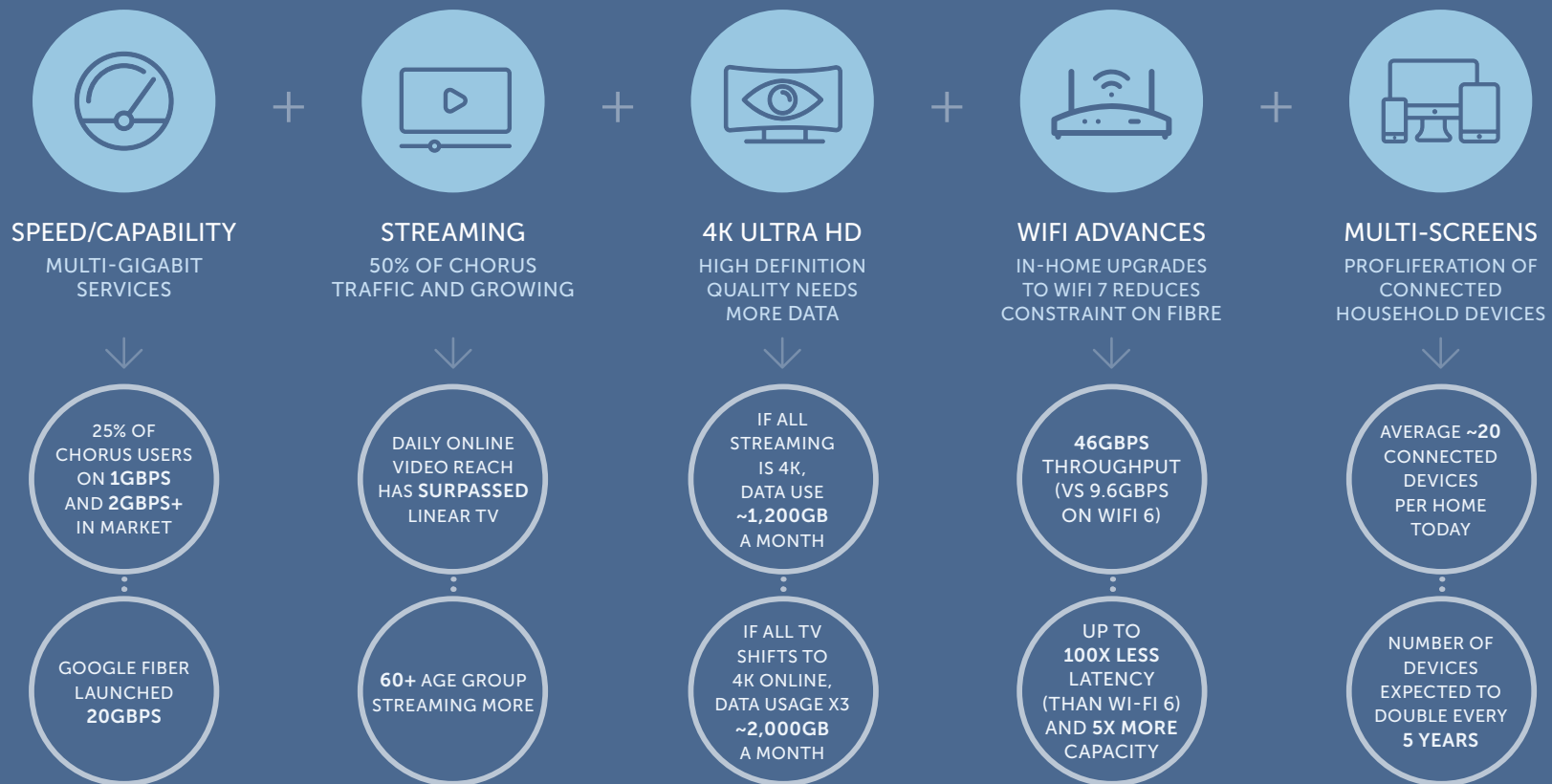
Kiwis keep using more data each year, consistent with bandwidth trends overseas. Much of that data usage occurs in evening peak times due to activity such as video streaming and gaming. Video streaming on multiple devices at the same time generates frequent high-volume bursts of data within a household. Gaming updates often create above average peak time traffic on the Chorus network.



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.



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)

Outlook

Chorus has built an amazing infrastructure asset that other countries are now busy replicating with their own rollouts. We're proud of how our network connectivity is helping enable both current and future generations to grow.

We've exceeded the original expectations for fibre uptake and New Zealand is ranked 17th in the world for fibre penetration.¹⁰ That is recognition of Chorus as the great network builder, and we're now shifting our focus to being the great network operator.

This shift began in FY24 with the transition to a new operating model to enable us to execute our strategies more effectively. This includes continuing to drive fibre uptake, looking to grow new revenues by leveraging our network assets, and retiring our legacy copper network.

The retirement of copper services in our fibre areas is close to being realised and in FY25 we'll be working to shift the remaining 45,000 customers who already have our fibre at their gate. This is a major step towards our goal of becoming a simpler business.

Our objective remains to achieve 80% fibre uptake. With uptake already above 71% and our copper migration activity coming to an end, this means we need to work harder to help other customers discover the benefits of fibre. We know, for example, there is a large group of urban customers who were converted to 4G fixed wireless services some years ago when copper was their only option.

While 5G fixed wireless is now a reality in market, Commerce Commission reporting shows that 5G's broadband performance is highly variable. Equally, we continue to see the prevalence of Low Earth Orbit Satellites (LEOs) with Starlink providing a markedly improved alternative to copper based broadband, particularly in regional or rural areas. We've long acknowledged that copper is no longer future fit for purpose and continue to encourage regulatory change to enable a managed exit from copper in non-fibre areas.

Whilst there are natural use cases for multiple technologies in market, we believe that fibre has both a technological and competitive advantage. Our role now shifts the conversation to raise awareness and education about fibre. Historically, broadband focus has principally been on download speed. This needs to shift to attributes of quality, consistency and reliability. Fibre displays all of these characteristics, setting it apart from other alternatives.

Taking fibre further

We've been delighted with the strong pre-registration interest we've received from communities within the 10,000 addresses footprint expansion we started building in early 2024.

We believe that fibre could and should go further, but the commercial case for further investment is challenging given current regulatory policies and commercial returns. While satellite and fixed wireless services can help fill coverage gaps, the reality is that they are not fibre-like when it comes to reliability and capability. New Zealand shouldn't short-change customers with something that is deemed 'good enough' for today's needs, when history tells us future online services will demand significantly more. Having broadband technology that can scale quickly to rising demand is imperative.

Regulatory reset

FY25 is a significant reset point for Chorus at a regulatory level.

We are finishing our initial three-year regulatory period under the utility-style framework for fibre. During this time, we've continued to make significant investment in enabling fibre services. This helped lift the value of our regulated asset base (RAB) from \$5.4 billion to \$5.9 billion by January 2024.

The next regulatory period will run for four years from January 2025 to December 2028. The Commerce Commission has set our weighted average cost of capital (WACC) at 7.68%, before tax, for this period. This is a significant step up from our initial three-year WACC of 4.72%, which was set in the wake of the pandemic and reflected all-time lows in risk-free rates.

The larger RAB and an improved WACC means our maximum allowable revenue will increase in the new period. The final revenue decision is expected later in 2024. The Commission has approved \$1.14 billion of capital expenditure and \$790 million of operating expenditure for the next regulatory period. They've also proposed that regulatory depreciation of some core RAB assets may be slowed. This would help smooth revenues into future years, given the expected step-up in allowed revenues in the short-term.

Developing our long-term strategy

Our immediate focus in Horizon 1 (FY25) is both cementing and leveraging our new operating model, becoming future fit for purpose. With the regulatory clarity we now have, Horizon 2 (FY26–FY29) will focus on delivering effective asset management and prudent, efficient fibre investment. As well as driving simplification of our business, we want to identify and scale growth in adjacent opportunities where we have a right to play. At the same time recognising the need to leverage our core assets more effectively and divest from non-core assets as rapidly as possible.

Looking further ahead to Horizon 3 (FY30 and beyond), we see a single future state technology with the complete retirement of our copper network and truly becoming an all-fibre infrastructure business.

As Chorus transitions into these new Horizons we're excited about the possibilities of change and the role we play in unleashing potential through connectivity and enabling better futures for Aotearoa.



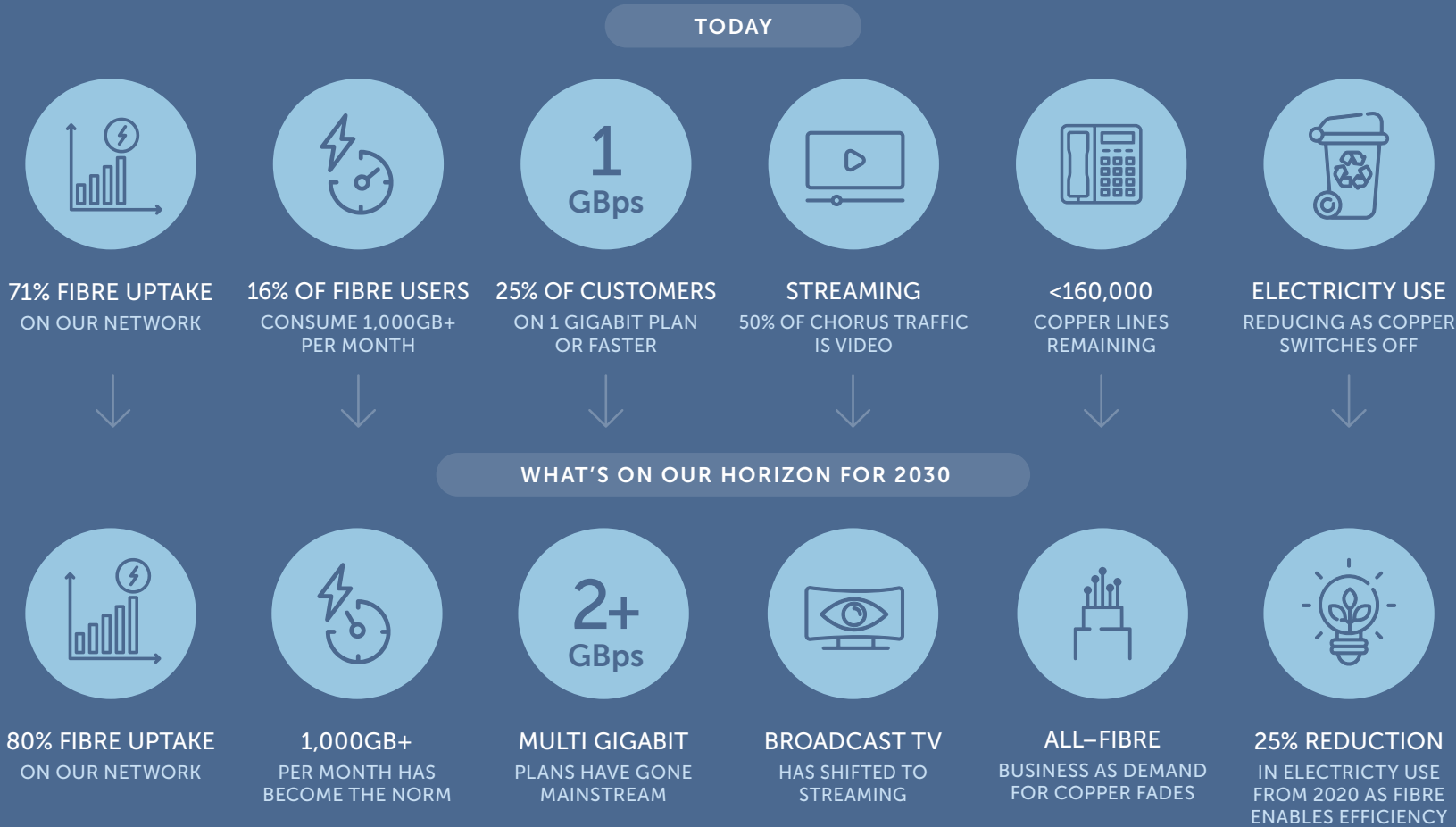
Mark Aue
Chief Executive



¹⁰ Based on FTTH Council Europe data at September 2023.

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.



Management commentary

- 12 In summary
- 13 Revenue commentary
- 14 Expenditure commentary
- 15 Depreciation and amortisation expense
- 16 Finance income and expense
- 17 Capital expenditure commentary
- 19 Long term capital management

In summary

	2024 \$M	2023 \$M
Operating revenue	1,010	980
Operating expenses	(310)	(308)
Earnings before interest, income tax, depreciation and amortisation	700	672
Depreciation and amortisation	(462)	(446)
Earnings before interest and income tax	238	226
Net finance expense	(217)	(195)
Net earnings before income tax	21	31
Income tax expense	(30)	(6)
Net (loss)/earnings for the year	(9)	25

We report earnings before interest, income tax, depreciation and amortisation (EBITDA) of \$700 million for the year ended 30 June 2024 (FY24), an increase of \$28 million from reported FY23 EBITDA of \$672 million.

Revenues increased by \$30 million to \$1,010 million. This was driven by inflation-related price increases to some services and continued growth in uptake of higher value fibre services.

Operating expenses of \$310 million were \$2 million greater than FY23 on a reported basis, or \$8 million higher when allowing for extreme weather event costs of \$6 million in FY23. Although the weather was more favourable in FY24, tight cost management was needed to constrain the overall impact of inflationary cost increases across multiple expense lines.

A net loss after tax of \$9 million was reported compared to a profit of \$25 million in FY23. This was due to a combination of a one-off \$15 million non-cash tax expense following the removal of deductibility of tax depreciation for buildings, an \$11 million increase in depreciation from our accelerated depreciation of copper assets and higher interest costs.

Capital expenditure was \$427 million in FY24. This was a \$27 million decrease from FY23, largely due to reduced activity for fibre installations and new property development. We will pay a final dividend of 28.5 cents per share on 8 October 2024, in line with guidance of a full-year dividend of 47.5 cents per share.

Connections	Connections 2024	Connections 2023	Connections 2022
Fibre broadband (GPON)	1,074,000	1,021,000	949,000
Fibre premium (P2P)	10,000	10,000	10,000
Copper VDSL	55,000	83,000	118,000
Copper ADSL	56,000	84,000	122,000
Data services over copper	1,000	1,000	2,000
Unbundled copper	-	-	1,000
Baseband copper	45,000	72,000	102,000
Total fixed line connections	1,241,000¹¹	1,271,000	1,304,000

¹¹ Includes several thousand partly subsidised education connections.

Revenue commentary

	2024 \$M	2023 \$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 products	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total revenue	1,010	980

Revenue overview

Chorus' product portfolio encompasses a range of wholesale broadband, data and voice services across a mix of regulated and commercial products. Revenues of \$1,010 million were up \$30 million from \$980 million in FY23, with strong growth in fibre revenues more than offsetting the continued decline in copper connections and associated revenues.

We ended FY24 with total fixed line connections of 1,241,000, down 30,000 lines from the prior year. This reduction is largely driven by the migration of copper connections to alternative networks in areas where Chorus does not have fibre available.

Fibre broadband (GPON)

Fibre broadband revenue continued to grow and accounted for 69% of total revenues, up from 63% in FY23. Fibre broadband connections grew by 53,000 to 1,074,000, lifting fibre uptake to 71.4% of passed addresses from 69.3% in FY23. Average monthly revenue per fibre user grew from \$53.25 to \$55.71 in FY24. An inflation-related price increase was applied to some services in October 2023. Uptake of our 50Mbps Home Fibre Starter service, which we held at \$35 per month given the cost-of-living crisis, grew by 31,000 connections in FY24. Uptake of higher value multi-gigabit *Hyperfibre* and 1 Gbps services grew by 1% to 25% of residential fibre connections.

Copper based revenues

Connection revenues across copper broadband and voice services continued to decline as customers migrate to fibre or alternative services. A 5.65% inflation-related price increase was applied to services in mid-December 2023.

Field services products

Field services products revenues decreased by \$3 million compared to FY23. This was driven by a slowdown in new property development demand after a post-COVID period of record growth, partly offset by an increase in roadworks activity.

Infrastructure

Continued growth in demand for co-location space in exchanges contributed to a \$2 million increase in revenues.

Data services copper

Data services copper connections continue to decline as customers migrate from legacy services to cheaper fibre-based or alternative services.

Other

Other of \$4 million was largely the result of ongoing optimisation of our property footprint.

Expenditure commentary

Operating expenses

	2024 \$M	2023 \$M
Labour costs	80	76
Network maintenance	53	60
Information technology costs	44	42
Other network costs	37	37
Rent, rates and property maintenance	27	26
Electricity	22	19
Advertising	11	13
Regulatory levies	9	9
Consultants	6	9
Insurance	5	5
Provisioning	1	1
Other expenses	15	11
Total expenditure	310	308

Total operating expenses of \$310 million in FY24 were up \$2 million compared to \$308 million reported in FY23.

Labour

Labour costs of \$80 million represent staff costs that are not capitalised and included a \$2 million cost for operating model changes.

At 30 June 2024, we had 846 permanent and fixed term employees, in line with FY23. We continue to look at opportunities to insource external contractors.

We capitalise labour costs and the associated overheads in relation to fibre build and connection activity. About 47% of labour costs were capitalised.

Network maintenance

Network maintenance costs decreased by \$7 million, although FY23 included \$3 million of extreme weather costs. Weather conditions were more favourable in FY24 and the migration of copper customers continued to drive total fault volumes down, but savings were partly offset by inflationary increases in the cost to repair copper and fibre faults.

Information technology

Information technology costs increased after FY23 benefited from the release of a \$2 million software provision.

Other network costs

Other network costs were up slightly when allowing for \$2 million of extreme weather costs recognised in FY23. Activity to exit copper assets increased, lifting network and property optimisation spend to \$4 million in FY24.

Electricity

Electricity costs were up \$3 million due to higher average spot prices. This was despite electricity usage falling as legacy network equipment was powered down.

Rent, rates and property maintenance

Inflation and an increase in maintenance work lifted these costs \$2 million when adjusting for \$1 million of extreme weather costs incurred in FY23.

Advertising

Advertising spend was \$2 million lower in FY24 due to targeted campaign activity.

Consultants

Consultant spend reduced by \$3 million as a result of reduced regulatory related spend, increased insourcing and cost management.

Other expenses

Provisions were increased for doubtful debts given macroeconomic conditions and additional long-term market research was undertaken throughout the year.

Depreciation and amortisation expense

	2024 \$M	2023 \$M	Estimated useful life (years)	Weighted average useful life (years)
Depreciation				
Fibre cables	135	128	20–30	20
Ducts, poles, and manholes	80	64	20–50	49
Copper cables	74	76	10–25	22
Cabinets	17	18	5–20	19
Network electronics	70	67	2–25	10
Right of use assets	14	13	4–50	19
Other	13	14	4–10	15
Buildings	2	4	50	49
Less: crown funding	(31)	(29)		
Total depreciation	374	355		
Amortisation expense				
Software and other intangibles	57	61		
Customer acquisition assets	31	30		
Total amortisation expense	88	91		
Total depreciation and amortisation expense	462	446		

During FY24, \$427 million of expenditure on network assets, software and customer acquisition was capitalised.

In FY24, Chorus accelerated the depreciation profile of certain copper duct assets. This drove a net \$11 million increase of depreciation expense compared to FY23, with \$90 million of total depreciation across all copper assets in FY24. Copper cables in Chorus UFB areas will be fully depreciated by June 2025. Copper cables, copper-related ducts and poles in local fibre company areas will be fully depreciated by June 2026. Copper cables and poles in non-fibre areas will be fully depreciated by June 2032.

Software and other intangibles largely consist of the software components of billing, provisioning and operational systems.

Chorus expects that incremental costs incurred in acquiring new contracts with new and existing customers are recoverable. These costs are capitalised as customer acquisition assets and amortised against revenue or within amortisation expense, depending on their nature. In the period to 30 June 2024, \$31 million was recognised as amortisation expense.

The offset of Crown funding against depreciation will continue to amortise as a credit to the associated depreciation expense.

The weighted average useful life represents the useful life in each category weighted by the net book value of the assets.

Finance income and expense

(Income)/expense	2024 \$M	2023 \$M
Finance income	(5)	(4)
Finance expense		
Interest on syndicated bank facility	9	2
Interest on European Medium Term Notes	88	93
Interest on Australian Medium Term Notes	19	–
Interest on fixed rate NZD Bonds	38	32
Other interest expense	25	35
Capitalised interest	(1)	(1)
Interest costs	178	161
Ineffective portion of changes in fair value of cash flows hedges	(3)	(7)
Total finance expenses excluding CIP securities (notional interest)	175	154
CIP securities (notional) interest	47	45
Total finance expense	222	199

Finance expenses were \$23 million higher than FY23 due to higher interest rates and an increase in total debt. The weighted effective interest rate increased from 5.40% in FY23 to 5.77% in FY24 and AUD300 million medium term notes were issued in September 2023.

Chorus fully hedges the foreign exchange exposure on all foreign debt with cross currency interest rate swaps. Approximately 70% of our floating interest rate exposure was hedged with fixed interest rate swaps.

Other interest expense includes lease interest of \$11 million (FY23: \$11 million) and amortisation arising from the difference between fair value and proceeds realised from interest rate swap resets of \$7 million (FY23: \$7 million).

Taxation

The FY24 effective tax rate is 143% (FY23: 19%).

Tax expense includes a one-off deferred tax expense of \$15 million, following a law change for deductibility of depreciation on commercial buildings. Excluding this change, the normalised effective tax rate for FY24 was 71% (FY23 normalised: 51%). This is higher than the statutory tax rate of 28% due to permanent differences between tax and accounting arising from the tax treatment of the grants received for Crown project-related funding.

The interest expense and depreciation credit recognised in the income statement for CIP securities are non-taxable as confirmed by binding IRD rulings. Government grants have also been received for funding of specific projects. The amortisation of the government grants, along with the accounting depreciation recognised in the income statement, are non-taxable and no tax depreciation is claimed on the assets.

Capital expenditure commentary

	2024 \$M	2023 \$M
Fibre	344	355
Copper	23	33
Common	60	66
Gross capital expenditure	427	454

Gross capital expenditure in FY24 was \$427 million, down \$27 million from FY23. Within this total, there was \$222 million of discretionary growth capital expenditure and \$205 million of sustaining capital expenditure to maintain, replace or improve an existing copper or fibre asset. This investment was supported by \$12 million of Crown funding (e.g. government grants for regional network upgrades) and \$43 million of customer contributions (e.g. roadworks and new property development contributions).

Fibre capital expenditure

	2024 \$M	2023 \$M
UFB Communal	–	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
Total fibre capital expenditure	344	355

Fibre-related capital expenditure reduced by \$11 million to \$344 million. UFB communal network spend ended in FY23 and installation spend reduced with about 87,000 fibre installations completed nationwide in FY24, down from 92,000 in FY23. The average cost per premises installed in UFB areas was \$1,132 and was within the FY24 guidance range of \$1,100 to \$1,250. Layer 2 spend of \$50 million was driven by increased transport spend to support growing bandwidth demand and equipment upgrades to enable multi-gigabit *Hyperfibre* services.

Other fibre and growth decreased by \$12 million compared to FY23. A slowdown in housing growth saw new property development spend reduce by \$18 million to \$50 million, while \$4 million was invested to begin extending fibre to the approximately 10,000 existing premises announced in February 2024.

Fibre sustain spend increased by \$6 million to \$18 million as a result of lifecycle work on some older cable routes, and increased roadworks activity attributable to fibre. About \$2 million of investment was completed to replace network damaged by Cyclone Gabrielle in February 2023 and a \$3 million accounting provision for network lifecycle activity was released in FY24.

