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STOCK EXCHANGE ANNOUNCEMENT

22 February 2021

Chorus 2021 half year result

The following are attached in relation to Chorus' half year result for the period to 31 December 2020:

1. Media Release
2. Investor Presentation
3. Letter to investors
4. Management Commentary and Financial Statements (including auditor review report)
5. NZX Results Announcement
6. NZX Distribution Notice

Chief Executive Officer JB Rousselot and Chief Financial Officer David Collins will discuss the half year result by webcast at 10.00am New Zealand time today. The webcast will be available at www.chorus.co.nz/webcast.

Authorised by:

David Collins
Chief Financial Officer

ENDS

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CHORUS

22 February 2021

Steady progress towards one million fibre connections

Summary

- Fibre connections increased by 62,000 to 813,000
- Net profit after tax was $24m (HY20: $31m)
- EBITDA $323m (HY20: $332m)
- Operating revenue of $473m (HY20: $483m)
- Interim dividend of 10.5 cents per share
- Fibre uptake reached 63% in completed UFB areas
- 17% of fibre connections on gigabit plans
- Capital expenditure guidance range increased to $670 million to $700 million
- FY21 EBITDA guidance unchanged, tracking towards the lower half

Chorus today reported a net profit after tax (NPAT) of $24m and earnings before interest, tax, depreciation and amortisation (EBITDA) of $323m for the half year ending 31 December 2020. This was a decrease on the same six months to 31 December 2019, largely reflecting the continued migration of customers from legacy copper services to alternative networks, particularly in non-Chorus fibre network areas.

Operating revenue for the period was $473m (HY20: $483m) and operating expenses were $150m (HY20: $151m). Depreciation and amortisation was $209m (HY20: $198m), delivering earnings before interest and tax (EBIT) of $114m (HY20: $134m).

Solid growth in fibre connections and uptake

Chorus CEO JB Rousselot said performance during an unusual first six months of the financial year has been solid. Fibre uptake lifted from 60% to 63% with 62,000 fibre connections added in the six months. While strong housing growth is fuelling increased demand for fibre installations, COVID-19’s effect on net migration into the country has softened demand on overall broadband connections.

“Auckland’s most recent lockdown has again emphasised the need for a reliable, congestion-free and unlimited broadband connection in the home”, said Mr Rousselot.

“With this in mind, I’m delighted that the second phase of our fibre build, UFB2, continues to track ahead of schedule and is now taking the socio-economic benefits of fibre to many smaller communities. Some of the more remote townships that can now connect to this unmatched broadband technology include Fox Glacier, National Park and Mokau.

“As in the larger centres, those upgrading to fibre in these communities can typically get fibre installed for free and comparison websites highlight the diverse range of sharp retail offers available to new fibre customers.”

Small scale copper withdrawal trial targets less than 1% of copper lines

With the Commerce Commission releasing its final *Copper Withdrawal Code* in December, Chorus will trial retiring copper in a limited number of copper cabinet areas where the uptake of fibre is already high.

"Outside of these limited initial trial areas, no one should feel under any pressure to move from copper. There is no overnight switch-off of the copper network. Our plans in the next 12 months are expected to affect less than one percent of the half million customers still on copper today," said Mr Rousselot.

A six-month notification period means customers will have plenty of time to make choices suitable for them and the first copper cabinets would not be switched off until September at the earliest.

Chorus is committed to ensuring its copper network remains well-maintained to deliver the best possible voice and broadband services.

Commission's report describes fibre "unmatched" against other technologies

The Commerce Commission's *Measuring Broadband New Zealand* (MBNZ) testing raises clear questions about some of the claims being made by fixed wireless providers on the performance and reliability of their services relative to fixed line services, including copper. Consumers whose providers are switching them to fixed wireless services with little or no consultation should ask the following questions:

- What average network speed guarantees are being offered by your provider, especially during peak times in the evening?
- Are broadband performance features like low latency, unlimited data and high-quality video streaming important for you?
- Do comparison websites show you're being offered the best priced service available?
- Is fibre broadband already available in your area? Or is it due soon?

Transition to a new regulatory framework

Late last year the Commerce Commission released its final decisions on the input methodologies, or rule books, that will apply to Chorus' fibre access network from January 2022.

Despite some slight improvements from the Commission's draft positions Chorus' view is the final decisions didn't reflect the true level of cost or risk our shareholders faced in building the UFB network.

"We're now at the start of a period of rapid growth in customer demand for bandwidth and data volume, as applications emerge quickly to take advantage of the new market created by the availability of multi-gigabit fibre services", said Mr Rousselot.