Customer acquisition costs increased by \$9 million in FY24 as retailers used our incentive offers to grow fibre connections and upgrade customers to higher speed fibre products.

Capital expenditure commentary continued

Copper capital expenditure

	2024 \$M	2023 \$M
Network sustain	19	27
Copper connections	–	1
Copper layer 2	1	1
Customer acquisition costs	3	4
Total copper capital expenditure	23	33

Copper capital expenditure continued to decrease given the planned shutdown of the copper network in our fibre areas by the end of 2026. Network sustain benefitted from the release of a \$6 million accounting provision for network lifecycle activity. The reported \$19 million included about \$12 million of grant-funded rural network upgrades and contribution-funded roadworks activity. About \$1 million of investment was completed to replace network damaged by Cyclone Gabrielle in February 2023.

Common capital expenditure

	2024 \$M	2023 \$M
Information technology	40	44
Building and engineering services	20	22
Total common capital expenditure	60	66

Information technology spend and building and engineering services decreased in FY24 following lifecycle project spend in FY23.

Long term capital management

We will pay a final unimputed dividend of 28.5 cents per share on 8 October 2024 to all shareholders registered at 5.00pm 16 September 2024. The shares will be quoted on an ex-dividend basis from 17 September 2024. As the dividend is unimputed, there will be no supplementary dividend payable to shareholders outside of New Zealand.

The dividend reinvestment plan will not be available for the final dividend.

Dividend guidance for FY25 has been set at 57.5 cents per share, subject to no material adverse changes in circumstance or outlook. The FY25 dividend will be unimputed.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management and financial policies consistent with these credit ratings. It is Chorus' intention that in normal circumstances the ratio of net debt to EBITDA will not materially exceed 4.75 times. At 30 June 2024, we had a long-term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

Chorus completed a \$150 million share buyback programme in September 2023. The programme commenced in February 2022 and resulted in the cancellation of 19 million shares.

Consolidated financial statements

- 21 Independent Auditor's Report
- 24 Consolidated income statement
- 24 Consolidated statement of comprehensive income
- 25 Consolidated statement of financial position
- 26 Consolidated statement of financial position (continued)
- 27 Consolidated statement of changes in equity
- 28 Consolidated statement of cash flows
- 29 Consolidated statement of cash flows (continued)
- 30 Consolidated statement of cash flows (continued)
- 31 Notes to the consolidated financial statements

Independent Auditor's Report

To the shareholders of Chorus Limited

Report on the audit of the consolidated financial statements



Opinion

In our opinion, the accompanying consolidated financial statements of Chorus Limited (the 'company') and its subsidiaries (the 'Group') on pages 24 to 65 present fairly, in all material respects:

- i. the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date;
- ii. in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to regulatory assurance. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$9.0 million determined with reference to a benchmark of Group revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Recoverability of assets</p> <p>Refer to Note 1 and 2 to the Financial Statements.</p> <p>Capitalisation and the carrying value of assets are a key audit matter due to the significance of assets to the Group's consolidated statement of financial position, and due to the judgement involved in determining the carrying value of the assets, principally:</p> <ul style="list-style-type: none"> — decision to capitalise or expense costs relating to the network and IT spend. This depends on whether the expenditure is to enhance the network (capitalise) or to maintain the current operating capability of the network (expense); — estimation of the useful life of the asset once the costs are capitalised; — obsolescence and impairment risk; and — uncertainty of the impact of ongoing technological change, transitioning to a new regulated — model, movement towards a fibre future and retail service provider/local fibre company behaviour. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — examining that the controls to recognise capital projects in the fixed asset register, to monitor labour costs capitalised throughout the year and the approval of the asset life annual review are effective. — assessing the nature of costs incurred in capital projects by checking a sample of costs to invoice to determine whether the description of the expenditure met the capitalisation criteria. — assessing, on a sample basis, whether internal projects meet the criteria for capitalisation. — assessing whether labour rates applied in capitalising employee and contractor time for a sample of personnel were consistent with employee career level and contracts or invoices. — examining, on a sample basis, that labour costs capitalised, at an individual employee/contractor level did not exceed an individual's salary or invoiced time. — assessing, on a sample basis, whether the accruals recorded for assets under construction were calculated in accordance with the progress of construction and the arrangements with external suppliers. — assessing the useful economic lives of the assets, by comparing to our knowledge of the business and its operations and industry benchmarks. — ensuring the revised useful lives of identified asset groups and accelerated depreciation is accurately recorded. — performing data analytical procedures over capitalised labour spend for the period and useful lives of assets in the fixed asset register to identify any unusual trends.
<p>Chorus Funding</p> <p>Refer to Note 4, 6, 7 and 19 to the Financial Statements.</p> <p>At 30 June 2024, Chorus had external borrowings of \$2,626 million (30 June 2023: \$2,528 million), Crown funding of \$929 million (30 June 2023: \$948 million), CIP securities of \$744 million (30 June 2023: \$697 million) and net derivative financial assets of \$27 million (30 June 2023: Net derivative financial assets of \$65 million).</p> <p>The external borrowings, CIP securities, cross-currency and interest rate derivatives are a key audit matter due to their significance to the Group's consolidated statement of financial position and the complexity and judgement involved in determining the appropriate valuation and accounting treatment for the CIP securities and cross-currency and interest rate derivatives.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — engaging our financial instrument specialists to independently value all interest rate derivatives using valuation models and inputs from those utilised by management. — agreeing the terms of the derivatives to the confirmation provided by the derivative counterparty. — examining the hedge documentation for new debt instruments and associated derivatives against the requirements of IFRS 9. — evaluating the hedge effectiveness of the interest rate derivatives hedging the EUR and AUD denominated Medium Term Notes, the NZD Bond 2028 and the NZD Bond 2030. In all instances, our financial instrument specialists assessed the effectiveness of these hedges by independently modelling the future changes in the value of these instruments to assess whether the underlying derivatives were effective. — assessing for changes to the accounting treatment of the CIP securities. We read the underlying loan agreement and analysed the various features of the loan agreement to determine whether the CIP securities were a debt or equity instrument. — verifying the carrying amount of CIP securities is in-line with the accounting models including current and non-current classification. — confirming debt to external support, sighting repayments and reviewing compliance with covenant requirements.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report information includes Chorus' operating, marketing and regulatory overviews, management commentary and disclosure relating to corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Gates.

For and on behalf of



KPMG
Wellington
26 August 2024

Consolidated income statement

For the year ended
30 June 2024

	Note	2024 \$M	2023 \$M
Operating revenue	9	1,010	980
Operating expenses	10	(310)	(308)
Earnings before interest, income tax, depreciation and amortisation		700	672
Depreciation	1,7	(374)	(355)
Amortisation	2,3	(88)	(91)
Earnings before interest and income tax		238	226
Finance income		5	4
Finance expense	4	(222)	(199)
Net earnings before income tax		21	31
Income tax expense	14	(30)	(6)
Net (loss)/earnings for the year		(9)	25
Earnings per share			
Basic (loss)/earnings per share (dollars)	17	(0.02)	0.06
Diluted (loss)/earnings per share (dollars)	17	(0.02)	0.05

Consolidated statement of comprehensive income

For the year ended
30 June 2024

	Note	2024 \$M	2023 \$M
Net (loss)/earnings for the year		(9)	25
Other comprehensive income			
Movements in effective cash flow hedges	19	(12)	3
Amortisation of de-designated cash flow hedges transferred to Income statement	19	5	5
Movement in cost of hedging reserve	19	(9)	(3)
Items that will be reclassified subsequently to Income statement when specific conditions are met net of tax		(16)	5
Net revaluation of land and buildings	1	7	265
Items that will not be reclassified subsequently to Income statement when specific conditions are met net of tax		7	265
Total comprehensive (loss)/income for the year net of tax		(18)	295

The accompanying notes
are an integral part of these
consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2024

	Note	2024 \$M	2023 \$M
Current assets			
Cash and call deposits	15	45	76
Trade and other receivables	11	154	153
Derivative financial instruments	19	1	43
Assets held for sale		–	1
Total current assets		200	273
Non-current assets			
Derivative financial instruments	19	98	116
Trade and other receivables	11	4	–
Customer acquisition assets	3	67	60
Software and other intangible assets	2	142	146
Network assets	1	5,126	5,213
Land and buildings	1	375	357
Total non-current assets		5,812	5,892
Total assets		6,012	6,165
Current liabilities			
Trade and other payables	12	230	280
Lease payable	5	12	13
Derivative financial instruments	19	–	1
Debt	4	110	368
Total current liabilities excluding Crown funding		352	662
Crown Infrastructure Partners (CIP) securities	6	160	–
Crown funding	7	28	28
Total current liabilities		540	690

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position (continued)

As at 30 June 2024

	Note	2024 \$M	2023 \$M
Non-current liabilities			
Trade and other payables	12	13	11
Deferred tax liability	14	386	363
Derivative financial instruments	19	72	93
Lease payable	5	159	168
Debt	4	2,516	2,160
Total non-current liabilities excluding CIP and Crown funding		3,146	2,795
Crown Infrastructure Partners (CIP) securities	6	584	697
Crown funding	7	901	920
Total non-current liabilities		4,631	4,412
Total liabilities		5,171	5,102
Equity			
Share capital	16	578	589
Reserves	1,19	322	331
Retained earnings		(59)	143
Total equity		841	1,063
Total liabilities and equity		6,012	6,165

The consolidated financial statements are approved and signed on behalf of the Board.



Mark Cross
Chair

Authorised for issue on 26 August 2024



Kate Jorgensen
Chair, Audit & Risk Management Committee

The accompanying notes
are an integral part of these
consolidated financial statements.

Consolidated statement of changes in equity

For the year ended
30 June 2024

	Note	Share capital \$M	Revaluation reserve \$M	Other reserves \$M	Retained earnings \$M	Total \$M
Balance at 1 July 2022		682	–	60	287	1,029
Comprehensive income						
Net earnings for the year		–	–	–	25	25
Other comprehensive income						
Movement in cash flow hedge reserve	19	–	–	3	–	3
Amortisation of de-designated cash flow hedges transferred to Income statement	19	–	–	5	–	5
Movement in cost of hedging reserve	19	–	–	(3)	–	(3)
Movement in revaluation reserve	1	–	265	–	–	265
Total comprehensive income		–	265	5	25	295
Contributions by and (distributions to) owners:						
Dividends	16	–	–	–	(169)	(169)
Dividend reinvestment plan	16	9	–	–	–	9
Share buy-back	16	(101)	–	–	–	(101)
Shares issued under LTI scheme		(1)	–	1	–	–
Total transactions with owners		(93)	–	1	(169)	(261)
Balance at 30 June 2023		589	265	66	143	1,063
Comprehensive income						
Net loss for the year		–	–	–	(9)	(9)
Other comprehensive income						
Movement in cash flow hedge reserve	19	–	–	(12)	–	(12)
Amortisation of de-designated cash flow hedges transferred to Income statement	19	–	–	5	–	5
Movement in cost of hedging reserve	19	–	–	(9)	–	(9)
Movement in revaluation reserve	1	–	7	–	–	7
Total comprehensive income		–	7	(16)	(9)	(18)
Contributions by and (distributions to) owners:						
Dividends	16	–	–	–	(193)	(193)
Share buy-back	16	(11)	–	–	–	(11)
Total transactions with owners		(11)	–	–	(193)	(204)
Balance at 30 June 2024		578	272	50	(59)	841

The accompanying notes
are an integral part of these
consolidated financial statements.

Consolidated statement of cash flows

For the year ended
30 June 2024

	Note	2024 \$M	2023 \$M
Cash flows from operating activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from customers		1,007	973
Payment to suppliers and employees		(334)	(311)
Interest paid		(165)	(138)
Interest received		5	4
Taxation paid		–	(4)
Net cash flows provided from operating activities		513	524
Cash flows applied to investing activities			
<i>Cash was provided from/(applied to):</i>			
Purchase of network and intangible assets		(442)	(495)
Disposal of network and intangible assets		1	–
Capitalised interest paid		(1)	(1)
Net cash flows applied to investing activities		(442)	(496)
Cash flows from financing activities			
<i>Cash was provided from/(applied to):</i>			
Payment of lease liabilities		(16)	(15)
Crown funding (including CIP securities)		12	84
Proceeds from debt		574	811
Repayment of debt		(468)	(659)
Repurchase of shares		(11)	(101)
Dividends paid		(193)	(160)
Net cash flows applied to financing activities		(102)	(40)
Net cash flows		(31)	(12)
Cash at the beginning of the year		76	88
Cash at the end of the year	15	45	76

The accompanying notes
are an integral part of these
consolidated financial statements.

Consolidated statement of cash flows (continued)

Reconciliation of net (loss)/earnings to net cash flows from operating activities

	Notes	2024 \$M	2023 \$M
Net (loss)/earnings for the year		(9)	25
<i>Adjustment for:</i>			
Depreciation of network assets	1	405	384
Amortisation of Crown funding	7	(31)	(29)
Amortisation of software and other intangible assets	2	57	61
Amortisation of customer acquisition assets	3	35	33
Movements in tax	14	30	2
Ineffective portion of changes in fair value of cash flow hedges	4	(3)	(7)
Amortisation of non-cash finance expenses		4	10
CIP securities (notional) interest	4	47	45
Other		5	5
		540	529
<i>Change in current assets and liabilities:</i>			
Increase in trade and other receivables	11	(5)	(27)
(Decrease)/increase in operating trade payables	12	(22)	22
		(27)	(5)
Net cash flows from operating activities		513	524

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt \$M	Crown funding \$M	CIP securities \$M	Lease payable \$M	Share capital \$M	Retained earnings \$M
Balance at 1 July 2022	2,322	936	613	187	682	287
Movements from financing cash flows						
Payment of lease liabilities	–	–	–	(15)	–	–
Proceeds from debt	811	45	39	–	–	–
Repayment of debt	(659)	–	–	–	–	–
Repurchase of shares	–	–	–	–	(101)	–
Dividends paid	–	–	–	–	–	(160)
Total changes from financing cash flows	152	45	39	(15)	(101)	(160)
Other cash flows						
Interest paid on leases	–	–	–	(11)	–	–
Non-cash movements						
Movements in fair value (including foreign exchange rates)	50	–	–	–	–	–
Transaction costs and amortisation related to financing	4	(29)	45	–	–	–
Accruals	–	(4)	–	–	(1)	–
Dividend reinvestment plan	–	–	–	–	9	(9)
Lease movements	–	–	–	20	–	–
Net earnings for the year ended 30 June 2023	–	–	–	–	–	25
Balance at 30 June 2023	2,528	948	697	181	589	143
Movements from cash flows						
Payment of lease liabilities	–	–	–	(16)	–	–
Proceeds from debt	574	12	–	–	–	–
Repayment of debt	(468)	–	–	–	–	–
Repurchase of shares	–	–	–	–	(11)	–
Dividends paid	–	–	–	–	–	(193)
Total changes from financing cash flows	106	12	–	(16)	(11)	(193)
Other cash flows						
Interest paid on leases	–	–	–	(11)	–	–
Non-cash movements						
Movements in fair value (including foreign exchange rates)	(12)	–	–	–	–	–
Transaction costs and amortisation related to financing	4	(31)	47	–	–	–
Lease movements	–	–	–	5	–	–
Net loss for the year ended 30 June 2024	–	–	–	–	–	(9)
Balance at 30 June 2024	2,626	929	744	159	578	(59)

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiaries.

Chorus is New Zealand's largest fixed line communications infrastructure business. It maintains and builds a network predominantly made up of fibre and copper cables, local telephone exchanges and cabinets.

Chorus Limited is a profit-oriented company registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Chorus Limited was established as a standalone, publicly listed entity on 1 December 2011, upon its demerger from Spark New Zealand Limited (Spark, previously Telecom Corporation of New Zealand Limited). The demerger was a condition of an agreement with Crown Infrastructure Partners Limited (previously Crown Fibre Holdings) to enable Chorus Limited to provide the majority of the Crown's Ultra-Fast Broadband (UFB). Chorus Limited is listed and its ordinary shares are quoted on the NZX main board equity security market (NZX Main Board) and on the Australian Stock Exchange (ASX). Chorus has bonds quoted on the NZX and ASX debt markets. American Depositary Shares, each representing five ordinary shares (and evidenced by American Depositary Receipts), are not listed but are traded on the over-the-counter market in the United States.

These consolidated financial statements (financial statements) have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and Part 7 of the Financial Markets Conduct Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

These financial statements are expressed in New Zealand dollars. All financial information has been rounded to the nearest million, unless otherwise stated.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of financial instruments and land and building assets as identified in the specific accounting policies below and the accompanying notes.

Some comparatives have been restated to reflect the current year classification. This has led to no impact on working capital, the consolidated statements of cash flows, or equity.

Accounting policies and standards

Accounting policies that summarise the measurement basis used which are relevant to the understanding of the financial statements are provided throughout the accompanying notes.

The accounting policies adopted and methods of computation have been applied consistently throughout the periods presented in these financial statements.

No new standards, amendments or interpretations to existing standards that are not yet effective have been early adopted by Chorus in these financial statements.

Climate impact

In preparing the financial statements, management has considered climate-related matters and disclosed as required when the effect of those matters is material in the context of the financial statements taken as a whole. In the year ended 30 June 2024 there was no material impact from climate related matters.

Accounting estimates and judgements

In preparing the financial statements, management has made estimates and assumptions about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on experience and other factors, including macro-economic and market factors, and expectations of future events that may have an impact on Chorus. All judgements, estimates, and assumptions are believed to be reasonable based on the most current set of circumstances available to Chorus. The principal areas of judgement in preparing these financial statements are set out below.

Network assets (note 1)

Assessing the carrying value of network assets for impairment considerations which includes assessing the appropriateness of useful life and residual value estimates of network assets, the physical condition of the asset, technological advances, regulation and expected disposal proceeds from the future sale of the asset.

Land and buildings (note 1)

Land and buildings are recorded at fair value. Fair value relating to land and buildings is determined based on a periodic independent valuation using a combination of both an optimised depreciated replacement cost and a market valuation approach. The valuation technique applied to each asset is determined by the independent valuer, with input and review by Chorus management who are familiar with the nature of the assets. Valuations are performed every three years, or more frequently where indicators exist that the carrying amount of the asset materially differs from its fair value at the end of the reporting period. This may be the result of external factors (e.g. a volatile property market) or internal factors. In these instances where indicators of material difference exist, a desktop valuation may be obtained to appropriately adjust the carrying value of the assets. The underlying assumptions used in the valuation are reviewed at each reporting date to ensure the carrying value is not materially different from the fair value.

Customer acquisition assets (note 3)

Assessing the carrying value of customer acquisition assets for impairment considerations which includes assessing the appropriateness of useful life, contract terms, revenue and customer connections data.

Leases (note 5)

A significant portion of lease contracts contain options for extension, which in turn require management to apply judgement in assessing if these extensions are likely to be exercised.

Crown Infrastructure Partners (CIP) securities (note 6)

On initial recognition, determining the fair value of the CIP securities required Chorus to make assumptions on expected future cash flows and discount rates based on future long dated swap curves. The associated UFB build was completed in the year ended 30 June 2023.

Financial risk management (note 19 and 20)

Accounting judgements have been made in determining hedge designation and the fair value of derivatives and borrowings. The fair value of derivatives and borrowings are determined based on valuation models that use forward-looking estimates and market observable data, to the extent that it is available.

Non-GAAP measures

Chorus uses non-GAAP measures that are not prepared in accordance with NZ IFRS. Chorus believes these non-GAAP measures provide useful information to users of the financial statements to assist in understanding the financial performance of Chorus. These measures are also used internally to evaluate the performance of Chorus and monitored for compliance against debt covenants.

These measures should not be viewed in isolation or as a substitute for measures reported in accordance with NZ IFRS as they are not uniformly defined or utilised by all companies in New Zealand or the telecommunications industry.

Earnings before interest and income tax (EBIT) and earnings before interest, income tax, depreciation and amortisation (EBITDA)

Chorus calculates EBIT by adding back finance expense and income tax to, and subtracting finance income from, net (loss)/earnings. EBITDA adds back depreciation and amortisation expense to EBIT. A reconciliation of EBIT and EBITDA is provided below based on amounts taken from, and consistent with, those presented in the financial statements.

Year ended 30 June	2024 \$M	2023 \$M
Net (loss)/earnings for the year reported under NZ IFRS	(9)	25
Add back: income tax expense	30	6
Add back: finance expense	222	199
Subtract: finance income	(5)	(4)
EBIT	238	226
Add back: depreciation	374	355
Add back: amortisation	88	91
EBITDA	700	672

Note 1 – Network assets, land and buildings

Network assets

In the Consolidated statement of financial position, network assets, except land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of additions to network assets and work in progress constructed by Chorus includes the cost of all materials used in construction, direct labour costs specifically associated with construction, interest costs that are attributable to the asset, resource management consent costs, and attributable overheads.

Repairs and maintenance costs are recognised in the Consolidated income statement as incurred. If the useful life of the asset is extended or the asset is enhanced then the associated costs are capitalised.

Land and buildings

Land and buildings are carried at a revalued amount. The revalued amount represents the fair value of each land and building asset at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in the Consolidated statement of comprehensive income and accumulated within the revaluation reserve in equity. An increase shall be recognised in the Consolidated income statement to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is first recognised in the Consolidated statement of comprehensive income (and the revaluation reserve) to the extent any credit balance exists in relation to that asset. Any additional decrease in the asset's carrying amount is recognised in the Consolidated income statement as an expense. The attributable revaluation surplus remaining in the asset revaluation reserve relating to land or buildings disposed of, net of any related deferred taxes, is transferred directly to retained earnings on the derecognition of the relevant asset.

Using the last independent external valuation performed for the year ended 30 June 2023 as a base, further work was performed to assess the value at balance date. An increase in the land value of 2.6% was adopted based on the QV House Index annual change in prices. There were no other changes to key inputs.

Estimating useful lives and residual values of network assets and buildings

The determination of the appropriate useful life for a particular asset requires management to make judgements about, amongst other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances, and the likelihood of Chorus ceasing to use the asset in business operations.

Where an item of network assets or buildings comprises major components having different useful lives, the components are accounted for as separate items of network assets or buildings.

Where the remaining useful lives or recoverable values have diminished due to technological, regulatory or market condition changes, depreciation is accelerated. The assets' residual values, useful lives, and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate.

Depreciation is charged on a straight-line basis to write down the cost of network assets to their estimated residual value over their estimated useful life. Estimated useful lives are as follows:

	Estimated useful life
Fibre cables	20–30 years
Ducts, poles, and manholes	20–50 years
Buildings	50 years
Copper cables	10–25 years
Cabinets	5–20 years
Network electronics	2–25 years
Right of use assets	4–50 years
Other	4–10 years

Other network assets include motor vehicles, test instruments, furniture and fittings, tools, and plant.

An item of network assets and any significant part is derecognised upon disposal or when no future economic benefits are expected from its use. Where network assets are disposed of, the profit or loss recognised in the Consolidated income statement is calculated as the difference between the sale price and the carrying value of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Land and work in progress are not depreciated. Work in progress is reviewed on a regular basis to ensure that costs represent future assets.

Note 1 – Network assets, land and buildings continued

30 June 2024	Fibre cables \$M	Ducts, manholes, and poles \$M	Copper cables \$M	Cabinets \$M	Network electronics \$M	Right of use assets \$M	Other \$M	Work in progress \$M	Land and buildings \$M	Total \$M
Gross carrying amount										
Balance at 1 July 2023	2,797	3,279	2,426	748	1,832	244	299	177	357	12,159
Additions	129	87	4	17	80	6	12	94	14	443
Disposals	–	(1)	–	–	(2)	–	(2)	–	–	(5)
Transfers from work in progress	–	–	–	–	–	–	–	(116)	–	(116)
Net revaluations through OCI	–	–	–	–	–	–	–	–	7	7
Other	–	–	–	–	–	–	–	4	(1)	3
Balance at 30 June 2024	2,926	3,365	2,430	765	1,910	250	309	159	377	12,491
Accumulated depreciation										
Balance at 1 July 2023	(1,092)	(842)	(2,248)	(543)	(1,554)	(96)	(214)	–	–	(6,589)
Depreciation	(135)	(80)	(74)	(17)	(70)	(14)	(13)	–	(2)	(405)
Disposals	–	–	–	–	2	–	2	–	–	4
Balance at 30 June 2024	(1,227)	(922)	(2,322)	(560)	(1,622)	(110)	(225)	–	(2)	(6,990)
Net carrying amount	1,699	2,443	108	205	288	140	84	159	375	5,501

Note 1 – Network assets, land and buildings continued

30 June 2023	Fibre cables \$M	Ducts, manholes, and poles \$M	Copper cables \$M	Cabinets \$M	Network electronics \$M	Right of use assets \$M	Other \$M	Work in progress \$M	Land and buildings \$M	Total \$M
Gross carrying amount										
Balance at 1 July 2022	2,663	3,160	2,424	731	1,762	234	295	141	184	11,594
Additions	134	119	2	17	78	7	7	158	5	527
Disposals	–	–	–	–	(8)	(1)	(3)	–	(1)	(13)
Transfers from work in progress	–	–	–	–	–	–	–	(122)	–	(122)
Net revaluations through OCI	–	–	–	–	–	–	–	–	169	169
Other	–	–	–	–	–	4	–	–	–	4
Balance at 30 June 2023	2,797	3,279	2,426	748	1,832	244	299	177	357	12,159
Accumulated depreciation										
Balance at 1 July 2022	(964)	(778)	(2,172)	(525)	(1,495)	(84)	(202)	–	(109)	(6,329)
Depreciation	(128)	(64)	(76)	(18)	(67)	(13)	(14)	–	(4)	(384)
Disposals	–	–	–	–	8	1	2	–	–	11
Net revaluations through OCI	–	–	–	–	–	–	–	–	113	113
Balance at 30 June 2023	(1,092)	(842)	(2,248)	(543)	(1,554)	(96)	(214)	–	–	(6,589)
Net carrying amount	1,705	2,437	178	205	278	148	85	177	357	5,570

There are no restrictions on Chorus' network assets or any network assets pledged as securities for liabilities. At 30 June 2024 the contractual commitments for acquisition and construction of the network assets was \$53 million (30 June 2023: \$50 million).

Land and buildings at historical cost

If land and buildings were stated on an historical cost basis, the amounts would be as follows:

Year ended 30 June	2024 \$M	2023 \$M
Land and buildings (at cost)	200	188
Buildings accumulated depreciation	(115)	(113)
Net carrying amount	85	75

Crown funding

Chorus received funding from the Crown to finance the capital expenditure associated with the development of the UFB network and continues to receive funding for other services. Where funding is used to construct assets, it is offset against depreciation over the life of the assets constructed.

Refer to note 7 for information on Crown funding.

Note 1 – Network assets, land and buildings continued

Impairment

The carrying amounts of non-financial assets including network assets, land and buildings, software and other intangibles, and customer acquisition assets are reviewed at the end of each reporting period for any indicators of impairment.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised in earnings whenever the carrying amount of an asset exceeds its estimated recoverable amount. Should the conditions that gave rise to the impairment loss no longer exist, and the assets are no longer considered to be impaired, a reversal of an impairment loss would be recognised immediately in earnings.

The recoverable amount is the greater of an assets value in use and fair value less costs to sell. Chorus' assets do not generate independent cash flows and are therefore assessed from a single cash-generating unit perspective.

Capitalised interest

Finance costs are capitalised on qualifying items of network assets and software assets at an annualised rate of 5.8% (30 June 2023: 4.0%). Interest is capitalised over the period required to complete the assets and prepare them for their intended use. In the current year finance costs totalling \$1 million (30 June 2023: \$1 million) have been capitalised against network assets and software assets.

Right of use assets

A right of use asset is recognised on commencement of a lease. The right of use asset is initially measured at cost, which is made up of the initial lease liability amount adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method until the assumed end of the lease term. The right of use asset is periodically adjusted for certain remeasurements of the lease liability.

Movements in right of use assets for the period are presented below:

	Fibre cables \$M	Ducts, manholes, and poles \$M	Property \$M	Total \$M
Balance 1 July 2022	7	48	95	150
Additions	–	4	3	7
Disposals	–	–	(1)	(1)
Other	–	–	4	4
Depreciation charge	(1)	(4)	(7)	(12)
Balance at 30 June 2023	6	48	94	148
Additions	–	4	1	5
Depreciation charge	(1)	(4)	(8)	(13)
Balance at 30 June 2024	5	48	87	140

Property exchanges

Chorus has leased exchange space and commercial co-location space owned by Spark which is subject to lease arrangements (included within right of use assets). Chorus in turn leases exchange space and commercial co-location space owned by Chorus to Spark under an operating lease arrangement.

Note 2 – Software and other intangible assets

Software and other intangible assets are initially measured at cost. The direct costs associated with the development of network and business software for internal use are capitalised where project success is probable and the capitalisation criteria is met. Following initial recognition, software and other intangible assets are stated at cost less accumulated amortisation and impairment losses. Software and other intangible assets with a finite life are amortised from the date the asset is ready for use on a straight-line basis over its estimated useful life which is as follows:

	Estimated useful life
Software	2–10 years
Other intangibles	20–35 years

Other intangibles mainly consists of land easements.

Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, amortisation is accelerated.

There are no restrictions on software and other intangible assets, or any intangible assets pledged as securities for liabilities.

30 June 2024	Software \$M	Other intangibles \$M	Work in progress \$M	Total \$M
Cost				
Balance at 1 July 2023	955	6	28	989
Additions	48	–	53	101
Disposals	(4)	–	–	(4)
Transfers from work in progress	–	–	(48)	(48)
Balance at 30 June 2024	999	6	33	1,038
Accumulated amortisation				
Balance at 1 July 2023	(842)	(1)	–	(843)
Amortisation	(56)	(1)	–	(57)
Disposals	4	–	–	4
Balance at 30 June 2024	(894)	(2)	–	(896)
Net carrying amount	105	4	33	142

30 June 2023	Software \$M	Other intangibles \$M	Work in progress \$M	Total \$M
Cost				
Balance at 1 July 2022	918	6	17	941
Additions	44	–	55	99
Disposals	(7)	–	–	(7)
Transfers from work in progress	–	–	(44)	(44)
Balance at 30 June 2023	955	6	28	989
Accumulated amortisation				
Balance at 1 July 2022	(788)	(1)	–	(789)
Amortisation	(61)	–	–	(61)
Disposals	7	–	–	7
Balance at 30 June 2023	(842)	(1)	–	(843)
Net carrying amount	113	5	28	146

At 30 June 2024 the contractual commitment for acquisition of software and other intangible assets was \$9 million (30 June 2023: \$4 million).

Note 3 – Customer acquisition assets

Customer acquisition costs are incremental costs incurred in acquiring new contracts with new and existing customers that Chorus expects are recoverable and are capitalised as customer acquisition assets. These represent various costs including commissions and incentives for customers to connect to the fibre network. Following initial recognition, customer acquisition assets are stated at cost less accumulated amortisation and impairment losses. Customer acquisition assets have a finite life and are amortised from the month that costs are capitalised on a straight-line basis over the average connection life which is as follows:

	Average connection life
New connections and migrations	1–4 years
Customer incentives	1 year

Customer acquisition assets are amortised to the Consolidated income statement, either as amortisation expense or against operating revenue, based on the nature of the specific costs capitalised.

	New connections and migrations \$M	Customer incentives \$M	Total \$M
Balance at 1 July 2022 (net carrying amount)	58	1	59
Additions	30	4	34
Amortisation to amortisation expense	(30)	–	(30)
Amortisation to operating revenue	–	(3)	(3)
Balance at 30 June 2023 (net carrying amount)	58	2	60
Additions	38	4	42
Amortisation to amortisation expense	(31)	–	(31)
Amortisation to operating revenue	–	(4)	(4)
Balance at 30 June 2024 (net carrying amount)	65	2	67

Note 4 – Debt

Debt is classified as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities. Debt is initially measured at fair value, less any transaction costs that are directly attributable to the issue of the instruments. Debt is subsequently measured at amortised cost using the effective interest method. Some borrowings are designated in fair value hedge relationships, which means that any change in market interest and foreign exchange rates result in a change in the fair value adjustment on that debt.

The weighted effective interest rate on debt including the effect of derivative financial instruments and facility fees was 5.77% (30 June 2023: 5.40%).

	Due date	2024 \$M	2023 \$M
Syndicated bank facilities		110	–
Euro medium term notes EUR	Oct 2023	–	368
Euro medium term notes EUR	Dec 2026	488	473
Euro medium term notes EUR	Sep 2029	857	853
Australian medium term notes AUD	Sep 2030	326	–
Fixed rate NZD Bonds	Dec 2027	200	200
Fixed rate NZD Bonds	Dec 2028	502	500
Fixed rate NZD Bonds	Dec 2030	160	153
Less: facility fees		(17)	(19)
Total Debt		2,626	2,528
Current		110	368
Non-current		2,516	2,160

Syndicated bank facilities

As at 30 June 2024 Chorus had a \$450 million committed syndicated facility on market standard terms and conditions (30 June 2023: \$450 million). The facility is held with banks that are rated A to AA-, based on Standard & Poor's ratings. As at 30 June 2024 \$110 million was drawn down (30 June 2023: nil).

Medium Term Notes (MTN)

Face value	Interest rate	2024 \$M	2023 \$M
EUR 209 million	1.13%	–	368
EUR 300 million	0.88%	488	473
EUR 500 million	3.63%	857	853
AUD 300 million	5.97%	326	–

AUD MTN (AMTN) 2030 issuance

Chorus issued AUD 300 million of AMTN in September 2023 at a fixed interest rate of 5.97% for 7 years. Consistent with the Chorus Treasury Policy, the debt has been fully hedged with cross currency interest rate swaps to hedge the foreign currency exposure, which entitles Chorus to receive AUD 300 million and AUD fixed coupon payments for NZD 325 million principal and NZD floating interest payments.

Euro MTN (EMTN) 2023 tender

The October 2023 EMTN was repaid and settled on 18 October 2023.

Chorus has in place cross currency interest rate swaps to hedge the foreign currency exposure to the MTNs. The cross currency interest rate swaps entitle Chorus to receive EUR or AUD principal and EUR or AUD fixed coupon payments for NZD principal and NZD floating interest payments.

The EUR 500 EMTN cross currency interest rate swaps (notional amount EUR 500 million) are partially hedged for the NZD interest payments using interest rate swaps. The EUR 300 cross currency interest rate swaps (notional amount EUR 300 million) are fully hedged for the NZD interest payments using interest rate swaps. The AUD 300 cross currency swaps (notional amount AUD 300 million) are partially hedged for the NZD interest payments using interest rate swaps.

Note 4 – Debt continued

The following table reconciles MTNs at hedged rates to MTNs carrying value based on spot rates as reported under NZ IFRS. MTNs at hedged rates is a non-GAAP measure and is not defined by NZ IFRS:

	2024 EUR 500 \$M	2023 EUR 500 \$M	2024 EUR 300 \$M	2023 EUR 300 \$M	2024 EUR 209 \$M	2023 EUR 209 \$M
EMTN (at carrying value)	857	853	488	473	–	368
Impact of fair value hedge	23	38	40	62	–	4
Impact of hedged rates used	(60)	(71)	(14)	(21)	–	(44)
EMTN at hedged rates (non-GAAP measure)	820	820	514	514	–	328
EMTN at fair value	903	868	497	475	–	369

	2024 AUD 300 \$M	2023 AUD 300 \$M
AMTN (at carrying value)	326	–
Impact of fair value hedge	3	–
Impact of hedged rates used	(4)	–
AMTN at hedged rates (non-GAAP measure)	325	–
AMTN at fair value	339	–

The fair value of MTNs is calculated based on the present value of future principal and interest cash flows, discounted at market interest rates at balance date and is determined using Level 2 of the fair value hierarchy as described in note 20.

Fixed rate NZD bonds

	Due date	Interest rate	2024 \$M	2023 \$M
Fixed rate NZD Bonds	Dec 2027	1.98%	200	200
Fixed rate NZD Bonds	Dec 2028	4.35%	502	500
Fixed rate NZD Bonds	Dec 2030	2.51%	160	153
Total fixed rate NZD Bonds			862	853

The fixed rate on the 2030 NZD Bonds has been swapped to a floating rate using interest rate swaps, creating a fair value hedge which has a fair value of \$160 million at balance date (notional amount \$200 million). This hedging relationship was entered into to comply with the Chorus Treasury Policy which does not allow for greater than 70% of term debt to be subject to fixed interest rates beyond a three-year time period.

The fixed rate on the 2028 NZD Bonds has been swapped to a floating rate using interest rate swaps, creating a fair value hedge which has a fair value of \$502 million (notional amount \$500 million). This hedging relationship was entered into to fix the rate reset with forward start interest rate swaps on 6 December 2023.

At 30 June 2024, Chorus had \$900 million of unsecured, unsubordinated debt securities (30 June 2023: \$900 million).

Note 4 – Debt continued

Schedule of maturities

	2024 \$M	2023 \$M
Current	110	368
Due one to two years	–	–
Due two to three years	488	–
Due three to four years	200	673
Due four to five years	502	–
Due over five years	1,343	1,506
Total due	2,643	2,547
Less: facility fees	(17)	(19)
	2,626	2,528

No debt has been secured against assets, however there are financial covenants and event of default triggers as defined in the various debt agreements. During the current year Chorus complied with the requirements set out in its financing agreements (30 June 2023: complied).

Refer to note 20 for information on financial risk management.

Finance expense

	2024 \$M	2023 \$M
Interest on syndicated bank facility	9	2
Interest on EMTN	88	93
Interest on AMTN	19	–
Interest on fixed rate NZD bonds	38	32
Ineffective portion of changes in fair value of cash flow hedges	(3)	(7)
Other interest expense	25	35
Capitalised interest	(1)	(1)
Total finance expense excluding CIP securities (notional) interest	175	154
CIP securities (notional) interest	47	45
Total finance expense	222	199

Other interest expense includes \$11 million lease interest expense (30 June 2023: \$11 million), and \$7 million of amortisation arising from the difference between fair value and proceeds realised from the swaps reset (30 June 2023: \$7 million).

Note 5 – Leases

Chorus is a lessee of certain network assets under lease arrangements. For all leases Chorus recognises assets and liabilities in the Consolidated statement of financial position, except those determined to be short-term or low value. On inception of a new lease, the lease payable is measured at the present value of the remaining lease payments, discounted at Chorus' incremental borrowing rate at that date. Lease costs are recognised through interest expense over the life of the lease. The corresponding right of use asset incurs depreciation over the estimated useful life of the asset.

Chorus' discounted cash flows by category are summarised below:

	2024 \$M	2023 \$M
Fibre cables	10	11
Ducts, manholes and poles	53	52
Property	108	118
Total lease payable	171	181
Current	12	13
Non-current	159	168

Extension options

Most leases contain extension options exercisable by Chorus up to one year before the end of the non-cancellable contract period. Where practicable, Chorus seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Chorus and not by the lessors. Chorus assesses at lease commencement whether it is reasonably certain the extension options will be exercised, and where it is reasonably certain, the extension period has been included in the lease liability calculation. Chorus reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The amounts recognised in the Consolidated income statement and the Consolidated statement of cash flows relating to leases are summarised below:

	2024 \$M	2023 \$M
<i>Amounts recognised in Consolidated income statement:</i>		
Interest on lease payable	11	11
<i>Amounts recognised in Consolidated statement of cash flows:</i>		
Principal payments	(16)	(15)
Lease interest	(11)	(11)

Note 6 – Crown Infrastructure Partners (CIP) securities

Ultra-Fast Broadband (UFB)

Chorus received Crown funding to finance construction costs associated with the development of the UFB network. Funding was received for every premise passed and certified by CIP.

Funding was received over two phases. Phase one of the build (UFB1) was completed in December 2019 with a total of \$924 million of funding received. Phase two (UFB2 and UFB2+) was completed in December 2022 with a total \$411 million of funding received.

In return for funding under both phases, CIP equity securities and CIP debt securities were issued. Under UFB1 CIP warrants were also issued.

The CIP equity and debt securities are recognised initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. The fair value is derived by discounting the equity securities and debt securities per premises passed by the effective rate based on market rates. The difference between funding received and the fair value of the securities is recognised as Crown funding. Over time, the CIP debt and equity securities increase to face value and the Crown funding is released against depreciation and reduces to nil.

CIP debt securities

CIP debt securities are unsecured, non-interest bearing and carry no voting rights at meetings of holders of Chorus ordinary shares. Chorus is required to redeem the CIP debt securities in tranches from 2025 by repaying the face value to the holder.

The principal amount of CIP debt securities consists of a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus' debt arrangements. The subordinated portion ranks below all other Chorus indebtedness but above ordinary shares of Chorus. The initial value of the senior portion is the present value of the sum repayable on the CIP debt securities, and the initial subordinated portion will be the difference between the issue price of the CIP debt security and the value of the senior portion.

CIP equity securities

CIP equity securities are a class of non-interest-bearing security that carry no right to vote at meetings of holders of Chorus ordinary shares but entitle the holder to a preferential right to repayment on liquidation and additional rights that relate to Chorus' performance under its construction contract with CIP.

For UFB1 equity securities, dividends will become payable on a portion of the CIP equity securities from 2025 onwards, with the portion of CIP equity securities that attract dividends increasing over time. For UFB2 and UFB2+ equity securities, dividends will become payable from 2030.

CIP equity securities can be redeemed by Chorus at any time by payment of the issue price or issue of new ordinary shares (at a 5% discount to the 20-day volume weighted average price) to the holder. In limited circumstances CIP equity securities may be converted by the holder into voting preference or ordinary shares.

The CIP equity securities are required to be disclosed as a liability until the liability component of the compound instrument expires.

Note 6 – Crown Infrastructure Partners (CIP) securities continued

CIP warrants

Under UFB1 Chorus issued warrants to CIP for nil consideration along with each tranche of CIP equity securities. Each CIP warrant gives CIP the right, on a specified exercise date, to purchase at a set strike price a Chorus share to be issued by Chorus. The strike price for a CIP warrant is based on a total shareholder return of 16% per annum on Chorus shares over the period December 2011 to June 2036.

At 30 June 2024, Chorus had issued a total 16,407,227 warrants which had a fair value and carrying value that approximated zero (30 June 2023: 15,622,325 warrants issued). The number of fibre connections made by 30 June 2024 impacts the number of warrants that could be exercised.

At 30 June 2024, the component parts of CIP debt and equity instruments, including notional interest, were:

	2024			2023		
	CIP debt securities \$M	CIP equity securities \$M	Total CIP securities \$M	CIP debt securities \$M	CIP equity securities \$M	Total CIP securities \$M
Fair value on initial recognition						
Balance at 1 July	228	250	478	189	250	439
Additional securities recognised at fair value	–	–	–	39	–	39
Balance at 30 June	228	250	478	228	250	478
Accumulated notional interest						
Balance at 1 July	96	123	219	78	96	174
Notional interest	19	28	47	18	27	45
Balance at 30 June	115	151	266	96	123	219
Total CIP securities	343	401	744	324	373	697
Current	81	79	160	–	–	–
Non-current	262	322	584	324	373	697
CIP at fair value	351	444	795	320	375	695

Key assumptions in calculations on initial recognition

On initial recognition, a discount rate is used for the CIP debt securities. No CIP debt securities were issued in the year (30 June 2023: \$39m was recognised using discount rates between 6.16% and 7.36%). The discount rate was used for the CIP equity securities and to discount the expected cash flows, based on the NZ swap curve. The swap rates were adjusted for Chorus specific credit spreads (based on market observed credit spreads for debt issued with similar credit ratings and tenure). The discount rate on the CIP equity securities is capped at Chorus' estimated cost of (ordinary) equity.

Note 7 – Crown funding

Funding from the Crown is recognised at fair value where there is reasonable assurance that the funding is receivable and all attached conditions will be complied with. Crown funding is then recognised in earnings as a reduction to depreciation expense on a systematic basis over the useful life of the asset the funding was used to construct.

	2024					2023				
	UFB \$M	WCSNB \$M	RBI \$M	Other \$M	Total \$M	UFB \$M	WCSNB \$M	RBI \$M	Other \$M	Total \$M
Fair value on initial recognition										
Balance at 1 July	860	42	242	16	1,160	821	40	242	16	1,119
Additional funding recognised at fair value	–	8	–	4	12	39	2	–	–	41
Balance at 30 June	860	50	242	20	1,172	860	42	242	16	1,160
Accumulated amortisation of funding										
Balance at 1 July	(132)	(1)	(69)	(10)	(212)	(112)	–	(61)	(10)	(183)
Amortisation	(21)	(1)	(8)	(1)	(31)	(20)	(1)	(8)	–	(29)
Balance at 30 June	(153)	(2)	(77)	(11)	(243)	(132)	(1)	(69)	(10)	(212)
Total Crown funding	707	48	165	9	929	728	41	173	6	948
Current					28					28
Non-current					901					920

Crown funding largely comprises project-related government funding for the Ultra-Fast Broadband (UFB) build, West Coast Southland Network Build (WCSNB), and Rural Broadband Initiative (RBI) projects.

Note 8 – Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

Chorus' Chief Executive Officer (CEO) has been identified as the chief operating decision maker for the purpose of segmental reporting.

Chorus has determined that it operates in one segment providing nationwide fixed line communications infrastructure. The determination is based on the reports reviewed by the CEO in assessing performance, allocating resources and making strategic decisions.

All of Chorus' operations are provided in New Zealand, therefore no geographic information is provided.

Three Chorus customers met the reporting threshold of 10 percent of Chorus' operating revenue in the year to 30 June 2024. The total revenue for the year ended 30 June 2024 from these customers was \$327 million (30 June 2023: \$330 million), \$193 million (30 June 2023: \$198 million) and \$219 million (30 June 2023: \$146 million).

Note 9 – Operating revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Chorus recognises revenue when it transfers control of a product or service to a customer and cash collection is considered probable. Revenue is presented net of rebates and customer incentives.

Chorus services provided to customers	Nature, performance obligation and timing of revenue
Fibre and copper connections	Providing access to the Chorus fixed lines network to enable connections to the internet. Chorus recognises revenue as it provides this service to its customers at a point in time. Unbilled revenues from the billing cycle date to the end of each month are recognised as revenue during the month the service is provided. Revenue is deferred in respect of the portion of fixed monthly charges that have been billed in advance.
Value added network services	Providing enhanced access to the Chorus fixed line network to enable internet access, through backhaul and handover link services to connect across wider areas and to higher quality levels. Recognition is the same as described for fibre and copper connections above.
Infrastructure	Providing physical storage and site-sharing rental services for co-location of third party or shared assets. This is billed and recognised on a monthly basis, based on a point in time.
Field services	Providing services in the field to protect, strengthen, and increase the available network – for example, installation services, wiring and consultation services. This is billed and recognised as the service is provided over time. Revenue from installation of connections is recognised upon completion of the connection.