"This makes the outcome of the Commission's current price-quality process even more important. Chorus' ability and incentives to continue investing in better broadband for consumers will be dependent on the Commission ensuring the initial cap on our potential revenue is set above our forecast fibre revenues."

Dividend

Chorus will pay an interim dividend of 10.5 cents per share, fully imputed, on 13 April 2021 to all shareholders registered at 5pm on 16 March 2021. A dividend reinvestment plan will apply for the interim dividend at a discount rate of 2%. Applications to participate must be received by 5pm (NZ time) on 17 March 2021.

FY21 guidance

- EBITDA: unchanged at $640 - $660 million (tracking towards the lower half)
- Capital expenditure: Gross capex increased to $670 - $700 million from prior range of $630 to $670 million

ENDS

Chorus Chief Executive, JB Rousselot, and Chief Financial Officer, David Collins, will discuss the half year results at a briefing in Wellington from 10.00am on Monday 22 February 2021 (NZDT). The webcast will be available at www.chorus.co.nz/webcast.

For further information:

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NEW ZEALAND'S GIGABIT HEAD START

FY21 half year result

dear investors

Steady progress towards 1 million fibre connections in 2022

We added 62,000 fibre connections in the six months ending 31 December 2020 (HY21), taking our total fibre connections nationwide to 813,000. This lifted fibre uptake in our completed Ultrafast Broadband (UFB) rollout areas from 60% to 63%. Our managed migrations programme played a big part in this increase with almost 15,000 consumers activating their fibre as a result of our targeted door knocking and installation initiatives. Many of these addresses weren't previously connected to our copper or fibre network. Pleasingly, customer satisfaction with fibre installations has lifted again to 8.2 out of ten, up from 8.1 in June.

We reported EBITDA of $323 million for HY21. This was a decrease of $9 million on the same six months to 31 December 2019 (HY20) and largely reflects the continued migration of customers on legacy copper services to alternative networks, particularly in non-Chorus fibre network areas. In addition, our COVID-19 response constrained revenues through our decision to delay inflation-linked price increases. HY20 revenues also included the benefit of about $3 million from a one-off legal settlement.

Expenses reduced slightly with our continued focus on controlling discretionary expenditure helping offset cost inflation. Net profit after tax decreased by $7 million to $24 million compared to HY20.

An interim dividend of 10.5 cents per share will be paid on 13 April 2021, up from 10 cents in HY20.

Half year result overview

Fixed line connections[1]	HY21 1,369,000	FY20 1,415,000
Broadband connections[1]	HY21 1,183,000	FY20 1,206,000
Fibre connections[1]	HY21 813,000	FY20 751,000
Dividend	HY21 10.5cps	HY20 10cps
EBITDA[2]	HY21 $323m	HY20 $332m
Net profit after tax	HY21 $24m	HY20 $31m

HY20: The six months ending 31 December 2019
HY21: The six months ending 31 December 2020
FY20: The 12 months ending 30 June 2020

Dividend reinvestment plan for shareholders

A dividend reinvestment plan is available to our Australian and New Zealand resident shareholders. There will be a **2% discount rate** applied for the 13 April 2021 dividend payment.

If you haven't previously registered to participate and wish to do so, you'll need to have registered your participation by 5:00pm (NZ time) on 17 March 2021.

You can register, or deregister, by logging into your Computershare profile at www.investorcentre.com/nz or downloading the Participation Notice at www.chorus.co.nz/dividends and returning it to Computershare.

The full terms of the reinvestment plan can be read in our Offer Document dated February 2016 at www.chorus.co.nz/dividends, or you can request a copy free of charge. Our most recent audited financial statements, and auditor's report, are included in our 2020 annual report, which is available free of charge on request and at www.chorus.co.nz/financial-results.

1 Excludes free education connections provided as part of Chorus' COVID-19 response.

2 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

Commission reporting highlights fixed line reliability

The Commerce Commission's broadband monitoring reports continue to highlight the strong performance of fibre relative to other technologies when it comes to features like latency, speed and two-way traffic. Our VDSL copper broadband service is also shown, on average, as performing better than wireless at peak times. This is an important advantage, as we do lose some customers to the major retailers' own fixed wireless services.

Despite this independent evidence, wireless broadband providers are not required to disclose the expected performance of their service. This is the one area of New Zealand's broadband regime where we believe consumer protections are falling short.