Revenue by service

	2024 \$M	2023 \$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 products	67	70
Infrastructure	33	31
Value added network services	26	26
Other	4	3
Total operating revenue	1,010	980

Amounts collected on behalf of third parties

Revenue above is exclusive of amounts collected on behalf of, and paid to third parties, which totalled \$13 million in the year (30 June 2023: \$19 million). Any amounts collected but not yet passed to the third party are recognised within trade and other payables.

Note 10 – Operating expenses

	2024 \$M	2023 \$M
Labour	80	76
Network maintenance	53	60
Information technology costs	44	42
Other network costs	37	37
Electricity	22	19
Rent and rates	13	12
Property maintenance	14	14
Advertising	11	13
Regulatory levies	9	9
Consultants	6	9
Insurance	5	5
Provisioning	1	1
Other	15	11
Total operating expenses	310	308

Labour

Labour of \$80 million (30 June 2023: \$76 million) represents employee costs which are not capitalised.

Pension contributions

Included in labour costs are payments to the New Zealand Government Superannuation Fund of \$226,000 (30 June 2023: \$297,000) and contributions to KiwiSaver of \$3.1 million (30 June 2023: \$3.3 million). At 30 June 2024 there were 10 employees in the New Zealand Government Superannuation Fund (30 June 2023: 11 employees) and 765 employees in KiwiSaver (30 June 2023: 758 employees). Chorus has no other obligations to provide pension benefits in respect of employees.

Charitable and political donations

Other costs include charitable donations of \$771,000 towards digital inclusion and health initiatives (30 June 2023: \$407,000 towards digital inclusion and health initiatives). Chorus has not made any political donations (30 June 2023: nil).

Auditor remuneration

Included in other expenses are fees paid to auditors:

	2024 \$000's	2023 \$000's
Audit and review of statutory financial statements	644	640
Regulatory audit and assurance work ¹²	645	490
Total other services	645	490
Total fees paid to the auditor	1,289	1,130

¹² Regulatory audit and assurance work includes \$72,000 of assurance fees for climate related disclosures and \$555,000 in relation to fibre regulation (30 June 2023: regulatory audit and assurance work relates to fibre regulation).

Note 11 – Trade and other receivables

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any). They are subsequently measured at amortised cost (using the effective interest method) less impairment losses.

	2024 \$M	2023 \$M
Trade receivables	100	98
Other receivables	48	44
Prepayments	10	11
Trade and other receivables	158	153
Current	154	153
Non-current	4	–

Included within other receivables is \$43 million of interest receivable (30 June 2023: \$37 million).

Trade receivables are non-interest bearing and are generally on terms of 20 working days or less.

Chorus applies the simplified approach in providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The provision for impairment losses are either individually or collectively assessed based on number of days overdue. Chorus takes into account the historical loss experience and incorporate forward looking information and relevant macroeconomic factors.

Chorus maintains a provision for impairment losses when there is objective evidence of its customers being unable to make required payments and makes a provision for doubtful debt where debt is more than 60 days overdue. There have been no significant individual impairment amounts recognised as an expense during the period. Trade receivables are net of allowances for disputed balances with customers.

The ageing profile of trade receivables is as follows:

	2024 \$M	2023 \$M
Not past due	90	94
Past due 1–30 days	8	4
Past due 31–60 days	2	–
	100	98

Chorus has a concentrated customer base consisting predominantly of a small number of retail service providers. The concentrated customer base heightens the risk that a dispute with a customer, or a customer's failure to pay for services, will have a material adverse effect on the collectability of receivables.

Any disputes arising that may affect the relationship between the parties will be raised by relationship managers and follow a dispute resolution process. Chorus has \$10 million of accounts receivable that are past due but not impaired (30 June 2023: \$4 million). The carrying value of trade and other receivables approximates the fair value. The maximum credit exposure is limited to the carrying value of trade and other receivables.

Note 12 – Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs (if any). They are subsequently measured at amortised cost using the effective interest method. Trade and other payables are non-interest bearing and are normally settled within 30-day terms. The carrying value of trade and other payables approximates their fair values.

	2024 \$M	2023 \$M
Trade payables	48	66
Operating expenditure accruals	74	79
Capital expenditure accruals	15	38
Personnel accruals	20	18
Revenue billed in advance	86	90
Trade and other payables	243	291
Current	230	280
Non-current	13	11

Note 13 – Commitments

Capital expenditure

Refer to note 1 and note 2 for details of capital expenditure commitments.

Lease commitments

Refer to note 5 for details of lease commitments.

Note 14 – Taxation

Income tax expense

Income tax expense for the current year comprises current and deferred tax, and is recognised in the Consolidated income statement, except to the extent it relates to items recognised in the Consolidated statement of other comprehensive income or directly in equity.

	2024 \$M	2023 \$M
Recognised in Consolidated income statement		
Net earnings before tax	21	31
Tax at 28%	6	9
<i>Tax effect of adjustments</i>		
Other non-taxable items	9	7
Deferred tax impact from reversal of depreciation on buildings	15	–
Building life reassessment	–	(10)
Tax expense recognised in Consolidated income statement	30	6
<i>Comprising:</i>		
Current tax expense/(benefit)		
– Current year	12	5
– Adjustments in respect of prior periods	1	(1)
Deferred tax expense		
– Adjustments in respect of prior periods	–	1
– Depreciation, provisions, accruals, leases & other	17	1
	30	6
Recognised in other comprehensive income		
Net movement in hedging related reserves	(6)	2
Net revaluation of buildings	–	17
Tax expense recognised in other comprehensive income	(6)	19

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of the deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at reporting year end. A deferred tax asset is recognised only to the extent it is probable it will be utilised.

The movement in the deferred tax assets and liabilities for the period, is presented below.

Deferred tax liability/(asset)

	Changes in other reserves \$M	Lease payable \$M	Fixed & intangible assets \$M	Other \$M	Unused tax credits \$M	Total deferred tax liability \$M
Balance at 1 July 2022	22	(50)	355	42	(27)	342
Prior period adjustment	–	–	–	1	–	1
Recognised in Consolidated income statement	–	1	5	5	–	11
Recognised in Consolidated statement of comprehensive income	2	–	17	–	–	19
Building life reassessment	–	–	(10)	–	–	(10)
Balance at 30 June 2023	24	(49)	367	48	(27)	363
Balance at 1 July 2023	24	(49)	367	48	(27)	363
Recognised in the Consolidated statement of financial position	–	–	–	–	12	12
Recognised in Consolidated income statement	–	3	1	(2)	–	2
Recognised in Consolidated statement of comprehensive income	(6)	–	–	–	–	(6)
Building life reassessment	–	–	15	–	–	15
Balance at 30 June 2024	18	(46)	383	46	(15)	386

Imputation credits

Chorus has an imputation credit account balance of \$268,000 as at 30 June 2024 (30 June 2023: \$135,000). The account balance was positive as at 31 March 2024 and 31 March 2023.

Note 15 – Cash, call deposits, and cash overdraft

Cash and call deposits are held with bank and financial institution counterparties rated at a minimum of A, based on rating agency Standard & Poor's ratings.

There are no cash or call deposit balances held that are not available for use. Chorus has a \$10 million overdraft facility which is used in the normal course of operations.

The carrying values of cash and call deposits approximate their fair values. The maximum credit exposure is limited to the carrying value of cash and call deposits.

Cash and call deposits denominated in foreign currencies are translated into New Zealand dollars at the spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Consolidated income statement.

Cash flow

Cash flows from derivatives in cash flow and fair value hedge relationships are recognised in the Consolidated statement of cash flows in the same category as the hedged item.

For the purposes of the Consolidated statement of cash flows, cash is considered to be cash on hand, in banks and cash equivalents, including bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in values.

Note 16 – Equity

Share capital

Movements in Chorus Limited's issued ordinary shares were as follows:

	2024 Number of shares (millions)	2023 Number of shares (millions)
Balance 1 July	435	446
Dividend reinvestment plan	–	1
Share buyback	(1)	(12)
Balance at 30 June	434	435

Chorus Limited has 433,887,294 fully paid ordinary shares (30 June 2023: 435,334,308). The issued shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of Chorus Limited. Under Chorus Limited's constitution, Crown approval is required if a shareholder wishes to have a holding of 10% or more of Chorus Limited's ordinary shares, or if a shareholder who is not a New Zealand national wishes to have a holding of 49.9% or more of ordinary shares.

Chorus Limited issued securities to CIP under its fibre rollout agreement. CIP securities are a class of security that carry no right to vote at meetings of holders of Chorus Limited ordinary shares but carry a preference on liquidation. Refer to note 6 for additional information on CIP securities.

Should Chorus Limited return capital to shareholders, any return of capital that arose on demerger may be taxable as Chorus Limited had zero available subscribed capital on demerger.

Dividends

On 10 October 2023 and 16 April 2024, dividends of 25.5 cents per share and 19 cents per share respectively were paid to shareholders. These two dividend payments totalled \$193 million (30 June 2023: 38 cents, \$169 million).

No dividend reinvestment plan was available in the year ended 30 June 2024 (30 June 2023: 1,160,865 shares, with a value of \$9 million, were issued in lieu of dividends).

Share buyback

Chorus completed a \$150 million share buyback programme in September 2023. The programme commenced in February 2022 and resulted in the cancellation of 18,986,306 shares.

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel under which key senior management are issued share-rights.

The scheme is equity settled and treated as an option plan for accounting purposes. Each tranche of each grant is valued separately. The absolute performance hurdle is valued using Monte Carlo simulations.

In August 2023, Chorus issued a tranche of share rights under the scheme. The shares have a vesting date of 25 August 2026. The grant carries two performance hurdles;

1. For 50% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 23.19% over the vesting period, using a hurdle rate of 7.2% that compounds annually.
2. For 100% of the performance share rights to vest, Chorus total shareholder return must equal or exceed 25.97% over the vesting period, using a hurdle rate of 8% that compounds annually.

A total of 135,719 share rights were issued in the tranche.

The combined option cost for the year ended 30 June 2024 of \$290,000 has been recognised in the Consolidated income statement (30 June 2023: \$524,000).

Reserves

Refer to note 19 for information on the cash flow hedge reserve and cost of hedging reserve.

Note 17 – Earnings per share

The calculation of basic earnings per share at 30 June 2024 is based on the net losses for the year of \$9 million (30 June 2023: net earnings \$25 million), and a weighted average number of ordinary shares outstanding during the period of 435 million (30 June 2023: 443 million), calculated as follows:

	2024	2023
Basic earnings per share		
Net (loss)/earnings attributable to ordinary shareholders (\$ millions)	(9)	25
Denominator – weighted average number of ordinary shares (millions)	435	443
Basic (loss)/earnings per share (dollars)	(0.02)	0.06
Diluted earnings per share		
Net (loss)/earnings attributable to ordinary shareholders (\$ millions)	(9)	25
Weighted average number of ordinary shares (millions)	435	443
Ordinary shares required to settle CIP equity securities (millions)	108	95
Ordinary shares required to settle CIP warrants (millions)	16	16
Denominator – diluted weighted average number of shares (millions)	559	554
Diluted (loss)/earnings per share (dollars)	(0.02)	0.05

The number of ordinary shares that would have been required to settle all CIP equity securities and CIP warrants on issue at 30 June has been used for the purposes of the diluted earnings per share calculation.

Note 18 – Related parties

Subsidiaries

The financial statements include Chorus Limited and its subsidiaries as listed below:

Name of entity	Location	2024 ownership	2023 ownership
Chorus New Zealand Limited	New Zealand	100%	100%

All day-to-day operations of the business occur within Chorus New Zealand Limited including the building and maintenance of the network, sales and marketing, and the supporting corporate function.

Transactions with related parties

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, and include the Directors, the Chief Executive, and his direct reports. Certain key management personnel have interests in a number of companies that Chorus has transactions with the normal course of business.

Key management personnel compensation

	2024 \$000's	2023 \$000's
Short term employee benefits	8,203	6,588
Termination benefits	1,075	–
Share based payments	–	1,638
	9,278	8,226
	2024 \$000's	2023 \$000's
Director's fees	1,085	1,084

The performance hurdles were not met for the long-term performance share scheme and there were no share based payments made in the period ended 30 June 2024.

Refer to note 16 for details of long-term incentives.

Note 19 – Derivatives and hedge accounting

Chorus uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates, interest rates and the spot price of electricity. The use of hedging instruments is governed by the Treasury Policy approved by the Board. Derivatives are held at fair value with an adjustment made for credit risk in accordance with NZ IFRS 9: Financial Instruments. The derivatives are considered Level 2 investments as defined in note 20.

Treatment of any fair value gains or losses depends on whether the derivative is designated as a hedging instrument. If the derivative is not designated as a hedging instrument, the remeasurement gain or loss is recognised immediately in the Consolidated income statement.

Hedge accounting

Chorus designates derivatives held for hedging as either:

- Cash flow hedges (of highly probable forecast transactions); or
- Fair value hedges (of the fair value of recognised assets, liabilities or firm commitments).

At inception each hedge relationship is formalised in hedge documentation.

Derivatives in hedge relationships are designated based on a 1:1 hedge ratio. In these hedge relationships the main source of ineffectiveness is the effect of the credit risk on the fair value of the derivatives, which is not reflected in the change in the fair value of the hedged item attributable to changes in foreign exchange and interest rates.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. On discontinuation, any cumulative gain or loss previously recognised in Other comprehensive income is recognised in the Consolidated income statement either at the same time as the forecast transaction, or immediately if the transaction is no longer expected to occur.

Cash flow hedges

Under a cash flow hedge, the effective portion of gains or losses from remeasuring the fair value of the hedging instrument is recognised in Other comprehensive income and accumulated in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to the Consolidated income statement when the hedged item affects the Income statement, or when the hedged item is a forecast transaction that is no longer expected to occur. Alternatively, when the hedged item results in a non-financial asset or liability, the accumulated gains and losses are included in the initial measurement of the cost of the asset or liability.

Differences in the hedged values will flow to finance expense in the Income statement over the life of the derivatives as ineffectiveness. Neither the magnitude or direction of these differences can be predicted as they are influenced by external market factors. In the current year, ineffectiveness was credit \$3 million across the hedge relationships (30 June 2023: credit \$7 million). Refer to note 4.

As long as the existing cash flow hedge relationships remain effective, any future gains or losses will be processed through the hedge equity reserves.

A reconciliation of movements in the cash flow hedge reserve is outlined below:

	2024 \$M	2023 \$M
Balance at 1 July	(71)	(63)
Changes in cash flow hedges	16	(3)
Amortisation of de-designated cash flow hedges transferred to Income statement	(7)	(7)
Dedesignated swaps reclassified to the income statement	–	(1)
Tax expense	(3)	3
Closing balance at 30 June	(65)	(71)

Fair value hedges

Under a fair value hedge, the hedged item is revalued at fair value in respect of the hedged risk.

This revaluation is recognised in the Consolidated income statement to offset the mark-to-market revaluation of the hedging derivative, except for any adjustment on the hedging derivative relating to credit risk.

Once hedging is discontinued, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the Income statement from that date through to maturity of the hedged item. If the hedged item is derecognised any corresponding fair value hedge adjustment is immediately recognised in the Consolidated income statement.

To hedge the interest rate risk and foreign currency risk on the EUR EMTNs, Chorus uses cross currency interest rate swaps. For hedge accounting purposes, these swaps were aggregated and designated as two cash flow hedges and a fair value hedge. Chorus hedges the EUR EMTNs for Euro fixed rate interest to Euro floating rate interest via a fair value hedge. In this case, the change in the fair value of the hedged risk is also attributed to the carrying value of the EMTNs (refer to note 4).

Note 19 – Derivatives and hedge accounting continued

To hedge the interest rate risk and foreign currency risk on the AUD AMTNs, Chorus uses cross currency interest rate swaps. For hedge accounting purposes, these swaps were aggregated and designated as two cash flow hedges and a fair value hedge. Chorus hedges a portion of the AUD AMTNs for AUD fixed rate interest to AUD floating rate interest via a fair value hedge. In this case, the change in the fair value of the hedged risk is also attributed to the carrying value of the AMTNs (refer to note 4).

Cost of hedging

The cost of hedging reserve captures changes in the fair value of the cost to convert foreign currency to NZD of Chorus' cross currency interest rate swaps on the EUR EMTNs and AUD AMTN.

A reconciliation of movements in the cost of hedging reserve is outlined below:

	2024 \$M	2023 \$M
Balance at 1 July	6	3
Change in currency basis spreads (when excluded from the designation)	13	7
Dedesignated swaps reclassified to the income statement	–	(3)
Tax (benefit)/expense	(4)	(1)
Closing balance at 30 June	15	6

Derivatives

Interest rate swaps

As at 30 June 2024 Chorus holds all interest rate swaps in designated hedging relationships.

All interest rate swaps which are designated as cash flow hedges are held in effective hedging relationships and their unrealised gains or losses are recognised in the cash flow hedge reserve.

Chorus has also entered into four interest rate swaps which are designated as fair value hedges. They have a combined face value \$700 million and were entered in conjunction with the 10 year NZD bonds issued on 6 December 2018 and 2 December 2020, with the intention of swapping the interest exposure from a fixed to a floating rate.

Restructured interest rate swaps

Three interest rate swaps have been restructured: two in December 2018 and one in February 2020.

The two December 2018 restructured interest rate swaps have a combined face value of \$500 million and were reset in conjunction with the resettable NZD fixed rate bond issued in December 2018 to hedge interest rate exposure from December 2023. As part of the restructure the original hedge relationship was discontinued and on termination there was a net present value of \$14 million recognised in the cash flow hedge reserve.

This amount was held in the cash flow hedge reserve as the hedged item still exists and is amortised over the original hedge period. The unamortised balance of the original fair values at 30 June 2024 is \$4 million (30 June 2023: \$6 million).

The interest rate swap restructured in February 2020 had a face value of \$200 million and was reset to be in conjunction with the EUR 300 million EMTN issued in December 2019 to hedge interest rate exposure from April 2020. The original hedge relationship was discontinued and on termination had a net present value of \$27 million. This amount was held in the cash flow hedge reserve as the hedged item still exists and will be amortised over the original hedge period. The unamortised balance of the original fair values at 30 June 2024 was \$8 million (30 June 2023: \$12 million).

Cross currency interest rate swaps

Chorus enters into cross currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on the EUR and AUD MTNs. Using the cross currency interest rate swaps, Chorus will pay New Zealand Dollar floating interest rates and receive EUR or AUD nominated fixed interest with coupon payments matching the underlying notes.

In October 2023, Chorus repaid and settled the residual EUR 209 million. Concurrently, an equal nominal amount of cross currency interest rate swaps (CCIRS) which hedged the debt were exited to ensure the hedging relationship remains fully effective.

Chorus also issued AUD 300 million of AMTN in September 2023 for a term of 7 years at an interest rate of 5.97%. Consistent with the Chorus Treasury Policy, the debt has been fully hedged with CCIRS to hedge the foreign currency exposure, which entitle Chorus to receive AUD 300 million and AUD fixed coupon payments for NZD 325 million principal and NZD floating interest payments.

Chorus continues to hold cross currency interest rate swaps in relation to the EMTN EUR 300 million issued in December 2019 and EMTN EUR 500 million issued in September 2022. This is unchanged in the current year.

Chorus designated the MTNs and cross currency interest rate swaps into three-part hedging relationships for each issue:

- a fair value hedge of EUR or AUD benchmark interest rates,
- a cash flow hedge of margin, and
- a cash flow hedge of the principal exchange.

Under the cross currency swaps Chorus will pay and receive the following on maturity:

	Maturity	Principal – receive leg (EUR M)	Principal – receive leg (AUD M)	Principal – pay leg (\$M)
EUR EMTN 300	Dec 2026	300	–	514
EUR EMTN 500	Sep 2029	500	–	820
AUD AMTN 300	Sep 2030	–	300	325

Note 19 – Derivatives and hedge accounting continued

Hedging instruments used (pre-tax):

				Life to date values as at 30 June 2024					Year to date values recognised during the year ended 30 June 2024			
				Carrying amount of the hedging instrument					Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
Currency	Maturity years	Average rate	Nominal amount of the hedging instrument \$M	Assets \$M	Liabilities \$M	Change in value used for calculating hedge ineffectiveness \$M	Cost of hedging reserve \$M		Cash flow hedge (OCI) \$M	Cash flow hedge reclassified to the Income statement \$M	Fair value hedge recognised in the Income statement \$M	Recognised in the Income statement \$M
Cash flow hedges												
Interest rate swaps (including forward starting)	NZD	2–6	2.42%	1,114	69	–	69	–	(20)	–	–	–
Restructured interest rate swaps 2018 (forward starting)	NZD	5	4.41%	500	1	–	18	–	(1)	2	–	–
Restructured interest rate swap 2020	NZD	3	3.35%	200	7	–	34	–	(7)	4	–	4
Forward exchange rate contracts	NZD:USD	1–2	0.6160	41	1	–	1	–	1	(1)	–	–
Electricity futures	NZD	1–2	NA	NA	–	–	–	–	2	–	–	–
Fair value hedges												
Interest rate swaps	NZD	4–7	Floating	700	2	(39)	(37)	–	–	–	8	–
Fair value and cash flow hedges												
Cross currency interest rate swaps	NZD:EUR	N/A	Floating	–	–	–	–	–	(44)	44	4	–
Cross currency interest rate swaps	NZD:EUR	3	Floating	514	–	(33)	(29)	(5)	(6)	6	22	–
Cross currency interest rate swaps	NZD:EUR	6	Floating	820	18	–	34	(15)	(5)	10	15	(1)
Cross currency interest rate swaps	NZD:AUD	7	Floating	325	1	–	2	(1)	4	(3)	(3)	–
Total hedged derivatives				4,214	99	(72)	92	(21)	(76)	62	46	3
Current					1	–						
Non-current					98	(72)						

Note 19 – Derivatives and hedge accounting continued

	Life to date values as at 30 June 2023								Year to date values recognised during the year ended 30 June 2023			
	Carrying amount of the hedging instrument								Hedge effectiveness in reserves		Hedge effectiveness	Hedge ineffectiveness
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument \$M	Assets \$M	Liabilities \$M	Change in value used for calculating hedge ineffectiveness \$M	Cost of hedging reserve \$M	Cash flow hedge (OCI) \$M	Cash flow hedge reclassified to the Income statement \$M	Fair value hedge recognised in the Income statement \$M	Recognised in the Income statement \$M
Cash flow hedges												
Interest rate swaps (including forward starting)	NZD	1–7	2.53%	1,464	89	–	89	–	12	–	–	–
Restructured interest rate swaps 2018 (forward starting)	NZD	6	4.41%	500	2	–	19	–	11	2	–	–
Restructured interest rate swap 2020	NZD	4	3.35%	200	10	–	38	–	1	4	–	4
Forward exchange rate contracts	NZD:USD	1–2	0.6202	36	1	–	1	–	1	(6)	–	–
Forward exchange rate contracts	NZD:SEK	1–2	0.0315	–	–	–	–	–	–	–	–	–
Electricity futures	NZD	1–2	NA	NA	–	(2)	–	–	(2)	(3)	–	–
Fair value hedges												
Interest rate swaps	NZD	8	Floating	200	–	(45)	(45)	–	–	–	–	–
Fair value and cash flow hedges												
Cross currency interest rate swaps	NZD:EUR	<1	Floating	328	39	–	40	(1)	22	(21)	1	–
Cross currency interest rate swaps	NZD:EUR	4	Floating	514	–	(47)	(45)	(2)	31	(31)	(21)	2
	NZD:EUR	7	Floating	820	18	–	22	(5)	60	(71)	(38)	1
Total hedged derivatives				4,062	159	(94)	119	(8)	136	(126)	(58)	7
Current					43	(1)						
Non-current					116	(93)						

All hedging instruments can be found in the derivative financial assets and liabilities within the Consolidated statement of financial position. Items taken to the Consolidated income statement have been recognised in finance expenses (refer note 4).