In Europe and Australia, broadband providers for fixed and wireless networks have the same standards of product disclosure. In New Zealand, only fixed line broadband consumers are told exactly what they are getting. This difference is concerning when we continue to field reports of consumers being transferred to a wireless service if they don't object within a certain timeframe (known as inertia selling). Some of these consumers were on VDSL services that provided better performance than wireless.

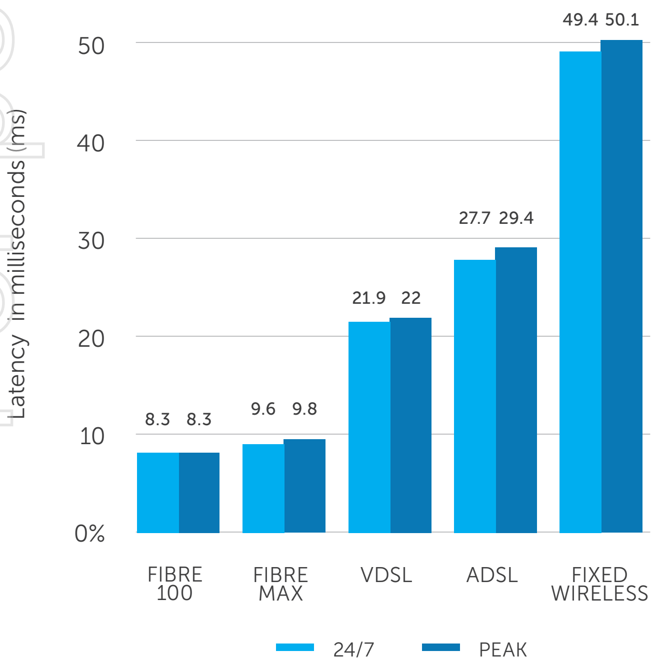
If you were previously connected to the Chorus copper network and have been similarly affected, let us know at company.secretary@chorus.co.nz.

The Commission has now published a copper withdrawal code that sets out the requirements we have to meet before we can choose to remove copper services in areas that are served by fibre. As we've said previously, we're not going to switch copper off overnight. The new code requires us to provide at least six months' notice and we'll only be migrating a very small number of cabinet areas to start with. Copper services will be with us for some time yet.

Figure 1:

Average latency to test servers by plan

Lower latency is better. It means that applications which transfer data to and from the internet in real time will respond more quickly.



Source: data from Commerce Commission, *Measuring Broadband New Zealand*, Spring Report, December 2020.

Fibre broadband's green advantage

Another benefit of New Zealand's transition to fibre broadband is its significantly lower electricity needs compared to copper and wireless networks. For example, fibre uses about 12 times less power than VDSL or ADSL copper broadband on a power per subscriber basis. The resulting drop in power usage, as areas are migrated to fibre and we can retire copper broadband equipment, is expected to help us make a significant reduction in our network-related carbon emissions. As COVID-19 demonstrated, broadband can help New Zealand realise the emissions related benefits of reduced commuting or other travel. The Energy Efficiency and Conservation Authority estimated that if one in five New Zealanders opted to work from home once a week, it would prevent 84 kilotonnes of carbon dioxide entering the atmosphere annually. This is yet another way fibre is helping New Zealand realise a more sustainable future.

Cabinet creativity

Chorus has commissioned artists throughout New Zealand to brighten up hundreds of our roadside cabinets over the last decade. Pictured is a mural on a suburban cabinet by Emma Gustafson showcasing some of New Zealand's lesser known species that are potentially facing extinction: the Chatham Island Black Robin, Coromandel Striped Gecko, Kakapo, Forest Ringlet, Maud Island Frog, Short Tailed Bat and Fairy Tern.

Transition to new regulatory framework

In October and November 2020 the Commerce Commission released its final decisions on the input methodologies, or rule books, that will apply to our fibre access network from January 2022. As we noted previously, we and many of our investors had advocated for a fair return that recognised the risks taken in the first decade of our partnership with Government and the longer-term nature of our investment.

Despite some slight improvements from the Commission's draft positions, overall the final decisions simply didn't reflect the true level of cost or risk that our shareholders faced in building the UFB network. This sends poor signals to investors in New Zealand's infrastructure and future public-private partnerships about regulatory hindsight versus commercial reality.

Our focus now shifts to the price-quality stage in the regulatory process. This will shape the incentives for us to continue to invest and innovate for the benefit of consumers, including establishing the value of our starting regulatory asset base for fibre and the revenue we can earn from it.

Outlook – maintaining New Zealand's gigabit advantage

Our public-private partnership has helped provide New Zealanders with access to a network that many other developed countries are racing to replicate. This is because gigabit connectivity is now widely recognised as critical to ongoing socio-economic success.

In December 2020 we submitted our expenditure proposal for the first regulatory period under the new utility-style regulatory framework. Our proposal details how much operating and capital expenditure we believe we need to spend on regulated fibre services in the first regulatory period under review, between January 2022 and the end of 2024. The Commission is now reviewing this with input from various industry stakeholders. You can read our proposal at **www.chorus.co.nz/RP1-proposal**

COVID-19 underlined the importance of continued investment in network capacity and new products to keep ahead of fast changing consumer demands. The pace of change will accelerate in coming years as fast fibre services proliferate in the developed world. We're at the start of a period of rapid growth in customer demand for bandwidth and data volume, as applications emerge quickly to take advantage of the new market created by the availability of multi-gigabit fibre services.

When Dunedin was crowned as our first gigatown in 2014 we did not fully appreciate the power of fibre to accelerate change. Back then, 30 megabits per second was considered good enough and consumers averaged 47 gigabytes in data a month. Fast forward to today:

- fibre has overtaken copper as the primary way we connect to the internet, with 63% uptake to date, exceeding all expectations
- average speeds are over 240 megabits per second with 17% of fibre consumers having already chosen 1,000 megabit (1 gigabit) services
- average monthly data use on fibre is 460 gigabytes and continuing to climb
- we're connecting the first consumers to our new 2 and 4 gigabit Hyperfibre services and are trialling 8 gigabit services, with 25 gigabit services on the horizon
- our fibre services are enabling significant opportunities for Kiwi businesses both in terms of productivity gains and the development of new sectors, such as gaming and film production.

These developments reflect a virtuous cycle of improved technology enabling new applications that create value for consumers.

Importantly, our Commerce Commission proposal also reflects the need to keep supporting the evolution and efficiency of our industry partners. The investments we make in automating and streamlining our systems and processes help retail service providers enhance their own service delivery, drive longer term reductions in operational costs, and enable much better service to New Zealand consumers.

Our role as an open access wholesaler means we also have a part to play in enabling thriving and increasingly diverse broadband competition. Recent product developments such as our wi-fi enabled network terminal and enhanced support for peering services will advance greater competition and consumer outcomes. Network resilience is also a growing focus as consumer reliance on broadband-based services expands and fibre becomes an increasingly integral part of smart cities and wireless connectivity.

New Zealand's market structure means the in-market incentives we provide to retailers and the education channels we support are critical to supporting greater awareness of fibre and maintaining a level playing field for more diverse and effective retail competition. This benefits consumers through better retail offers and choice, and, as more consumers connect to fibre, secures the sustainability of the fibre network.

Our expenditure proposal aligns with our strategic priorities and will help make New Zealand better by:

1. completing and building on our successful UFB deployment
2. maximising consumer value now and into the future by controlling costs, promoting fibre and investing in new products and technologies
3. smoothly transitioning through major changes in our operational focus, regulatory arrangements and service mix.

Underpinning these plans is our strong intention to maintain and evolve the cost discipline and creative partnerships we've employed to deliver one of New Zealand's largest infrastructure projects. We cannot stand still. As we transition from build phase to operating the fibre network, we can see opportunities to evolve our business and supply chain capability to help minimise the whole of life cost of the network.

New Zealand has a great opportunity to capitalise on its gigabit head start over the rest of the world. We look forward to working with the Commission and other stakeholders to help us realise that ambition.

Thank you for your support of Chorus.

Kind regards,

Chorus Chair, Patrick Strange

HY21 RESULT

22 February 2021

Disclaimer

This presentation:

- Is provided for general information purposes and does not constitute investment advice or an offer of or invitation to purchase Chorus securities.
- Includes 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 contained in this presentation.
- Includes statements relating to past performance which should not be regarded as reliable indicators of future performance.
- Is current at the date of this presentation, unless otherwise stated. Except as required by law or the NZX Main Board and ASX listing rules, Chorus is not under any obligation to update this presentation, whether as a result of new information, future events or otherwise.
- Should be read in conjunction with Chorus’ audited consolidated financial statements for the year to 30 June 2020 and NZX and ASX market releases.
- Includes non-GAAP financial measures such as "EBITDA”. These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. They should not be used in substitution for, or isolation of, Chorus' audited consolidated financial statements. We monitor EBITDA as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.
- Has been prepared with due care and attention. However, Chorus and its directors and employees accept no liability for any errors or omissions.
- Contains information from third parties Chorus believes reliable. However, no representations or warranties (express or implied) are made as to the accuracy or completeness of such information.