Credit risk associated with derivative financial instruments is managed by ensuring that transactions are executed with counterparties with high quality credit ratings along with credit exposure limits for different credit classes. The counterparty credit risk is monitored and reviewed by the Board on a regular basis.

Note 20 – Financial risk management

Chorus' activities expose it to a variety of financial risks, including market risk (currency risk, electricity price risk and interest rate risk) credit risk and liquidity risk. Financial risk management for currency and interest rate risk is carried out by the Treasury function under policies approved by the Board. Chorus' Treasury Policy, approved by the Board, provides the basis for overall financial risk management.

Chorus uses derivatives to hedge its financial risk exposures and does not hold or issue derivative financial instruments for trading purposes. The risk associated with these transactions is the cost of replacing these agreements at the current market rates in the event of default by a counterparty.

A summary of the financial risks that impact Chorus, how they arise and how they are managed is presented below:

Nature and exposure to Chorus	How the risk is managed
Market risk	
Electricity price risk	
Chorus is exposed to electricity price volatility through the purchase of electricity at spot prices.	Chorus has entered into fixed electricity futures contracts to reduce the exposure to electricity spot price movements. These contracts are designated as cash flow hedge relationships. A 10% increase or decrease in the spot price of electricity, with all other variables held constant, would have minimal impact on profit and equity reserves of Chorus.
Currency risk	
Chorus' exposure to foreign currency fluctuations predominantly arises from foreign currency debt and future commitments to purchase foreign currency denominated assets. The primary objective in managing foreign currency risk is to protect against the risk that Chorus' assets, liabilities and financial performance will fluctuate due to changes in foreign currency exchange rates. Chorus has EUR 800 million and AUD 300 million foreign currency debt in the form of MTNs.	Chorus enters into forward foreign exchange contracts and cross currency interest rate swaps to manage the foreign exchange exposure. The EUR and AUD MTNs have in place cross currency interest rate swaps under which Chorus receives principal and fixed coupon payments in EUR and AUD for principal and floating NZD interest payments. The exchange gain or loss resulting from the translation of MTNs denominated in foreign currency to NZD is recognised in the Income statement. The movement is offset by the translation of the principal value of the related cross currency interest rate swap. As at 30 June 2024, Chorus did not have any significant unhedged exposure to currency risk (30 June 2023: no significant unhedged exposure to currency risk). A 10% increase or decrease in the exchange rate, with all other variables held constant, would have minimal impact on profit and equity reserves of Chorus.
Interest rate risk	
Chorus is exposed to interest rate risk arising from the cross currency interest rate swaps converting the foreign debt into a floating rate NZD obligation as well as loans under the syndicated bank facility which are subject to floating interest rates. Chorus is also exposed to changes in the fair value of the fixed interest 2030 and 2028 NZD Bond due to fluctuations in the benchmark interest rate.	Where appropriate, Chorus aims to reduce the uncertainty of changes in interest rates by entering into interest rate swaps to fix the effective interest rate to minimise the cost of net debt and manage the impact of interest rate volatility on earnings. The interest rate risk on a portion of the EUR and AUD cross currency interest rate swaps has been hedged using interest rate swaps. Refer to note 19 for further information.
Other risks	
Credit risk	
In the normal course of business, Chorus incurs counterparty credit risk from financial instruments, including cash, trade and other receivables, and derivative financial instruments.	Credit risk is managed by entering into contracts with creditworthy financial institutions. Refer to individual notes for additional information on credit risk. Chorus has certain derivative transactions that are subject to bilateral credit support agreements that require Chorus or the counterparty to post collateral to support the value of certain derivatives. As at 30 June 2024 no collateral was posted.
Liquidity risk	
Liquidity risk is the risk that Chorus will encounter difficulty raising liquid funds to meet commitments as they fall due or foregoing investment opportunities, resulting in defaults or excessive debt costs. Prudent liquidity risk management implies maintaining sufficient cash and the ability to meet its financial obligations.	Chorus manages liquidity risk by ensuring sufficient access to committed facilities, continuous cash flow monitoring and maintaining prudent levels of short-term debt maturities.

Note 20 – Financial risk management continued

Interest rate risk

Analysis of Chorus' interest rate repricing is outlined below:

	Within 1 Year \$M	1–2 Years \$M	2–3 Years \$M	3–4 Years \$M	4–5 Years \$M	Greater than 5 years \$M	Total \$M
30 June 2024							
Floating rate							
Debt (after hedging)	545	–	–	–	–	–	545
Fixed rate							
Debt (after hedging)	110	–	–	514	200	1,300	2,124
CIP securities	160	–	–	–	–	584	744
	815	–	–	514	200	1,884	3,413
30 June 2023							
Floating rate							
Debt (after hedging)	370	–	–	–	–	–	370
Fixed rate							
Debt (after hedging)	328	–	–	514	200	1,150	2,192
CIP securities	–	150	–	–	–	547	697
	698	150	–	514	200	1,697	3,259

Interest rate sensitivity analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2024 \$M Profit/(loss)	2024 \$M Equity (increase)/ decrease	2023 \$M Profit/(loss)	2023 \$M Equity (increase)/ decrease
100 basis point increase	1	24	1	1
100 basis point decrease	(1)	(26)	(1)	(2)

Credit risk

The maximum exposure to credit risk at the reporting date was as follows:

	Notes	2024 \$M	2023 \$M
Cash and call deposits	15	45	76
Trade and other receivables	11	158	153
Derivative financial instruments	19	99	159
Maximum exposure to credit risk		302	388

Refer to individual notes for additional information on credit risk.

Note 20 – Financial risk management continued

Liquidity risk

Chorus manages liquidity risk by ensuring sufficient access to committed facilities, continuous cash flow monitoring and maintaining prudent levels of short-term debt maturities. At balance date, Chorus had available \$450 million under the syndicated bank facilities (30 June 2023: \$450 million). To enable Chorus to meet its potential working capital requirements as needed \$110 million of the facilities have been drawn down as at 30 June 2024 (30 June 2023: nil) and disclosed as a current liability.

The gross (inflows)/outflows of derivative financial liabilities disclosed in the table below represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement (for example forward exchange contracts).

	Carrying amount \$M	Contractual cashflow \$M	Within 1 Year \$M	1–2 Years \$M	2–3 Years \$M	3–4 Years \$M	4–5 Years \$M	5+ Years \$M
30 June 2024								
Non-derivative financial liabilities								
Trade and other payables	243	243	230	13	–	–	–	–
Leases (net settled)	171	285	23	21	20	19	17	185
Debt	2,626	2,423	80	80	377	275	558	1,053
CIP securities	744	1,335	171	–	–	–	–	1,164
Derivative financial liabilities								
<i>Interest rate swaps</i>								
Outflows	39	48	7	7	8	8	7	11
<i>Gross currency interest rate swaps:</i>								
Inflows	–	(568)	(5)	(5)	(558)	–	–	–
Outflows	33	600	37	33	530	–	–	–
<i>Forward exchange contracts:</i>								
Inflows	–	(20)	(17)	(3)	–	–	–	–
Outflows	–	19	16	3	–	–	–	–
30 June 2023								
Non derivative financial liabilities								
Trade and other payables	291	291	280	11	–	–	–	–
Leases (net settled)	181	310	24	23	22	21	19	201
Debt	2,528	2,114	751	31	31	328	226	747
CIP securities	697	1,338	–	171	–	–	–	1,167
Derivative financial liabilities								
<i>Interest rate swaps</i>								
Outflows	45	55	10	9	7	6	6	17
<i>Gross currency interest rate swaps:</i>								
Inflows	–	(589)	(5)	(5)	(5)	(574)	–	–
Outflows	47	635	39	36	31	529	–	–
<i>Forward exchange contracts:</i>								
Inflows	–	(13)	(13)	–	–	–	–	–
Outflows	–	12	12	–	–	–	–	–

Note 20 – Financial risk management continued

Master netting arrangements

Chorus enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting in the Statement of financial position, as Chorus does not currently have any legally enforceable right to offset recognised amounts. Under the ISDA agreements the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. The potential net impact of this offsetting is shown below. Chorus does not hold, and is not required to post, collateral against its derivative positions.

Net derivatives after applying rights of offset under ISDA agreements are as opposite:

	Gross amounts of financial instruments in the statement of financial position \$M	Related financial instruments that are not offset \$M	Net amount \$M
30 June 2024			
Financial assets			
Other investments including derivatives			
Interest rates swaps	71	(39)	32
Cross currency interest rate swaps	19	(33)	(14)
Restructured interest rate swaps	8	–	8
Forward exchange contracts	1	–	1
	99	(72)	27
Financial liabilities			
Interest rates swaps	(39)	39	–
Cross currency interest rate swaps	(33)	33	–
	(72)	72	–
30 June 2023			
Financial assets			
Other investments including derivatives			
Interest rates swaps	89	(45)	44
Cross currency interest rate swaps	57	(47)	10
Restructured interest rate swaps	12	–	12
Forward exchange contracts	1	–	1
	159	(92)	67
Financial liabilities			
Interest rates swaps used for hedging	(45)	45	–
Cross currency interest rate swaps	(47)	47	–
Restructured interest rate swaps	(2)	–	(2)
	(94)	92	(2)

Note 20 – Financial risk management continued

Fair value

Financial instruments are either carried at amortised cost, less any provision for impairment losses, or fair value. The only significant variances between instruments held at amortised cost and their fair value relate to the EMTN and the 2030 NZD Bond.

For those instruments recognised at fair value in the statement of financial position, fair values are determined as follows:

Level 1	Fair value is determined using unadjusted quoted prices from an active market for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry group, a pricing service or a regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
Level 2	Fair value is determined using observable inputs – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets. Where quoted prices are not available, the fair value of financial instruments is valued using models where all significant inputs are observable.
Level 3	Fair value is determined using significant non-observable inputs. Financial instruments are valued using models where one or more significant inputs are not observable.

All financial instruments held at fair value are Level 2 instruments. Relevant financial assets and financial liabilities and their fair values are detailed in note 19.

Valuation of level 2 derivatives

The fair values of level two derivatives are determined using discounted cash flow models. The key inputs in the valuation models are:

Instrument	Valuation input
Cross-currency interest rate swaps	Forward curve for the relevant interest rate and foreign exchange rate
Interest rate swaps	Forward interest rate curve
Electricity swaps	ASX forward price curve
Foreign exchange contracts	Forward foreign exchange rate curves

Hedge accounting

Chorus designates and documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. At hedge inception (and on an ongoing basis), hedges are assessed to establish if they are effective in offsetting changes in fair values or cash flows of hedged items.

Hedges are classified into two primary types: cash flow hedges and fair value hedges. Refer to note 19 for additional information on cash flow and fair value hedge reserves.

Capital risk management

Chorus manages its capital considering shareholders' interests, the value of its assets, and credit ratings. The capital Chorus manages consists of cash and debt balances.

The Chorus Board's broader capital management objectives include maintaining an investment grade credit rating with headroom. In the longer term, the Board continues to consider a 'BBB' rating appropriate for a business such as Chorus.

Note 21 – Contingent liabilities

There are no contingent liabilities as at 30 June 2024.

Note 22 – Subsequent events

Dividends

On 26 August 2024 Chorus declared a unimputed dividend of 28.5 cents per share in respect of the year ended 30 June 2024.

Governance and disclosures

- | | | | |
|----|--------------------------------|----|----------------------------------|
| 67 | Corporate governance framework | 87 | Risk management |
| 67 | Our Board | 88 | Auditors |
| 76 | Board committees | 89 | Shareholder rights and relations |
| 77 | Ethical standards | 89 | Additional disclosures |
| 78 | Reporting and disclosure | 95 | Glossary |
| 79 | Remuneration and performance | | |

Corporate governance framework

This statement outlines the key aspects of our corporate governance framework. It is current at, and was approved by our Board on, 23 August 2024.

As a New Zealand company listed on the NZX, our corporate governance policies and practices meet or exceed the standards of that market. We have adopted and fully followed the recommendations set out in the NZX Corporate Governance Code (NZX Code).

Our Board regularly reviews and assesses our governance policies, processes and practices to identify opportunities for enhancement.

Chorus is, for the fourth year, publishing its sustainability report (Sustainability Report), reflecting our ambition to support New Zealand in its transition to be more sustainable.

The Sustainability Report contains information on our sustainability strategy, including our environmental focus, our commitment to strengthening the digital capability in Aotearoa, and our commitment to helping our people thrive.

Aotearoa has also implemented a new mandatory climate-related disclosures regime. Chorus Limited is a climate reporting entity under the new regime for the purposes of the Financial Markets Conduct Act 2013 (FMCA). A copy of the group Climate Statements prepared by Chorus is available at company.chorus.co.nz/sustainability.

Our corporate governance practices and reporting against the recommendations set out in the NZX Code, are outlined on the following pages (refer to the index below), in our Sustainability Report and available at company.chorus.co.nz/about/governance.

NZX Corporate Governance Code Principles		Pages
Principle 1	Ethical Standards	77
Principle 2	Board Composition & Performance	69–75, 84
Principle 3	Board Committees	76–77
Principle 4	Reporting & Disclosure	78
Principle 5	Remuneration	79–86
Principle 6	Risk Management	87–88
Principle 7	Auditors	88
Principle 8	Shareholder Rights & Relations	89

Our Board

Our Board’s role

Our Board is appointed by shareholders and has overall responsibility for strategy, culture, health and safety, governance and performance.

Board membership

Our Board’s skills, experience and composition support effective governance and decision making, positioning it to drive shareholder value.

Our Board regularly assesses its composition utilising a skills matrix and annual evaluation processes. Training is provided or recruitment undertaken if new or additional skills or experience are required. This ensures diversity of thought, skills and expertise and that our Board remains aligned with our strategic direction.

Our constitution provides for a minimum of five and a maximum of 12 directors.

As at 30 June 2024 we had seven directors all of whom are independent directors. We have four male directors and three female directors. Our CEO is not a director on our Board.

Directors are not appointed for specified terms. However, the NZX listing rules require that no director’s term exceeds three years, requiring all directors to stand for re-election before their third anniversary. Due to Chorus’ succession planning, Chorus has at least one director standing for re-election each year. Kate Jorgensen and Jack Matthews both stood for re-election in 2023.

Miriam Dean is due to stand for re-election in 2024.

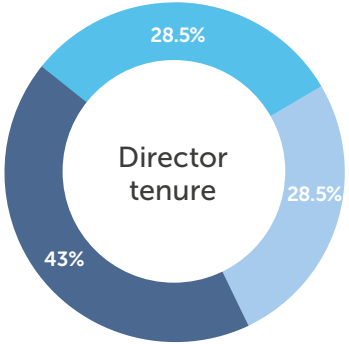
Murray Jordan has decided to retire from the Board, effective as at 30 September 2024 after serving on the Board for nine years.

Expertise and experience matrix

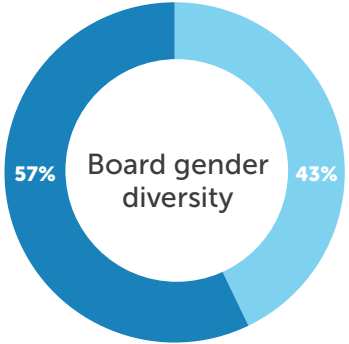
The following table reflects the strengths of the current Board based on a mix of key skills and experiences that are currently relevant for Chorus.

Skill/experience	Description	Combined Board
Capital markets and investment	Capital markets, market regulation, capital investment and the investor experience	<div><div></div></div>
Communications connectivity and technology	Communications connectivity, adopting new technologies, leveraging and implementing technologies	<div><div></div></div>
Governance – financial, audit, legal, listed company	High corporate governance standards including in listed companies Understanding financial business drivers, and/or experience implementing or overseeing financial accounting, external reporting and internal financial controls	<div><div></div></div>
Physical infrastructure and operations including contracting, safety and risk	Physical infrastructure operations, including contracting Commitment and experience in management of workplace safety Experience anticipating and identifying key risks and monitoring the effectiveness of risk management frameworks and controls	<div><div></div></div>
Governance – executive experience in large businesses	Executive experience in leading large businesses, developing and implementing strategy and strategic objectives, assessing business plans and driving execution	<div><div></div></div>
Infrastructure regulation	Current and developing regulatory environment, complexities and actual and potential impacts Expertise identifying and managing legal, regulatory, public policy and corporate affairs issues	<div><div></div></div>
Customer experience	Customer-led transformation, customer focus (at both a retailer and customer level) and/or customer centric organisations in competitive industries	<div><div></div></div>

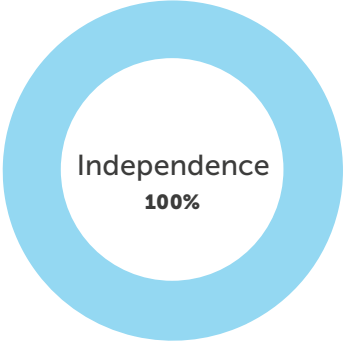
SOME EXPERIENCE MODERATE EXPERIENCE SUBSTANTIAL EXPERIENCE



0-3 YEARS 2 4-6 YEARS 2 6+ YEARS 3



MALE FEMALE



Board composition and performance

(NZX Code Recommendations 2.1–2.10)

Board Charter

(NZX Code Recommendation 2.1)

The Board has a written charter outlining the roles and responsibilities of the Board and management. A copy of the Board Charter is available at company.chorus.co.nz/about/governance

Summary¹³ of our Board's roles and responsibilities:

Strategic objectives and financial performance	<ul style="list-style-type: none"> • Approving strategies developed by Management in support of Chorus' purpose to achieve its strategic objectives • Monitoring the execution of strategies by Management • Approving the annual budget and financial plans • Approving major corporate initiatives • Approving expenditure or actions that exceed the limits delegated to the CEO
Culture	<ul style="list-style-type: none"> • Overseeing the effectiveness of Management plans to build and support a corporate culture that champions a safe, fair and inclusive workplace • Receiving reports from Management regarding Chorus' culture, including employee wellbeing
Risk management	<ul style="list-style-type: none"> • Overseeing the process for identifying significant risks facing Chorus • Overseeing systems of risk management and internal control and compliance (including compliance with Chorus' legal and regulatory obligations) • Ensuring that appropriate controls, monitoring and reporting mechanisms are in place • Overseeing the effective monitoring and management of health and safety
Financial reporting	<ul style="list-style-type: none"> • Approving Chorus' financial statements • Overseeing the integrity of Chorus' accounting and corporate reporting systems including liaising with Chorus' external auditor
Monitoring Management's performance and succession planning	<ul style="list-style-type: none"> • Considering the appointment, replacement and performance of the CEO • Considering the appointment and replacement of the CFO and the General Counsel • Overseeing succession plans for the CEO and their direct reports
Board performance and succession planning	<ul style="list-style-type: none"> • Reviewing the needs, size, independence, qualifications, skills, experience and composition of the Board to ensure the right Directors with the right skills sit around the boardroom table • Identifying and nominating or appointing Director candidates and overseeing Director induction and ongoing professional development • Carrying out Board succession planning, including for the Board Chair • Establishing, developing and overseeing evaluation processes to annually assess Board, Board Committee and individual Director performance
Continuous Disclosure	<ul style="list-style-type: none"> • Overseeing the process for making timely and balanced disclosure of all material information concerning Chorus
Remuneration	<ul style="list-style-type: none"> • Approving Chorus' remuneration policy and framework and satisfying itself that Chorus' remuneration policy is aligned with Chorus' purpose, values, strategic objectives, and risk appetite • Approving material changes to employee short and long term incentive plans
Governance and Sustainability	<ul style="list-style-type: none"> • Monitoring the effectiveness of Chorus' governance policies and practices including ensuring that an appropriate framework exists for information to be reported by Management to the Board • Approving Chorus' sustainability strategy • Overseeing the social, ethical, and environmental impact of Chorus' activities
Stakeholder Management	<ul style="list-style-type: none"> • Monitoring the relationships between Chorus and key stakeholders to ensure they are productive and healthy.

¹³ Summary primarily drawn from the Board Charter.

Our Board

(NZX Code Recommendation 2.4)



Mark Cross

Joined: 1 November 2016

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Chair (October 2022)

Experience: Mark is an experienced director with more than 20 years of international experience in corporate finance and investment banking

Chartered Fellow Institute of Directors NZ, Member of Chartered Accountants A&NZ, Member, Australian Institute of Company Directors

Previous roles: Chair – Milford Asset Management; Director – Z Energy, Genesis Energy, Argosy Property

Current roles outside Chorus: Director and Audit & Risk Management Committee Chair – Xero; Board member and investment committee chair – Accident Compensation Corporation (ACC); Director and Audit & Risk Committee Chair – Fisher & Paykel Healthcare (effective 1 October 2024).



Sue Bailey

Joined: 31 October 2019

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of People, Performance and Culture Committee

Experience: Sue is an experienced director with a career of more than 30 years in telecommunications spanning fixed telephony, mobile and broadband services. Responsibilities included product and brand marketing, customer lifecycle management, strategy and leading large scale transformation

Member of the Australian Institute of Company Directors

Previous roles: Member of the Executive leadership team – Optus. CEO – Virgin Mobile Australia. Senior Vice President – Virgin Mobile USA

Current roles outside Chorus: Director – Careflight.



Miriam Dean

Joined: 27 October 2021

Last elected: 2021 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of People, Performance and Culture Committee

Experience: As a King's Counsel and independent director, Miriam has extensive experience in commercial dispute resolution and governance, with a specialty in competition, consumer and regulatory law. Miriam also has significant experience in the infrastructure and regulatory sectors

Previous roles: Director – Crown Infrastructure Partners; Chair – NZ on Air; Deputy chair – Auckland Council Investments; Deputy chair – Commerce Commission

Current roles outside Chorus: Director – Crown Infrastructure Delivery; Chair – Banking Ombudsman Scheme; Deputy chair – Real Estate Institute of New Zealand; Member of a number of central and local government-related advisory boards.



Will Irving

Joined: 26 October 2022

Last elected: 2022 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of Audit and Risk Management Committee

Experience: Will has more than 25 years of telecommunications industry experience having held a range of senior roles in the telecommunications industry in Australia ranging across strategy, wholesale, small and medium business customer sales and service, and as a lawyer

Previous roles: Interim CEO – Telstra InfraCo; Group Executive – Telstra Wholesale; Group Managing Director – Telstra Business. Prior to his commercial management roles, Will was Group General Counsel of Telstra

Current roles outside Chorus: Chief Strategy and Transformation Officer – NBN Co Limited (company established to design, build and operate Australia's wholesale broadband access network).

Our Board



Murray Jordan

Joined: 1 September 2015

Last elected: 2021 Annual Meeting

Status: Independent

Chorus role: Non-executive director/Chair of the People, Performance and Culture Committee

Experience: Murray has extensive experience in the management of highly customer focused organisations (such as Foodstuffs), and management in the property investment and development sectors

Previous roles: Managing director – Foodstuffs North Island

Current roles outside Chorus: Director – Deakin TopCo Pty Ltd (trading as Levande), Metlifecare, Metcash Limited, Southern Cross Medical Care Society, Southern Cross Healthcare Limited, and Stevenson Group.