Agenda

HY21 overview

Fixed line connections[1]

HY21	FY20
1,369,000	1,415,000

Broadband connections[1]

HY21	FY20
1,183,000	1,206,000

EBITDA[2]

HY21	HY20
$323m	$332m

Fibre connections[1]

HY21	FY20
813,000	751,000

Dividend

HY21	HY20
10.5cps	10cps

Net profit after tax

HY21	HY20
$24m	$31m

1. Excludes free education connections provided as part of Chorus' COVID-19 response.
2. Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

UFB uptake reaches 63%

> **UFB uptake increased from 60% to 63% within completed footprint in HY21***

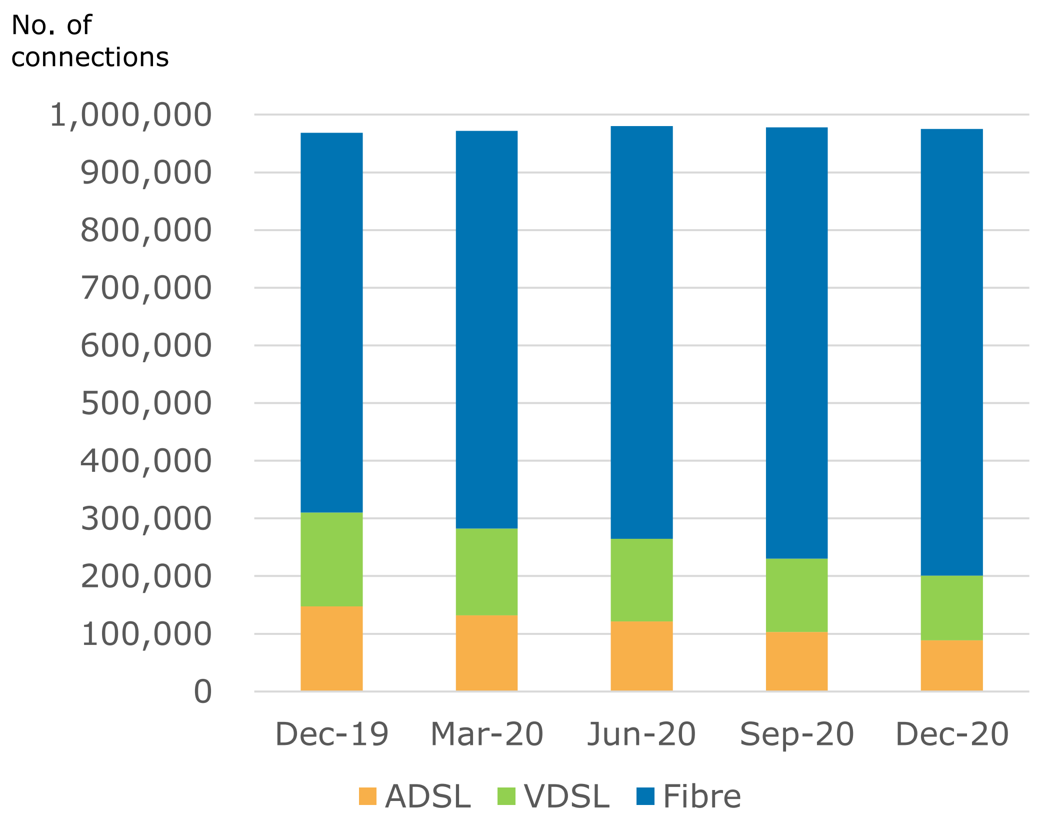
- uptake in UFB1 areas grew from 63% to **66%**
- uptake in UFB2 areas grew from 37% to **39%**
- **783,000** connections (FY20: 725,000) now within completed footprint, including business premium connections
- **1,246,000** customers able to connect (FY20: 1,209,000)
- **966,000** premises passed** out of 1,054,000 target = UFB rollout 92% complete

(note: data includes some UFB2 areas that have been partially built, but not yet submitted for Crown sign-off)

> **90,000 fibre installations completed**

- customer satisfaction steady at **8.2**
- WIP reduced to 13k from 16k (FY20)
- field crews increased from ~600 (FY20) to 689

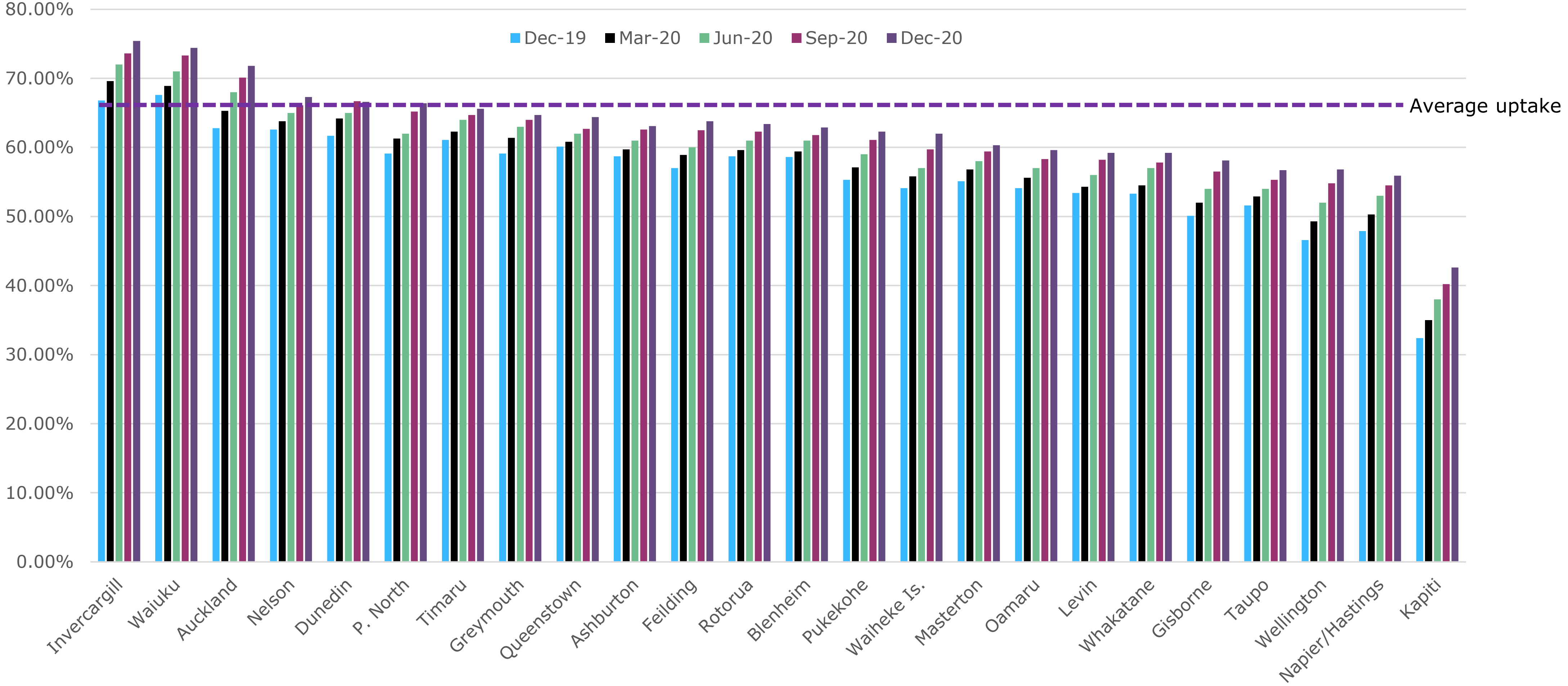
Fibre now 79% of Chorus broadband connections in planned UFB zone



* includes ~3k free education connections
**under the UFB contract, a multi-dwelling unit or single office block is one premises