Kate Jorgensen

Joined: 1 July 2020

Last elected: 2023 Annual Meeting

Status: Independent

Chorus role: Non-executive director/Chair of the Audit and Risk Management Committee

Experience: Kate has extensive experience in strategic, commercial, financial, and audit matters, with several senior leadership positions held in NZ's telecommunications, infrastructure, and construction industries. Kate holds a Masters in Technological Futures and a Bachelor of Business. Member of Chartered Accountants A&NZ, and Chartered Member of the Institute of Directors NZ

Previous roles: CFO – Vodafone NZ, KiwiRail, and Fletcher Building's infrastructure division

Current roles outside Chorus: Director – Kiwibank. Director – Suncorp NZ (Vero Insurance, Vero Liability and Asteron Life).



Jack Matthews

Joined: 1 July 2017

Last elected: 2023 Annual Meeting

Status: Independent

Chorus role: Non-executive director/member of the Audit and Risk Management Committee

Experience: Jack is an experienced director who has held a number of senior leadership positions within the media, telecommunications and technology industries in Australia and New Zealand

Previous roles: Director – Crown Infrastructure Partners, Plexure Group, The Network for Learning, APN Outdoor Group and Trilogy International. CEO – TelstraSaturn, Fairfax Media's Metro Division, Fairfax Digital. Chief Operating Officer – Jupiter TV (Japan)

Current roles outside Chorus: Chair – Lodestone Energy.

Our Board and management are committed to ensuring our people act ethically, with integrity and in accordance with our policies and values.

Our Board continued

Miriam Dean is retiring by rotation and standing for re-election at our 2024 Annual Shareholders' Meeting (ASM). Murray Jordan has decided to retire from the Board, effective as at 30 September 2024.

Our Board has determined that collectively its directors have the requisite range of strategic, financial, and industry skills and experience in the key areas set out on page 68.

A summary of current directors skills, experience and qualifications is set out on our website at company.chorus.co.nz/about/governance/board-of-directors.

As the Chorus business evolves, so too does the Board. Chorus' beginnings were focused on infrastructure build and project management. With the success of the build, we are now focused on connecting customers, delivering excellent customer experience as well as future connectivity and non-regulated revenue opportunities. The Board is also focused on the increasing risks and opportunities of climate change, and how that fits into Chorus' overall strategy. The Board considers it is important to balance both specialist expertise and the ongoing need for strong general commercial expertise.

Appointment (NZX Code Recommendations 2.2 & 2.3)

Our Board may appoint additional directors to our Board or to fill a casual vacancy. Any director appointed by the Board is required to stand for election at the next ASM.

The independence, qualifications, skills and experience needed for the future and those of existing Board members are reviewed by the Board before appointing new directors. External advisors are also engaged to identify potential candidates.

To be eligible for selection, candidates must demonstrate appropriate qualities and satisfy our Board they will commit the time needed to be fully effective in their role.

Appropriate checks are undertaken before a candidate is appointed or recommended for election as a director, including as to the person's character, experience, education, criminal record and bankruptcy history.

Shareholders may also nominate candidates for appointment to our Board. In addition, under our UFB agreements, CIP is entitled to nominate one person as an independent director. CIP have never exercised this entitlement. Should this occur, our Board must consider this nomination in good faith, but the appointment (and removal) of any such person as a director is to be made by shareholders in the same way as other directors.

We have written agreements with each non-executive director setting out the terms of their appointment, including obligations and responsibilities, compliance with our policies (including code of ethics and securities trading) and ongoing professional development.

No person who is an 'associated person' (as defined in Chorus' Constitution) of a telecommunications services provider in New Zealand may be appointed or hold office as a director.

Minimum shareholding policy

Chorus' Minimum Shareholding Policy sets the expectation on directors to hold, at a minimum, shares equal in value to one year's director base fee (after tax). If not held at their date of appointment, the policy expects directors to accumulate this holding over the first three years from that date.

Diversity, equity and inclusion policy (NZX Code Recommendation 2.5)

Information about Chorus' approach to diversity, equity and inclusion is found on page 84 of this report.

Director	Appointed	Last elected at ASM
Miriam Dean	2021	2021
Murray Jordan	2015	2021
Mark Cross	2016	2022
Sue Bailey	2019	2022
Will Irving	2022	2022
Kate Jorgensen	2020	2023
Jack Matthews	2017	2023

Our Board continued

Director induction and professional development (NZX Code Recommendation 2.6)

Our director induction programme ensures new directors are appropriately introduced to management and our business, provides directors with relevant industry knowledge and familiarises them with key governance documents and key stakeholders.

Our directors are expected to continue ongoing professional development to ensure they maintain appropriate expertise to effectively perform their duties.

We hold dedicated Board education sessions covering a range of topical matters, both technical and cultural.

Visits to our operations, briefings from key management, industry experts and key advisers, together with educational and stakeholder visits, are also arranged for our Board.

Review and evaluation of Board performance (NZX Code Recommendation 2.7)

Our Board evaluates its performance each year. As part of this process our chair meets with directors individually to discuss their performance. The Board undertook a formal Board performance evaluation in late 2023 with an external consultant. The review confirmed that the board is operating well with actions identified to further enhance our governance focus and outcomes.

Our Board also formally engages in annual reviews of our Board chair, and chairs of our standing Board committees.

In addition to Board performance reviews, our Board takes a future focused approach to future Board capability, composition and the potential contribution of each existing director.

Independent advice

A director may, with our chair's prior approval, obtain independent professional advice (including legal advice) and request the attendance of advisers at Board and Board committee meetings. No external advice was sought this year.

Independence

(NZX Code Recommendations 2.4 & 2.8)

As at 30 June 2024, all our directors, including our Board chair, are independent directors.

When assessing independence, our Board will consider whether a director is free of material relationships with Chorus (other than as a director) and other relationships that could influence, or could reasonably be perceived to influence, the director's capacity to bring an independent view to decisions about Chorus.

Our Board has not set financial materiality thresholds for determining independence, but considers materiality in the context of each relationship and from the perspective of the parties to that relationship.

Delegation of authority

Our Board has overall responsibility for strategy, culture, health and safety, governance and performance.

Implementation of our Board approved strategy, business plan and governance frameworks, and responsibility for developing our culture and health and safety practices, is delegated by the Board to management through the CEO.

As such our CEO (with the support of his executive team) is responsible for Chorus' day-to-day management, operations and leadership, reporting to the Board on key performance, management and operational matters.

Our CEO sub-delegates authority to his executive team and they sub-delegate their authority to other Chorus employees within specified financial and non-financial limits.

Formal policies and procedures govern the parameters and operation of these delegations.

Our CEO is not a director on our Board.

Director interests and trading

(NZX Code Recommendation 2.4)

As at 30 June 2024, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in approximately 0.069% of shares as follows:

Current Directors

Interest as at 30 June 2024			Transactions during the reporting period			
Director	Shares	Interest	Number of shares	Nature of transaction	Consideration	Date
Mark Cross	40,711	Beneficial owner as beneficiary of Alpha Investment Trust; power to exercise voting rights and acquire/dispose of financial products as director of trustee.	10,000	On market acquisition	\$79,045	28 February 2024
Sue Bailey	50,000	Registered holder and beneficial owner	2,048	On market acquisition	\$15,629	8 September 2023
			2,952	On market acquisition	\$21,938	11 September 2023
			5,000	On market acquisition	\$36,252	27 October 2023
			5,000	On market acquisition	\$35,290	30 October 2023
Miriam Dean	10,000	Registered holder and beneficial owner of ordinary shares as trustee and beneficiary of the Miriam Dean Trust	5,000	On market acquisition	\$38,500	26 September 2023
Will Irving	40,000	Registered holder and beneficial owner	10,000	On market acquisition	\$78,824	28 February 2024
Murray Jordan	124,010	Registered holder and beneficial owner of ordinary shares as trustee and beneficiary of Endeavour Trust	–	–	–	–
Kate Jorgensen	12,975	Registered holder and beneficial owner	–	–	–	–
Jack Matthews	19,881	Registered holder and beneficial owner	–	–	–	–

As at 30 June 2024, directors had a relevant interest (as defined in the Financial Markets Conduct Act 2013) in approximately 0.024% of Chorus' NZX bonds maturing December 2028 as follows:

Interest as at 30 June 2024			Transactions during the reporting period			
Director	Bonds	Interest	Number of bonds	Nature of transaction	Consideration	Date
Miriam Dean	20,000	Registered holder and beneficial owner as trustee and beneficiary of the Miriam Dean Trust	–	–	–	–
Murray Jordan	100,000	Registered holder and beneficial owner as trustee and beneficiary of Endeavour Trust	–	–	–	–

Director interests and trading continued

Changes in Director interests to 30 June 2024

Mark Cross	None
Sue Bailey	None
Miriam Dean	None
Will Irving	None
Murray Jordan	None
Kate Jorgensen	None
Jack Matthews	Became a director of Lodestone Solar 2 Limited ¹ Became a director of Lodestone Retail Limited ² Became a director of Lodestone Nominee Limited ³

Notes:

- 1 From 13 December 2023.
- 2 From 7 May 2024.
- 3 From 21 November 2023.

Board chair

(NZX Code Recommendations 2.9 & 2.10)

Our chair is elected by the Board and must be a non-executive, independent director.

The chair’s responsibilities include:

- Leading the Board;
- Setting the agenda for Board meetings in consultation with the CEO;
- Facilitating the effective contribution of all directors;
- Promoting constructive relationships between directors and management; and
- Leading stakeholder relationships

The chair’s other commitments must not hinder his or her effective performance in the role.

Board and Board committee meeting attendance in the year ended 30 June 2024 (NZX Code Recommendation 2.4)

	Regular Board meetings	Other Board meetings ¹	ARMC	PPCC	Regulatory Sub-Committee ³
Total number of meetings held	8	4	4	4	1
Mark Cross ²	8	4			1
Sue Bailey	8	4		4	1
Miriam Dean	8	4		4	1
Will Irving	8	4	4		1
Murray Jordan	7	3		4	1
Kate Jorgensen	8	4	4		1
Jack Matthews	8	4	4		1

Notes:

- 1 Includes dedicated Board education, and strategy and business planning, meetings. Directors also have health and safety site visits each year.
- 2 Mark Cross, as Board chair, attends all Board committee meetings. As he is no longer a formal member of the ARMC or PPCC (following his appointment as Board Chair in October 2022), that attendance is not noted in the table.
- 3 The Regulatory Sub-Committee was disestablished in the first quarter of FY24, with regulatory responsibilities now being undertaken by the Board.

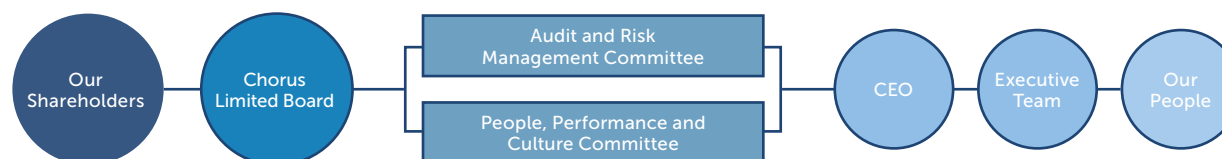
Board committees

(NZX Code Recommendations 3.1–3.6)

Two standing Board committees assist our Board in carrying out its responsibilities. Some Board responsibilities, powers and authorities are delegated to those committees.

Board committees assist our Board by focusing on specific responsibilities in greater detail than is possible for the Board as a whole. Each standing Board committee has a Board approved charter and chair. Committee members are appointed by our Board. Chorus employees attend Committee meetings at the invitation of the Committee.

Other committees may be established and specific responsibilities, powers and authorities delegated to those committees and/or to particular directors.



Audit and Risk Management Committee (ARMC)

(NZX Code Recommendations 3.1)

Role	Our ARMC assists our Board in overseeing our risk and financial management, accounting, audit and financial reporting
Members	Kate Jorgensen (chair), Jack Matthews, Will Irving
Independence	All committee members are non-executive independent directors. The Board chair cannot also be the ARMC chair.
Responsibilities	<ul style="list-style-type: none"> Overseeing the quality and integrity of external financial and non-financial reporting, financial management, internal controls and accounting policy and practice Regularly reviewing principal risk reporting Recommending to our Board the appointment, and if necessary removal, of the external auditor Assessing the adequacy of the external audit and independence of the external auditor Reviewing and monitoring the internal audit plan and reporting Overseeing the independence and objectivity of the internal audit function Reviewing compliance with applicable laws, regulations and standards Overseeing and monitoring progress in the implementation of Chorus' climate strategy, including oversight of climate-related risks and opportunities and reviewing Chorus' compliance with the climate-related disclosures regime.

(NZX Code Recommendations 3.4)

The Nominations and Corporate Governance Committee was disestablished in 2022, with its' responsibilities for director appointment, evaluation, succession planning, education and Board governance now undertaken by the Board. It was disestablished to streamline the governance framework following an internal review of the committees.

The Regulatory Sub-Committee was disestablished in the first quarter of FY24, with regulatory responsibilities now being undertaken by the Board.

People, Performance and Culture Committee (PPCC)

(NZX Code Recommendation 3.3)

Role	Our PPCC assists our Board in overseeing people, culture and related policies and strategies
Members	Murray Jordan (chair), Miriam Dean, Sue Bailey
Independence	All committee members are non-executive independent directors
Responsibilities	<ul style="list-style-type: none"> Reviewing people and remuneration strategies, structures and policies Approving annual remuneration increase guides and budgets Reviewing candidates for, and the performance and remuneration of, our CEO Approving, on the recommendation of our CEO, the appointment of our CEO's executive direct reports (except our CFO and General Counsel whose appointment is approved by our Board) Reviewing our CEO's performance evaluation of his executive direct reports Developing and annually reviewing and assessing diversity, equity and inclusion and its reporting Overseeing recruitment, retention and termination policies and procedures for senior management Making recommendations (including proposing amendments) to our Board with respect to senior executive (including CEO) incentive remuneration plans / policies Annually reviewing non-executive director remuneration.

Board committees continued

Takeovers protocol

(NZX Code Recommendation 3.6)

We have a takeovers protocol setting out the procedure to be followed if there is a takeover offer, including managing communications between insiders and the bidder and engagement of an independent adviser. The protocol includes the option of establishing an independent takeover committee, and the likely composition and implementation of that committee.

Ethical standards

(NZX Code Recommendations 1.1 & 1.2)

Codes of ethics

(NZX Code Recommendation 1.1)

Directors and employees are expected to act honestly and with high standards of personal integrity. Codes of ethics for our directors and employees set the expected minimum standards for professional conduct. These codes facilitate behaviours and decisions that are consistent with our values, business goals and legal and policy obligations, including in respect of:

- Conflicts of interest;
- Gifts and personal benefits;
- Anti-bribery and corruption;
- Use of corporate property, opportunities and information;
- Confidentiality;
- Compliance with laws and policies; and
- Reporting unethical behaviour.

We have communicated our codes of ethics and provided annual training to our directors and employees. Our people are also encouraged to report any unethical behaviour, including annual reporting of any potential conflicts.

This process is subject to internal audit. All reported breaches are investigated.

Chorus has a dedicated whistle-blower email address and phone number monitored by PwC as part of our risk management framework to allow confidential reporting of serious misconduct or wrongdoing and suspected fraud or corruption. For more information, see the 'Thriving People' section of our Sustainability Report available at <https://company.chorus.co.nz/sustainability>.

Trading in Chorus securities

(NZX Code Recommendation 1.2)

All trading in Chorus securities by directors and employees must be in accordance with our Securities Trading Policy. That policy prohibits trading in Chorus securities while in possession of inside information and requires, amongst other things:

- Directors to notify, and obtain consent from, the chair (or in the chair's case, the ARMC chair) before trading; and
- Employees identified as potentially coming across market sensitive information in the course of their employment ("restricted persons"), to obtain consent from our General Counsel (or in our General Counsel's case, our Board chair) before trading.

Trading in Chorus shares or NZX listed bonds by directors is disclosed to our Board, the NZX and ASX. Trading by "senior managers" as that term is defined in the FMCA, is disclosed to the NZX.

Reporting and disclosure

(NZX Code Recommendations 4.1–4.4)

Chorus reviews its disclosure regularly as a key measure of good governance.

The Board's aim is to improve our disclosures each year, including our remuneration reporting, based on market research and feedback from investors and other stakeholders.

Market disclosures

(NZX Code Recommendation 4.1)

We are committed to providing timely, factual and accurate information to the market consistent with our legal and regulatory obligations.

We have a Board approved Disclosure Policy and a CEO approved Market Disclosure Policy setting out our disclosure practices and processes in more detail.

Our disclosure policies are designed to ensure:

- Roles of directors, executives and employees are clearly set out.
- Appropriate reporting and escalation mechanisms are established.
- There are robust and documented confidentiality protocols in place where appropriate.
- Only authorised spokespersons comment publicly, within the bounds of information which is either already publicly known or non-material.

Key Governance Documents

(NZX Code Recommendation 4.2)

Chorus' website has a dedicated governance section that contains information about our Board, the Board committees (including the Board and committee charters) and key policies that outline our core governance structures and processes. These include policies and codes covering areas such as ethics, health & safety, modern slavery, diversity, equity and inclusion, compliance, remuneration, risk management and whistle blowing. The governance section can be found at <https://company.chorus.co.nz/about/governance>.

Reporting

(NZX Code Recommendation 4.3)

Chorus' financial reports are prepared in a manner that is balanced, clear and objective. The financial statements in this Annual Report are prepared in accordance with NZ GAAP and comply with NZ IFRS.

Non-financial disclosures

(NZX Code Recommendation 4.4)

In addition to the Annual Report containing our financial statements, we publish a Sustainability Report which contains information on our sustainability strategy, including our environmental focus, our commitment to strengthening the digital capability in Aotearoa, and our commitment to helping our people thrive.

This year also marks our first Climate Statements prepared under the new mandatory climate-related disclosures regime. Copies of our Climate Statements and the Sustainability Report can be found at <https://company.chorus.co.nz/sustainability>.

Our approach to tax

We take our tax obligations seriously and work closely with Inland Revenue to ensure we meet our tax obligations.

We obtain external advice and Inland Revenue's views (through informal correspondence, determinations or rulings) in respect of unusual or material transactions.

As we operate only in New Zealand all our tax is paid in New Zealand at the prevailing corporate tax rate (currently 28%). We have paid all taxes we owe and all tax compliance obligations are up to date.

Remuneration and performance

(NZX Code Recommendations 5.1–5.3)

Our remuneration model

(NZX Code Recommendation 5.1)

Our remuneration model is designed to enable the achievement of our strategy, whilst ensuring that remuneration outcomes are aligned with employee and shareholder interests. The PPCC assists the Board in overseeing Chorus' people, culture and related policies and strategies.

There were no material changes to Chorus' remuneration strategy or policy in FY24. The policy is designed around six guiding principles:

Remuneration principles	What does this mean?
1 Fair to all – employees and shareholders, sharing in the success of Chorus.	= Commitment to pay equity and alignment with our shareholders' expectations.
2 Supports a Performance focused culture.	= Rewards aligned with performance.
3 Valued by our people.	= We have a diverse workforce and aim to provide an appropriate suite of rewards that provide value, now and in the future.
4 Simple to understand and administrate.	= Simplicity promotes understanding, clarity and perceptions of fairness.
5 Market — aligned with our competitors.	= We ensure we are not over or underpaying our people through robust market analysis that guides our decisions on remuneration.
6 Point of difference — how we know it is Chorus.	= Supports Chorus' strategy, values, purpose and employee value proposition.

Our remuneration policy sets out our approach to remuneration for both directors and employees (including the CEO and his direct reports).

(NZX Code Recommendation 5.2)

The CEO and members of the executive leadership team have the potential to earn a short term incentive (STI) and a long term incentive (LTI). Both STI and LTI are deemed at risk because the outcome is determined by performance against a combination of pre-determined financial and non-financial objectives.

Fixed remuneration

Fixed remuneration (not at risk) consists of base salary and other benefits including KiwiSaver. Fixed remuneration is adjusted each year based on data from independent remuneration specialists. Employees' fixed remuneration is based on a combination of their own performance and their current position when compared to the market.

Short term incentive

Senior employees were invited to participate in the FY24 STI scheme. The FY24 STI is an at risk component payment, that is set as a percentage of base remuneration, from 15% to 30% based on the complexity of the role. The CEO's STI is set at a higher percentage of base remuneration (currently 50% - see page 82 for CEO performance measures). STI payments are determined following a review of company and individual performance and paid out at an individual multiplier of between 0x and 1.25x for the CEO and executive leadership team, and between 0x and 1.4x for all other employees.

Company performance goals are set and reviewed annually by our Board to align with shareholder value with a continued emphasis on customer experience and revenue growth for the FY24 STI measures. See figure 1.

A gateway goal is fundamental to the STI structure. This ensures a preliminary threshold of financial success and affordability, before any other measures can be considered for potential STI payments. If the gateway goal is not achieved, no STI is payable.

The STI payment is at the ultimate discretion of the Board and is based on performance against key financial and non-financial measures. Some of the non-financial measures include implementing and leveraging the new operating model, progressing the long term rural strategy, delivering on growth opportunities and implementing our sustainability plan. Separate Board targets associated with D,E&I and health & safety are also considered.

As an example of how the STI is calculated, an employee with base remuneration of \$100,000 and an STI element of 15% may receive between \$0 and \$29,400 depending on the level of company performance (0x to 1.4x multiplier) multiplied by their individual performance (0x to 1.4x multiplier). Individual performance is assessed by what employees achieve within their role and how they perform their role.

Remuneration and performance continued

Figure 1:

FY24 STI Targets and Results

	Targets	FY24 target	FY24 actual	FY24 achieved
40%	EBITDA: gateway hurdle of \$649m EBITDA. Year end target aligned with objective of modest underlying EBITDA growth.	\$690m	\$700m	Exceeded target
20%	Strategy and execution: qualitative assessment by Board based on long-term business initiatives including implementing and leveraging the new operating model, progressing the long term rural strategy, delivering on growth opportunities and implementing our sustainability plan.	Various	As assessed by the Board	Met target
20%	Revenue growth: grow FY24 revenue by at least 3%	\$980m +3%	\$1,010m +3.1%	Exceeded target
10%	Customer experience: intact fibre connection as measured by average customer scores (target of 7.6 over three months to 30 June)	7.6	7.7	Exceeded target
10%	Customer experience: fibre fault restoration as measured by average customer scores (target of 8.1 over three months to 30 June)	8.1	8.6	Exceeded target

Long term incentives

Chorus offers an executive LTI share scheme to align the interests of executives and shareholders and encourage longer term decision making. This at risk payment is described in Note 16 of the financial statements on page 53.

To further align executive and shareholder interests, a minimum shareholding policy was introduced in 2019. Executives are expected to hold a minimum of 25% of their after tax base remuneration in Chorus shares. The CEO is expected to hold 30% of his/her after tax base remuneration in Chorus shares.

The LTI scheme for the 2023 grant is an absolute rather than a relative return based scheme. A blended total shareholder return rate was adopted which primarily reflects the regulated WACC set for Chorus' fibre assets. This incorporates a weighted cost of equity calculation, proportional to the regulated versus non-regulated components of the business and based on relative enterprise value. A 0.75% stretch percentage was added to the weighted cost of equity calculation to determine the three-year performance hurdle.

As a result of the independent review of the 2023 grant the Board decided to remove the retesting provision. The vesting method was changed from cliff vesting where a grant 100% vests on reaching the performance hurdle, to progressive vesting where the grant vests in stages on meeting agreed hurdles.