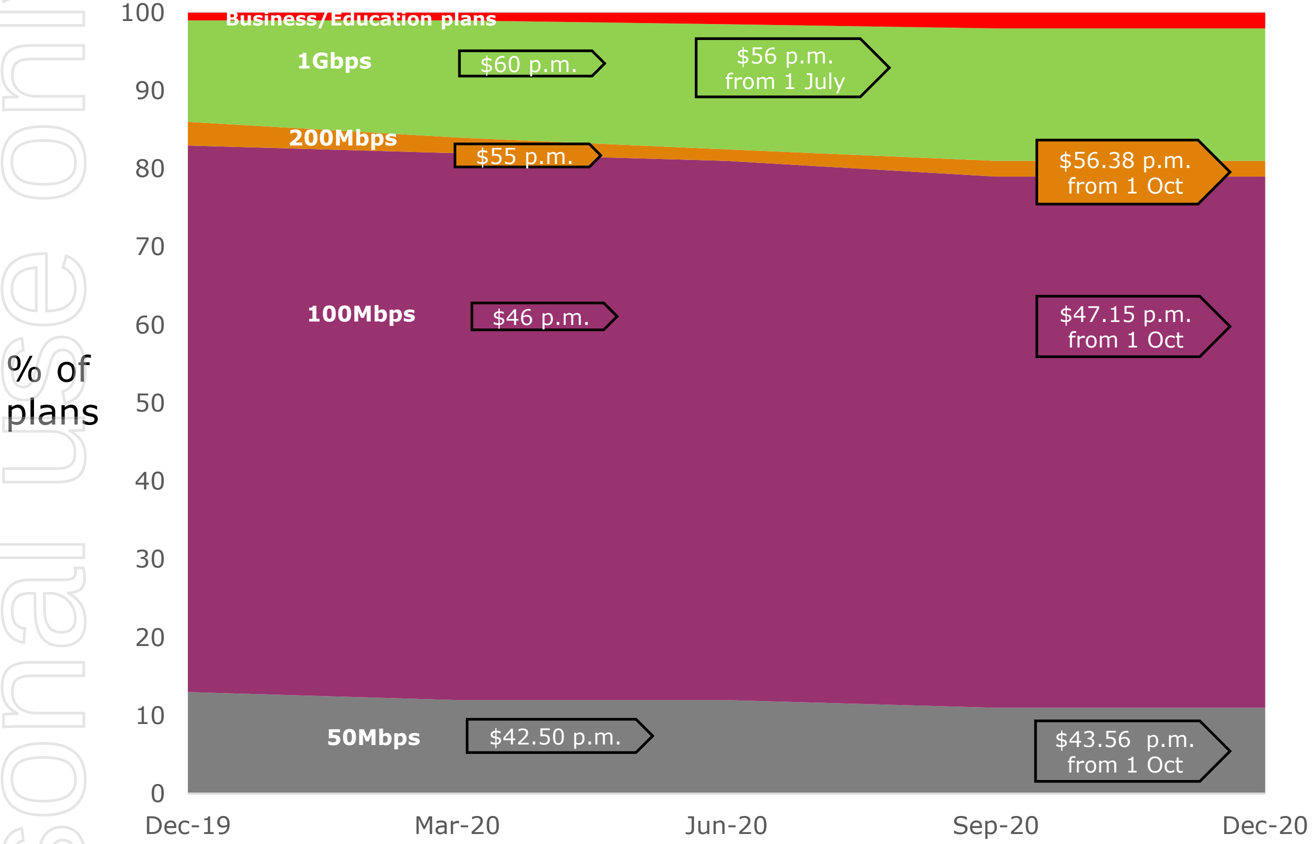
UFB1 uptake: 66%

% uptake relative to capable addresses



1Gbps uptake grew by 21k connections

Total mass market fibre uptake by plan type



> **62,000 mass market fibre connections added**

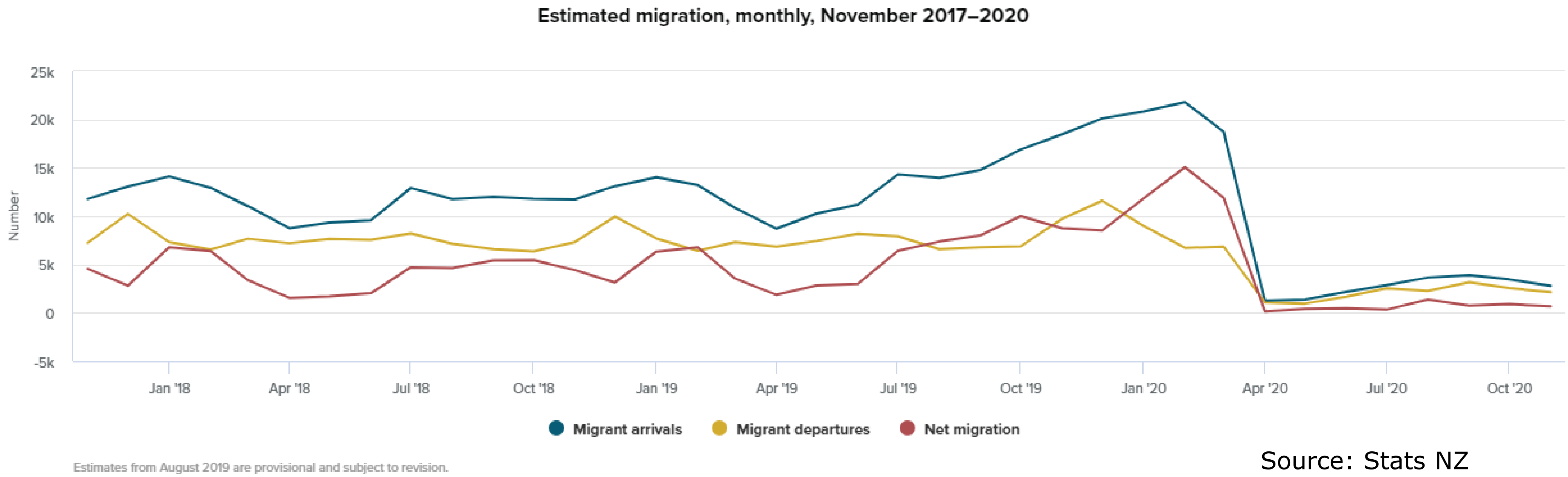
- 1Gbps connections grew from 115k to 136k and are now 17% of GPON connections
- small business connections grew from 3k to 11k as copper/fibre consumers recognise benefits of new $52 product with business service levels