Remuneration and performance continued

Chief Executive Officer employment agreement and remuneration

(NZX Code Recommendation 5.3)

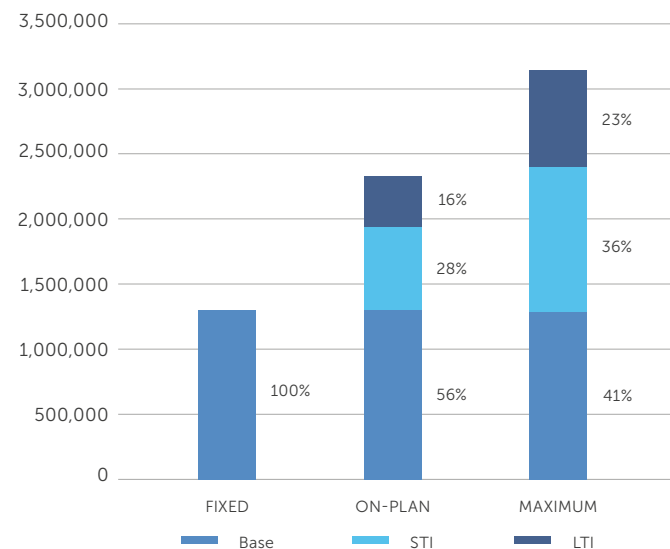
With J B Rousselot stepping down as CEO in April 2024, Mark Aue's appointment as CEO took effect from 15 April 2024. His employment agreement reflects standard conditions that are appropriate for a senior executive of a listed New Zealand company. The employment agreement may be terminated by:

- either he or Chorus giving six months' notice in writing;
- Chorus without notice in the case of serious misconduct, serious breach (including substantial non-performance) or other cause justifying summary dismissal; or
- Chorus immediately, if the Board forms the view that substantial incompatibility and/or irreconcilable differences have developed with him, or the Board otherwise wishes to terminate his employment when he is not at fault (including a redundancy situation or medical incapacity).

Our CEO has a significant portion of his remuneration linked to performance and at risk. His total remuneration is determined using a range of external factors, including advice from remuneration specialists, and is annually reviewed by the PPCC and Board. During the CEO appointment process PwC was commissioned by the Board to provide external market benchmarking advice that was reflected in the remuneration package offer.

CEO remuneration package

The scenario chart below demonstrates the elements of the CEO remuneration design for Mark Aue for FY25. Compared to the previous CEO, Mark Aue's remuneration package has been rebalanced with a higher weighting to LTI. The on-plan scenario includes on-target STI and the threshold payment for the LTI. The maximum scenario includes maximum STI (both individual and company multiplier) and 100% LTI vesting.



CEO remuneration for FY23 and FY24 was:

CEO		Fixed remuneration	STI	LTI	Total remuneration
Mark Aue ¹⁴	FY24	\$274,939	\$194,893 ¹⁵	—	\$469,832
J B Rousselot	FY24	\$1,766,150	\$1,253,070 ¹⁵	—	\$3,019,220
J B Rousselot	FY23	\$1,338,750	\$1,138,607 ¹⁶	\$532,369 ¹⁷	\$3,009,726

Other benefits paid to Mark Aue: Chorus KiwiSaver contribution FY24 \$8,215.

Other benefits paid to J B Rousselot: Chorus KiwiSaver contribution FY24 \$52,097.

As JB Rousselot was CEO for the majority of FY24 (until 14 April 2024), the Board agreed that he would be granted 'good leaver' status for the 2024 STI and the 2021 LTI (due to vest in August 2024 subject to meeting the 2021 LTI hurdle). Both the STI and the 2021 LTI (if it vests) will be paid in FY25. Mr Rousselot forfeited both the 2022 and 2023 LTI grants.

Five year summary of CEO remuneration:

CEO		Total remuneration	% STI awarded against maximum	% LTI awarded against maximum	Span of LTI performance period
Mark Aue	FY24 ¹⁸	\$469,832	82%	n/a	—
J B Rousselot	FY24	\$3,019,220	69%	n/a	—
	FY23	\$3,009,726	65%	100%	2019–2022
	FY22	\$2,442,500	67%	—	—
	FY21	\$2,018,750	47%	—	—
	FY20 ¹⁹	\$1,425,253	66%	—	—

¹⁴ Pro-rated from start date of 15 April 2024

¹⁵ FY24 STI was earned in FY24 but due to be paid in FY25

¹⁶ FY23 STI was earned in FY23 but paid in FY24

¹⁷ The 2019 LTI grant of \$319,829 worth of share rights vested in August 2022 at a value of \$532,369

¹⁸ Pro-rated from start date of 15 April 2024

¹⁹ Pro-rated from start date of 20 November 2019.

Remuneration and performance continued

CEO STI & LTI Schemes

Mark Aue (CEO from 15 April 2024)

The table below outlines Mr Aue's STI scheme for the period ending 30 June 2024.²⁰ No LTI has been granted to the CEO since his appointment took effect on 15 April 2024. His first grant as CEO will be in August 2024, with the grant value equivalent to 55% of base salary. Mr Aue received a grant in November 2023 in his capacity as Chief Operating Officer. This is not due to vest until August 2026.

	Description	Performance measures	% achieved
STI	Set at 50% of base remuneration. Based on key financial and non-financial performance measures.	<ul style="list-style-type: none"> Company performance – see FY24 STI Targets on page 80 for weightings. Individual performance – based on business fundamentals (both financial and non-financial), customer experience and strategic initiatives including health and safety, sustainability and D, E & I. 	82%

²⁰ The STI payment earned in FY24 will be paid in FY25 and is pro-rated for the period Mark Aue was CEO.

JB Rousselot (CEO to 14 April 2024)

The table below outlines JB Rousselot's STI and LTI schemes for the period ending 14 April 2024²¹:

	Description	Performance measures	% achieved
STI	Set at 75% of base remuneration. Based on key financial and non-financial performance measures.	<ul style="list-style-type: none"> Company performance – see FY24 STI Targets on page 80 for weightings. Individual performance – based on business fundamentals (both financial and non-financial), customer experience and strategic initiatives including health and safety, sustainability and DE&I. 	69%
LTI – 2019	Three-year grant made November 2019, equivalent to 33% of base remuneration.	<ul style="list-style-type: none"> Chorus TSR performance over grant period must exceed 10.35% on an annualised basis, compounding. 	100% vested in August 2022.
LTI – 2020	Three-year grant made August 2020, equivalent to 33% of base remuneration.	<ul style="list-style-type: none"> Chorus TSR performance over grant period must exceed 9.65% on an annualised basis, compounding. 	Did not meet the performance hurdle in August 2023. Subject to retesting ²³ up to August 2024.
LTI – 2021	Three-year grant made August 2021, equivalent to 33% of base remuneration.	<ul style="list-style-type: none"> Chorus TSR performance over grant period must exceed 6.2%²² on an annualised basis, compounding. 	Assessed August 2024 with possible retesting ²³ up to August 2025.

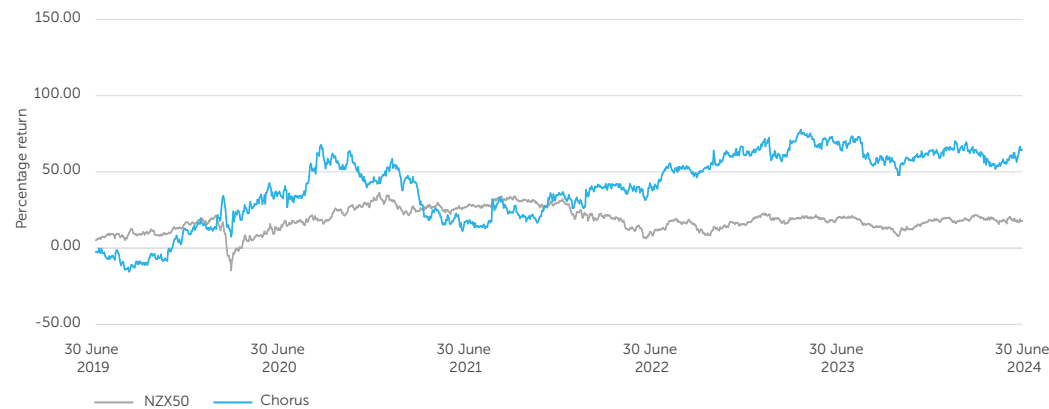
²¹ The STI payments earned in FY24 will be paid in FY25.

²² A blended rate which incorporates a weighted cost of equity calculation proportional to the regulated versus non regulated components of the business, based on relative Enterprise Value has been used. A 0.75% stretch percentage is added to determine the three-year performance hurdle.

²³ If the performance hurdles are not met by the initial vesting date, they are assessed monthly for a period of 12 months (noting the hurdle continues to increase).

Remuneration and performance continued

Total Shareholder Return (TSR) performance



The graph above shows Chorus' TSR performance against the NZX50 between 30 June 2019 and 30 June 2024. For an LTI grant to vest, Chorus' TSR performance over the three year grant period must meet or exceed the LTI performance target on an annualised basis, compounding.

Executive shareholding

For the year ended 30 June 2024, Chorus executives held shares in Chorus as shown in the table below.

Executive	Current Holdings ²⁴	Shares Rights Eligible to Convert in 2024 ²⁵
Elaine Campbell	28,589	34,769
Ewen Powell	76,914	31,567
Mark Aue ²⁶	—	—
Julian Kersey ²⁶	—	—
Jo Mataira ²⁶	—	—
Darren McLean ²⁶	—	—
Kristel McMeekin ²⁶	—	—
Anna Mitchell ²⁶	—	—
Mike Shirley ²⁶	—	—
Katrina Smidt ²⁶	—	—
Marcus Wofinden ²⁶	1,175	—
Total	106,678	66,336

²⁴ As at 30 June 2024.

²⁵ The 2020 LTI grant did not meet the 2020 LTI hurdle on the vesting date (August 2023). It is re-tested each month for a period of 12 months (ending August 2024), noting that the compounding performance hurdle continues to increase each month. If the 2021 LTI hurdle is met, those share rights will be converted to shares in Q2 FY25. In addition, this will also include any share rights in lieu of dividends not yet distributed. The re-testing regime has been removed for the 2023 and all future grants.

²⁶ A number of new executives were appointed in FY24 so have received one grant of share rights under the LTI that are not eligible to convert into shares until 2026. Given the recent appointments, new executives are not yet required to hold a minimum number of Chorus shares,

Remuneration and performance continued

Diversity, Equity and Inclusion

(NZX Code Recommendation 2.5)

Chorus' Diversity, Equity and Inclusion Policy (available in the Governance section of our website) provides a framework for our current and future diversity and inclusion initiatives. Each year, the Chorus Board approves measurable objectives to promote diversity, equity and inclusion (D, E & I). An overview of the agreed FY25 D, E & I measures and the outcomes achieved can be found in our Sustainability Report.

We had four male and three female directors at 30 June 2024 (30 June 2023: four male and three female directors).

Our executive team comprising of the CEO and his leadership team had six males and five females at 30 June 2024 which achieves our measure of 40:40:20 gender ratio (30 June 2023: six males and one female).

Based on the annual review of effectiveness of our Diversity, Equity & Inclusion (D, E & I) Policy and our measurable diversity metrics and objectives, our Board considers that overall we continue to make good progress towards achieving our D, E & I objectives, including meeting our gender ratio target of 40:40:20 at Board and Executive level and continuing to reduce our gender pay gap. Further evidence of our commitment has been the external recognition received over the course of the year in relation to our progress. The Board believe that we have performed well against the policy generally and look forward to our continued focus in the year ahead as we foster a culture of equity and inclusion where everyone can thrive at Chorus.

Median Pay Gap

The median pay gap is 10.2 times and represents the number of times greater the CEO's base salary of \$1,300,000 (annualised) is to an employee paid \$128,000 (i.e. the median of all Chorus employees). The gap is 15.2 times when including the FY24 STI target for the CEO.

Gender pay equity

We monitor and report on remuneration outcomes by gender to ensure pay equity at Chorus and have supported pay gap campaigns led by "Mind the Gap" and Global Women.

We conduct gender pay equity analysis for like positions each year and no indications of gender bias across similar positions were identified in FY24.

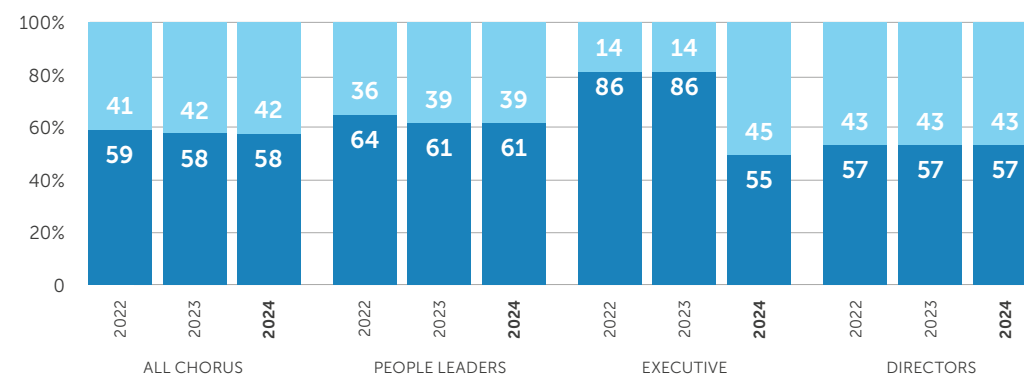
We report on gender pay gap via two different methods. First, at a total company level, where we compare the median hourly rate for women to the rate for men – irrespective of role. By this measure, as of 30 April 2024, the median, gender pay gap was an aggregate total of -18.4%, compared to -19.0% in the same period last year.

The second method is by career level, comparing the median hourly rate for women to the rate for men, across our nine career levels (salary bands). Our target is a pay gap no greater than -2% at each career level. We achieved this in six of the nine career levels. In five of the nine career levels, on average females are paid higher than males.

We've committed to report our ethnicity pay gap publicly once a standard, consistent methodology is determined in Aotearoa.

Figure 2:

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



Remuneration and performance continued

Employee remuneration range during the year ended 30 June 2024

The table to the right shows the number of employees and former employees who received remuneration and other benefits in excess of \$100,000 during the year ended 30 June 2024. This includes STI and LTI paid during FY24, as well as other benefits such as insurance and a broadband concession. The table excludes any benefits that do not have an attributable value and contributions employees may receive towards:

- the Marram Trust - a community healthcare and holiday accommodation provider
- the Government Superannuation Fund - a legacy benefit provided to a small number of employees
- KiwiSaver accounts - 3% of gross earnings

The remuneration paid to, and other benefits received by, JB Rousselot in his capacity as CEO until his resignation effective 14 April 2024 and Mark Aue's CEO remuneration from 15 April 2024 – 30 June 2024 are detailed on page 81.

Chorus does not have any permanent employee earning less than the 2023/2024 Living Wage of \$27.80 per hour.

Actual Payment	Count	Actual Payment	Count
2,620,000 – 2,630,000	1	290,001 – 300,000	4
1,230,000 – 1,240,000	1	280,001 – 290,000	4
1,050,000 – 1,060,000	1	270,001 – 280,000	6
780,001 – 790,000	1	260,001 – 270,000	5
650,001 – 660,000	1	250,001 – 260,000	8
640,001 – 650,000	1	240,001 – 250,000	14
460,001 – 470,000	1	230,001 – 240,000	22
450,001 – 460,000	1	220,001 – 230,000	12
440,001 – 450,000	1	210,001 – 220,000	21
430,001 – 440,000	1	200,001 – 210,000	17
420,001 – 430,000	2	190,001 – 200,000	15
410,001 – 420,000	1	180,001 – 190,000	18
400,001 – 410,000	1	170,001 – 180,000	28
390,001 – 400,000	1	160,001 – 170,000	31
380,001 – 390,000	1	150,001 – 160,000	45
370,001 – 380,000	2	140,001 – 150,000	55
360,001 – 370,000	5	130,001 – 140,000	56
350,001 – 360,000	1	120,001 – 130,000	60
320,001 – 330,000	2	110,001 – 120,000	63
310,001 – 320,000	6	100,000 – 110,000	49
300,001 – 310,000	3	Grand Total	568

Remuneration and performance continued

Director remuneration

(NZX Code Recommendation 5.1)

Fee structure

Total remuneration available to directors (in their capacity as such) in the year ended 30 June 2024 was fixed at our 2019 annual shareholders' meeting at \$1,169,042. The PPCC recommended and the Board approved a 5% increase in director and committee base fees in the year to 30 June 2024. This increase fell within the total fee pool of \$1,169,042.

The Regulatory Sub-Committee was disestablished in FY24. Compared to FY23, the net effect of the 5% increase and removal of the Regulatory Sub-Committee fees was a reduction in individual base fees.

Annual fee structure	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$
Board fees:		
Board chair	234,833	223,650
Non-executive director	119,700	114,000
Board committee fees:		
Audit and Risk Management Committee		
Chair	34,230	32,600
Member	17,115	16,300
People, Performance and Culture Committee		
Chair	24,045	22,900
Member	12,337	11,750
Regulatory Sub-Committee (per meeting)		
Chair	–	–
Member	2,400	2,400

Notes:

- 1 The Board chair receives Board chair fees only. Other directors receive committee fees in addition to their Board fees. There was a 5% increase in director and committee base fees in the year to 30 June 2024.
- 2 Directors do not participate in a bonus or profit-sharing plan, do not receive compensation in share options, and do not have superannuation or any other scheme entitlements or retirement benefits.
- 3 Directors were paid \$2,400 per meeting of the Regulatory Sub-Committee. There was one meeting in FY24. The Regulatory Sub-Committee was disestablished in FY24.
- 4 Directors may be paid an additional daily rate of \$2,400 for additional work as determined and approved by our chair and where the payment is within the total fee pool available. There were no such fees paid in the year to 30 June 2024.

Fees paid to Directors (in their capacity as such) in the year ended 30 June 2024

Director	Total fees \$	Board fees	ARMC	PPCC	Regulatory Sub-Committee
Mark Cross	234,833	234,833	–	–	–
Sue Bailey	134,438	119,700	–	12,338	2,400
Miriam Dean	134,438	119,700	–	12,338	2,400
Will Irving	139,215	119,700	17,115	–	2,400
Murray Jordan	146,145	119,700	–	24,045	2,400
Kate Jorgensen	156,330	119,700	34,230	–	2,400
Jack Matthews	139,215	119,700	17,115	–	2,400
	1,084,613	953,033	68,460	48,720	14,400

Notes:

- 1 Amounts are gross and exclude GST (where applicable).
- 2 Mark Cross was appointed as chair, effective 26 October 2022. As a result, he received Board Chair fees only from that date.
- 3 Directors did not receive any fees or other benefits for additional work during the year ended 30 June 2024.
- 4 Directors are entitled to be reimbursed for travel and incidental expenses incurred in performance of their duties in addition to the above fees.
- 5 The total fee pool available to directors is \$1,169,042.
- 6 The Regulatory Sub-Committee was disestablished during the year ended 30 June 2024.

Fee structure from 1 July 2024

Our PPCC reviews non-executive director remuneration annually based on criteria developed by that committee including internal benchmarking analysis. At the date of this Annual Report, a market review of Director fees is being carried out by PwC for the Board. The outcomes of this review will determine whether an increase to the fee pool (last increased in 2019) will be sought at the forthcoming Annual Shareholders' Meeting in October.

Risk management

(NZX Code Recommendations 6.1 & 6.2)

Like all businesses, we are exposed to a range of risks. Our risk management activities aim to ensure we identify, prioritise and manage key risks so we can execute our strategies and achieve our goals.

Risk management

(NZX Code Recommendation 6.1)

No business can thrive without taking on risk. Effective risk management is about informed risk taking and appropriate and active management of risks.

We seek to understand and respond to our current and future business environment, and to actively seek and robustly evaluate opportunities and initiatives which protect and achieve our business strategies. We strive to understand, meet and appropriately balance stakeholders' expectations to deliver value to shareholders and a sustainable environment for Chorus in the long term.

Our Board

Our Board is ultimately responsible for risk management governance:

- Annually setting risk appetite and determining principal risks;
- Participating in discussions concerning elements of risk including emerging and unforeseen risks;
- Approving and regularly reviewing our Managing Risk Policy and supporting framework;
- Promoting a culture of managing risk; and
- Through our ARMC, providing risk oversight and monitoring.

Risk appetite

Our risk appetite sets our tolerable levels of risk. It forms a dynamic link between strategy, target setting and risk management and sets boundaries for day-to-day decision making and reporting.

Risk management processes

Our Managing Risk Policy sets out how we manage our risks, including by:

- Having a single risk management framework;
- Providing the CEO and executive team with discretion to manage risk within the guidance provided in our framework;
- Balancing the level of control implemented to mitigate identified risks with our commitment to comply with external regulation and governance requirements and Chorus' value and growth aspirations; and
- Meeting good practice standards for risk management processes and related governance.

Principal risks

Principal risks are owned by relevant executives. This promotes integration into operations and executives planning and a culture of proactive risk management. Notwithstanding individual ownership, our CEO and executive hold collective responsibility for considering how risk and events interrelate and for managing our overall risk profile.

Principal risks are reported to our ARMC quarterly and, if necessary, also by exception. Principal Risk owners support the regular reporting from the Head of Risk, Internal Audit & Compliance by providing updates on the risks they own. Our ARMC reports to our Board.

Principal risks are assessed with each responsible executive and collectively with the executive team before being reported to the ARMC. This allows for constructive challenge and debate. Underlying risk assessment and monitoring practices are undertaken by each principal risk owner with assistance from our Risk, Internal Audit & Compliance team.

Our Board also receives management and other internal and external reporting over risk positions and our risk management operation (including from internal audit plans approved by the ARMC) through our overall governance framework.

Principal risks are our key risks to the achievement of our strategy. These are assessed on a risk profile identifying likelihood of occurrence and potential severity of impact. Current principal risk categories are identified via a comprehensive enterprise risk management framework encompassing financial and non-financial risks. They include anticipating and responding to:

- Health, safety and wellbeing risks: Working to keep safe the people we owe duties to.
- Commercial and financial sustainability risks: Maintaining appropriate capital management and credit settings.
- Core services risks: Core service availability and network resilience.
- People and skills risks: Ensuring Chorus attains and retains employees with the capabilities to achieve its strategic objectives.
- Legal, regulatory and contractual risks: Working within the regulatory and legal environment.
- Stakeholder and customer confidence / reputation risks: Attaining and retaining a positive reputation with key stakeholders and customers.
- Innovation risks: Identify and pursue innovation and opportunities that will enhance Chorus.

Risk management continued

In addition to Principal Risks, the Chorus Board or ARMC regularly receive updates on, and discuss with the Executive:

- Unforeseen risks which are 'black swan' events which have not been otherwise identified through normal risk processes;
- Emerging risks which are risks that are known to some degree but are not likely to materialise or have an impact in the near term;
- Business unit risks which are risks to the achievement of functional area strategies. The risks are managed at the business unit level and reported to the ARMC if a material risk is out of risk tolerance level.

Chorus' climate related risk and opportunity framework uses the same approach, principles, tolerances, impact and likelihood scales used in Chorus' enterprise-wide risk management processes, and in line with the risk management policy endorsed by the Chorus Board.

Our climate-related risks and opportunities (as well as Chorus' other climate-related disclosures) are available in our Climate Statements available at company.chorus.co.nz/sustainability.

(NZX Code Recommendation 6.2)

Reporting on our management of health and safety risks is included in our Sustainability Report at company.chorus.co.nz/sustainability.

Auditors

(NZX Code Recommendations 7.1–7.3)

External auditor

(NZX Code Recommendation 7.1)

Our Board and ARMC monitor the ongoing independence and quality of our external auditor (KPMG). Our ARMC also meets with our external auditor without management present at least once per year. Our ARMC charter and External Auditor Independence Policy amongst other things:

- Prohibit the provision of certain non-audit services by our external auditor;
- Require ARMC approval of all audit and permitted non-audit services;
- Require our client services partner and lead/engagement partner to be rotated every five years (with a five year cooling off period) and other audit partners to be rotated every seven years (with a two year cooling off period);
- Require our ARMC to review our external auditor's fees half yearly (including the ratio of fees for audit vs. non-audit services); and
- Impose restrictions on the employment of former external audit personnel.

KPMG provided a limited assurance review of our Scope 1, 2 and 3 emissions inventory for the FY24 period for the purposes of our FY24 Climate Statements. In addition, KPMG has provided Regulatory audit and assurance work in relation to fibre regulation 2023/24.

KPMG did not provide any other non-audit assurance services in the year to 30 June 2024. Any additional non-audit services would be provided in accordance with our ARMC charter and External Auditor Independence Policy. They should not affect KPMG's independence, including because:

- They are approved only where we are satisfied the services would not compromise KPMG's independence; and
- They do not involve KPMG acting in a managerial or decision-making capacity.

KPMG confirm their independence via independence declarations every six months.

(NZX Code Recommendation 7.2)

Our external auditors attend our ASM each year.

Internal audit

(NZX Code Recommendation 7.3)

We operate a co-sourced internal audit model with our Head of Risk, Internal Audit & Compliance and her team supported by external advisors PricewaterhouseCoopers to provide additional resource and specialist expertise as required.

The responsibilities of our internal audit function include:

- Assisting our ARMC and Board in their assessment of internal controls and risk management;
- Developing an internal audit plan for review and approval by the ARMC each year;
- Executing the plan and reporting progress against it, significant changes, results and issues identified; and
- Escalating issues as appropriate (including to our ARMC and/or Board chairs).

Our executive team and ARMC monitor key outstanding internal audit issues and recommendations as part of regular reporting and review, including the timeliness of resolution.

Our ARMC has direct and unrestricted access to our internal audit function. The ARMC or the Head of Risk, Internal Audit & Compliance can request a meeting without management present.

Our Head of Risk, Internal Audit & Compliance has a management reporting line to our General Counsel and a direct reporting line to our ARMC, attending every ARMC meeting.

Our ARMC reviews the remuneration and incentive arrangements of our Head of Risk, Internal Audit & Compliance and our Risk & Assurance Manager each year.

Shareholder rights and relations

(NZX Code Recommendations 8.1–8.3)

We are committed to fostering constructive and open relationships with shareholders:

- Communicating effectively with them;
- Giving ready access to balanced and understandable information;
- Making it easy for shareholders to participate in general meetings; and
- Maintaining an up to date website providing information about our business.

Our investor relations programme is designed to further facilitate two-way communication with shareholders, provide them and other market participants with an understanding of our business, governance and performance and an opportunity to express their views. As part of this programme we enable investors and other interested parties to ask questions and obtain information. We meet with investors and analysts and undertake formal investor presentations. Our annual and half year results presentations are made available to all investors via webcast.

Our website

(NZX Code Recommendation 8.1)

Our key financial, operational and governance information is available at company.chorus.co.nz/investors.

Annual shareholder's meeting

(NZX Code Recommendations 8.2 & 8.3)

Since 2020 we have encouraged shareholder participation in the annual shareholders meeting by providing a webcast to enable shareholders to watch proceedings online, as well as vote and ask questions.

We enable shareholders to vote by proxy ahead of meetings without having to physically attend or participate in those meetings and adopt the one share one vote principle, conducting voting at shareholder meetings by poll.

We consider that shareholders should be entitled to vote on decisions which would change the essential nature of our business.

Shareholders are also able to ask questions of, and express their views in respect of, our Board, management and auditors (including via appointed proxies) at and before annual meetings.

We encourage shareholders to communicate with us and our share registrar electronically, including by providing email communication channels and online contact details and instructions on our website.

Additional disclosures

Group structure

As at 30 June 2024, Chorus Limited has one wholly owned subsidiary: Chorus New Zealand Limited (CNZL).



Chorus Limited is the entity listed on the NZX and ASX. It is also the borrowing entity under the group's main financing arrangements and the entity which has partnered with the Crown for the UFB build.

CNZL undertakes (and is the contracting entity for) Chorus' operating activities and is the guarantor of Chorus Limited's borrowing. CNZL also employs all Chorus people. CNZL has its own constitution but its Board is the same as the Chorus Limited Board.

Disclosures in respect of CNZL are set out in the "Subsidiaries" section on page 94.

Indemnities and insurance

Chorus indemnifies directors under our constitution for liabilities and costs they may incur for their acts or omissions as directors (including costs and expenses of defending actions for actual or alleged liability) to the maximum extent permitted by law. We have also entered into deeds of indemnity with each director under which:

- Chorus indemnifies the director for liabilities incurred in their capacity as a director and as officers of other Chorus companies.
- Directors are permitted to access company records while directors and after they cease to hold office (subject to certain conditions).

Deeds of indemnity have also been entered into on similar terms with certain senior employees for liabilities and costs they may incur for their acts or omissions as employees, directors of subsidiaries or as directors of non-Chorus companies in which Chorus holds interests.

We have a directors' and officers' liability insurance policy in place covering directors and senior employees for liability arising from their acts or omissions in their capacity as directors or employees on commercial terms. The policy does not cover dishonest, fraudulent, malicious or wilful acts or omissions.

Additional disclosures continued

Director changes

There were no director changes in the year to 30 June 2024. Murray Jordan has decided to retire as a director, effective as at 30 September 2024.

Director restrictions

No person who is an 'associated person' of a telecommunications services provider in New Zealand may be appointed or hold office as a director. NZX has granted a waiver to allow this restriction to be included in our constitution.

Securities and security holders

Ordinary shares

Chorus Limited's shares are quoted on the NZX and on the ASX and trade under the 'CNU' ticker. There were 433,887,294 ordinary shares on issue at 30 June 2024. Each share confers on its holder the right to attend and vote at a shareholder meeting (including the right to cast one vote on a poll on any resolution).

Constitutional ownership restrictions

As part of the establishment of Chorus we inherited an obligation to obtain Crown approval prior to any person:

- Having a relevant interest in 10% or more of our shares; or
- Other than a New Zealand national, having a relevant interest in more than 49.9% of our shares.

On each request the Crown has provided approval, currently:

- L1 Capital Pty Ltd can hold a relevant interest in up to 15% of our shares.
- AMP Capital Holdings Limited can hold a relevant interest in up to 15% of our shares, and
- UniSuper Limited can hold a relevant interest in up to 20% of our shares.

If our Board or the Crown determines there are reasonable grounds for believing a person has a relevant interest in our shares in excess of the ownership restrictions, our Board may, after following certain procedures, prohibit the exercise of voting rights (in which case the voting rights vest in our chair) and may force the sale of shares. Our Board may also decline to register a transfer of shares if it reasonably believes the transfer would breach the ownership restrictions.

NZX has granted waivers allowing our constitution to include the power of forfeiture, the restrictions on transferability of shares and our Board's power to prohibit the exercise of voting rights relating to these ownership restrictions. ASX has also granted a waiver in respect of the refusal to register a transfer of shares which is or may be in breach of the ownership restrictions.

Shareholder distribution as at 30 June 2024

Holding	Number of holders	Total number of shares held	% of shares issued
1 to 999	9,977	4,074,857	0.94
1,000 to 4,999	6,238	14,563,239	3.36
5,000 to 9,999	1,730	11,466,916	2.64
10,000 to 99,999	1,260	26,072,511	6.01
100,000 and over	80	377,709,771	87.05
Total	19,285	433,887,294	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$1,000.00 parcel at \$7.6900 per unit	131	629	35,823

Substantial holders

As at 30 June 2024, we have received substantial product holder notices from shareholders as follows:

Notices received as at 30 June 2024		
	Number of ordinary shares held	% of shares on issue
UniSuper Limited	57,893,644	13.34%
L1 Capital Pty Ltd	45,287,235	10.44%
Mitsubishi UFJ Financial Group, Inc	22,196,561	5.12%

Additional disclosures continued

Twenty largest shareholders as at 30 June 2024

Rank	Holder name	Holding	%
1	Citicorp Nominees Pty Limited	55,484,447	12.79
2	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	46,245,717	10.66
3	JP Morgan Nominees Australia Limited	45,350,473	10.45
4	HSBC Custody Nominees (Australia) Limited	40,659,253	9.37
5	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	25,469,431	5.87
6	BNP Paribas Noms Pty Ltd	14,940,991	3.44
7	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	12,902,156	2.97
8	Accident Compensation Corporation – NZCSD <ACCI40>	12,613,884	2.91
9	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	12,413,659	2.86
10	Custodial Services Limited <A/C 4>	9,019,101	2.08
11	Forsyth Barr Custodians Limited <1-Custody>	8,863,471	2.04
12	New Zealand Depository Nominee Limited <A/C 1 Cash Account>	8,859,032	2.04
13	ANZ Wholesale Australasian Share Fund – NZCSD <PNAS90>	8,067,850	1.86
14	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	7,888,438	1.82
15	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	7,664,684	1.77
16	JBWere (NZ) Nominees Limited <NZ Resident A/C>	7,059,704	1.63
17	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD <SUPR40>	5,023,907	1.16
18	FNZ Custodians Limited	4,788,352	1.10
19	Simplicity Nominees Limited – NZCSD	4,486,249	1.03
20	National Nominees Limited	4,161,277	0.96
Total Top 20 Holders Of Ordinary Shares		341,962,076	78.81
Total Remaining Holders Balance		91,925,218	21.19

Twenty largest bondholders (December 2027) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	60,832,000	30.42
2	FNZ Custodians Limited	25,402,000	12.70
3	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	17,881,000	8.94
4	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	15,324,000	7.66
5	Forsyth Barr Custodians Limited <1-Custody>	14,167,000	7.08
6	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	8,600,000	4.30
7	Pin Twenty Limited <Kintyre A/C>	7,000,000	3.50
8	JBWere (NZ) Nominees Limited <NR USA A/C>	4,720,000	2.36
9	FNZ Custodians Limited <DTA Non Resident A/C>	4,446,000	2.22
10	JBWere (NZ) Nominees Limited <NZ Resident A/C>	4,322,000	2.16
11	Investment Custodial Services Limited <A/C C>	3,187,000	1.59
12	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	2,176,000	1.09
13	HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	2,000,000	1.00
14	Forsyth Barr Custodians Limited <Account 1 E>	1,778,000	0.89
15	Adminis Custodial Nominees Limited	1,545,000	0.77
16	Custodial Services Limited <A/C 12>	1,529,000	0.76
17	ANZ Wholesale NZ Fixed Interest Fund – NZCSD	1,499,000	0.75
18	JBWere (NZ) Nominees Limited <NR USA AIL A/C>	1,400,000	0.70
19	NZX WT Nominees Limited <Cash Account>	1,327,000	0.66
20	FNZ Custodians Limited <DRP NZ A/C>	1,115,000	0.56
Total Top 20 Holders Of 1.98% Fixed Rate Bonds 02/12/2027		180,250,000	90.13
Total Remaining Holders Balance		19,750,000	9.88

Additional disclosures continued

Twenty largest bondholders (December 2028) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	109,584,000	21.92
2	Forsyth Barr Custodians Limited <1-Custody>	92,154,000	18.43
3	JBWere (NZ) Nominees Limited <NZ Resident A/C>	40,985,000	8.20
4	HSBC Nominees (New Zealand) Limited O/A Euroclear Bank – NZCSD <HKBN95>	30,359,000	6.07
5	FNZ Custodians Limited	26,946,000	5.39
6	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	24,034,000	4.81
7	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	17,686,000	3.54
8	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	15,074,000	3.01
9	JBWere (NZ) Nominees Limited <Res Inst A/C>	15,000,000	3.00
10	Forsyth Barr Custodians Limited <Account 1 E>	9,623,000	1.92
11	Generate Kiwisaver Public Trust Nominees Limited <NZCSD> <NZPT44>	9,187,000	1.84
12	ANZ Bank New Zealand Limited – NZCSD <NBNZ40>	5,817,000	1.16
13	JBWere (NZ) Nominees Limited <44625 A/C>	4,600,000	0.92
14	HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD <HKBN45>	4,250,000	0.85
15	JBWere (NZ) Nominees Limited <44626 A/C>	4,000,000	0.80
16	Forsyth Barr Custodians Limited <A/C 1 NRLAIL>	3,570,000	0.71
17	JBWere (NZ) Nominees Limited <NR USA A/C>	3,334,000	0.67
18	RGTKMT Investments Limited	3,000,000	0.60
19	FNZ Custodians Limited <DTA Non Resident A/C>	2,988,000	0.60
20	NZX WT Nominees Limited <Cash Account>	2,640,000	0.53
Total Top 20 Holders Of 6.38% Fixed Rate Bonds 06/12/2028		424,831,000	84.97
Total Remaining Holders Balance		75,169,000	15.03

Twenty largest bondholders (December 2030) as at 30 June 2024

Rank	Holder name	Holding	%
1	Custodial Services Limited <A/C 4>	46,157,000	23.08
2	FNZ Custodians Limited	19,753,000	9.88
3	Accident Compensation Corporation – NZCSD <ACCI40>	17,500,000	8.75
4	Tea Custodians Limited Client Property Trust Account – NZCSD <TEAC40>	16,537,000	8.27
5	ANZ Bank New Zealand Limited – NZCSD <NBNZ40>	16,509,000	8.25
6	BNP Paribas Nominees (NZ) Limited – NZCSD <BPSS40>	12,727,000	6.36
7	Forsyth Barr Custodians Limited <1-Custody>	9,772,000	4.89
8	HSBC Nominees (New Zealand) Limited – NZCSD <HKBN90>	9,561,000	4.78
9	Citibank Nominees (New Zealand) Limited – NZCSD <CNOM90>	7,204,000	3.60
10	NZPT Custodians (Grosvenor) Limited – NZCSD <NZPG40>	5,100,000	2.55
11	HSBC Nominees (New Zealand) Limited O/A Euroclear Bank – NZCSD <HKBN95>	5,000,000	2.50
12	CML Shares Limited	2,800,000	1.40
13	FNZ Custodians Limited <DTA Non Resident A/C>	2,326,000	1.16
14	Forsyth Barr Custodians Limited <Account 1 E>	2,083,000	1.04
15	Investment Custodial Services Limited <A/C C>	2,072,000	1.04
16	JBWere (NZ) Nominees Limited <NZ Resident A/C>	1,858,000	0.93
17	ANZ Wholesale NZ Fixed Interest Fund – NZCSD	1,735,000	0.87
18	Mint Nominees Limited – NZCSD <NZP440>	1,647,000	0.82
19	Queen Street Nominees Acf Pie Funds – NZCSD	1,500,000	0.75
20	Forsyth Barr Custodians Limited <Account 1 Nrl>	1,155,000	0.58
Total Top 20 Holders Of 2.51% Fixed Rate Bonds 02/12/2030		182,996,000	91.50
Total Remaining Holders Balance		17,004,000	8.50

Additional disclosures continued

Debt listings

Chorus Limited has the following bonds on issue:

- \$200 million bonds traded on the NZX debt market (the NZDX) maturing December 2027;
- \$500 million bonds traded on the NZX debt market maturing December 2028;
- \$200 million bonds traded on the NZX debt market maturing December 2030;
- EUR 209 million EMTNs traded on the ASX maturing October 2023;
- EUR 300 million EMTNs traded on the ASX, maturing December 2026;
- EUR 500 million EMTNs traded on the ASX, maturing September 2029; and
- AUD 300 million wholesale AMTNs, maturing 18 September 2030.

NZX bondholder distribution as at 30 June 2024

December 2027 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	9	45,000	0.02
5,000 to 9,999	10	69,000	0.03
10,000 to 99,999	139	3,959,000	1.98
100,000 and over	63	195,927,000	97.96
Total	221	200,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$1,000.00 parcel at \$0.8900 per unit	1,124	0	0

December 2028 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	51	255,000	0.05
5,000 to 9,999	25	203,000	0.04
10,000 to 99,999	963	28,724,000	5.74
100,000 and over	161	470,818,000	94.16
Total	1,200	500,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$1,000.00 parcel at \$1.0500 per unit	953	0	0

American depositary receipts

American Depositary Shares, each representing five shares and evidenced by American Depositary Receipts, are not listed but are traded on the over-the-counter market in the United States under the ticker 'CHRY' with Bank of New York Mellon as depositary bank. As at 30 June 2024 Chorus had 849,198 ADRs on issue.

December 2030 maturity

Holding	Number of holders	Total number of bonds held	% of bonds issued
1–5,000	9	45,000	0.02
5,000 to 9,999	6	49,000	0.02
10,000 to 99,999	224	6,506,000	3.25
100,000 and over	48	193,400,000	96.70
Total	287	200,000,000	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$1,000.00 parcel at \$0.8400 per unit	1,191	0	0

Unquoted securities

Crown Infrastructure Partners (CIP) Securities

The terms of issue for the CIP1 and CIP2 securities are set out in the subscription agreements between Chorus Limited and CIP. These terms are summarised in note [6] of our consolidated financial statements and on our website at company.chorus.co.nz/reports.

Security	Number issued in the year ended 30 June 2024	Total on issue at 30 June 2024	Holder	Percentage held
CIP1 equity securities	–	462,052,071	CIP	100%
CIP1 debt securities	–	462,052,071	CIP	100%
CIP1 equity warrants	744,902	16,407,227	CIP	100%
CIP2 equity securities	–	306,423,177	CIP	100%
CIP2 debt securities	–	104,852,093	CIP	100%

Additional disclosures continued

Other disclosures

New NZX listing rules

NZX updated its listing rules from 24 May 2024.

NZX waivers

On 28 March 2019 Chorus applied for the continuation of existing and still required waivers and rulings. On 3 April 2020 a waiver from NZX listing rule 2.3.2, 4.1.1, 4.1.2, 4.2.1, 4.14, 6.6.1, 8.1.5 and a ruling from NZX on listing rule 4.9.1 were granted.

A summary of all waivers relied on by Chorus in the 12 months ending 30 June 2024 is available on our website at company.chorus.co.nz/investors/services/your-shareholding

Non-standard designation

NZX has attached a 'non-standard' designation to Chorus Limited because of the ownership restrictions in our constitution (described above).

ASX disclosures

Chorus Limited and its subsidiaries are incorporated in New Zealand. Chorus has a 'foreign exempt' listing on ASX, meaning our primary obligation is to comply with the NZX listing rules (as our home exchange).

Chorus Limited is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (including substantial shareholdings and takeovers).

Our constitution contains limitations on the acquisition of securities, as described above.

For the purposes of ASX listing rule 1.15.3 Chorus Limited continues to comply with the NZX listing rules.

Registration as a foreign company

Chorus Limited has registered with the Australian Securities and Investments Commission as a foreign company and has been issued an Australian Registered Body Number (ARBN) of 152 485 848.

Net tangible assets per security

As at 30 June 2024, consolidated net tangible assets per share was \$1.23 (30 June 2023: \$1.60).

Net tangible assets per share is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS.

Revenue from ordinary activities and net profit

In the year ended 30 June 2024:

- Revenue from ordinary activities increased 3.1% to \$1,010 million (30 June 2023: \$980 million); and
- Profit from ordinary activities after tax, and net profit, attributable to shareholders decreased 136% to a loss of [\$9] million (30 June 2023: \$25 million).

Subsidiaries

Chorus New Zealand Limited (CNZL)

Directors as at 30 June 2024: Mark Cross, Miriam Dean, Murray Jordan, Jack Matthews, Sue Bailey, Kate Jorgensen, Will Irving.

Current CNZL directors are also Chorus Limited directors and do not receive any remuneration in their capacity as CNZL directors.

Other subsidiaries

Chorus Limited has no other subsidiaries.

Glossary

AMTN	Australian Medium Term Notes.	FY	Financial year – twelve months ended 30 June. e.g. FY24 is from 1 July 2023 to 30 June 2024.	TSO	Telecommunications Services Obligation – a universal service obligation under which Chorus must maintain certain coverage and service on the copper network.
Backbone network	Fibre cabling and other shared network elements required either in the common areas of multi-dwelling units to connect individual apartments/offices, or to serve premises located along rights of way.	Gbps	Gigabits per second. A measure of the average rate of data transfer.	TSR	Total shareholder return.
Backhaul	The portion of the network that links local exchanges to other exchanges or retail service provider networks.	Gigabit	The equivalent of 1 billion bits. Gigabit Ethernet provides data transfer rates of about 1 gigabit per second.	UFB	Ultra-Fast Broadband refers to the Government programme to build a fibre to the premises network. UFB1 refers to the original phase of the rollout to 75% of New Zealanders. UFB2 and UFB2+ were subsequent phases announced in 2017.
Baseband	A technology neutral voice input service that can be bundled with a broadband product or provided on a standalone basis.	GPON	Gigabit Passive Optical Network.	VDSL	Very High Speed Digital Subscriber Line – a copper-based technology that provides a better broadband connection than ADSL.
Board	Chorus Limited's Board of Directors.	IT	Information Technology.		
Chorus	Chorus Limited and its subsidiary Chorus New Zealand Limited.	Layer 2	The data link layer, including broadband electronics, within the Open Systems Interconnection model. Layer 1 is the physical cables and co-location space.		
CIP	Crown Infrastructure Partners, the Government organisation that manages New Zealand's rollout of Ultra-Fast Broadband infrastructure.	Mbps	Megabits per second – a measure of the average rate of data transfer.		
Commission	Commerce Commission – the independent Crown entity whose responsibilities include overseeing the regulation of the telecommunications sector.	NZ IFRS	International Financial Reporting Standards – the rules that the financial statements have to be prepared by.		
Constitution	Chorus Limited's Constitution.	P2P	Where two parties or devices are connected point-to-point via fibre.		
Direct fibre access	Also known as 'dark' fibre, a fibre service that provides a point to point fibre connection and can be used to deliver backhaul connections to mobile sites.	Petabyte	One million gigabytes (GB), which is a measure of data volume.		
Director	A director of Chorus Limited.	RAB	Regulatory Asset Base refers to the value of total investment by a regulated utility in the assets which will generate revenues over time.		
EBITDA	Earnings before interest, income tax, depreciation and amortisation.	RBI	Rural Broadband Initiative – refers to the Government programme to improve and enhance broadband coverage in rural areas between 2011 and 2016.		
EMTN	European Medium Term Notes.	Share	Means an ordinary share in Chorus.		

Disclaimer

This annual report:

- May contain forward looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond Chorus' control, and which may cause actual results to differ materially from those expressed in the statements contained in this annual report.
- Includes statements relating to past performance. These should not be regarded as reliable indicators of future performance.
- Is current at its release date. Except as required by law or the NZX and ASX listing rules, Chorus is not under any obligation to update this annual report or the information in it at any time, whether as a result of new information, future events or otherwise.
- Contains non-GAAP financial measures, including EBITDA. These measures may differ from similarly titled measures used by other companies because they are not defined by GAAP. Although Chorus considers those measures provide useful information they should not be used in substitution for, or isolation of, Chorus' audited financial statements.
- May contain information from third parties Chorus believes reliable. However, no representations or warranties are made as to the accuracy or completeness of such information.
- Should be read in the wider context of material previously published by Chorus and released through the NZX and ASX.
- Does not constitute investment advice or an offer or invitation to purchase Chorus securities.

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