> **copper broadband CPI applied from mid December**

- $42.35 increased to $42.97 for ADSL and VDSL connections

COVID impacts linger

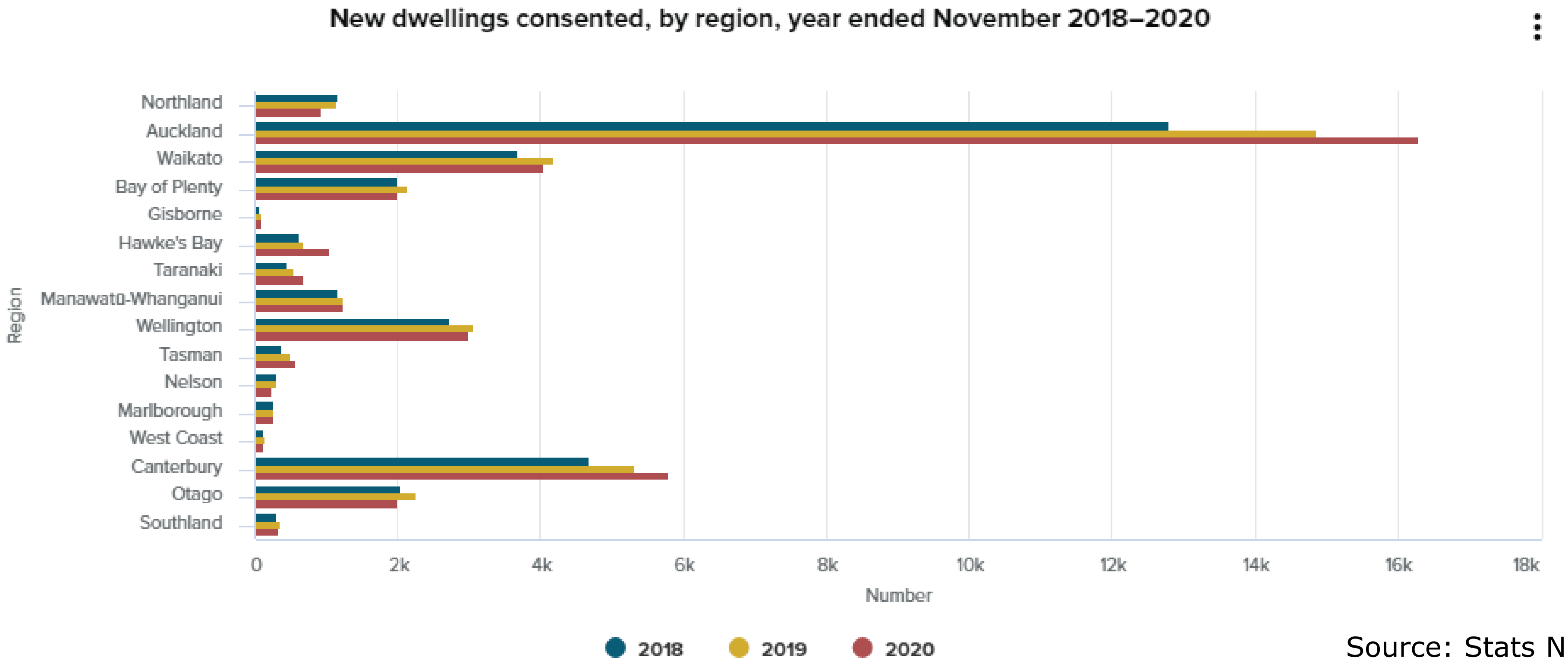
Population growth tailwind subdued by drop in net migration



Source: Stats NZ

Residential property development remains strong

> Build completed for 12k properties in HY21
> 27k greenfield properties under contract (FY20: 25k)



Source: Stats NZ

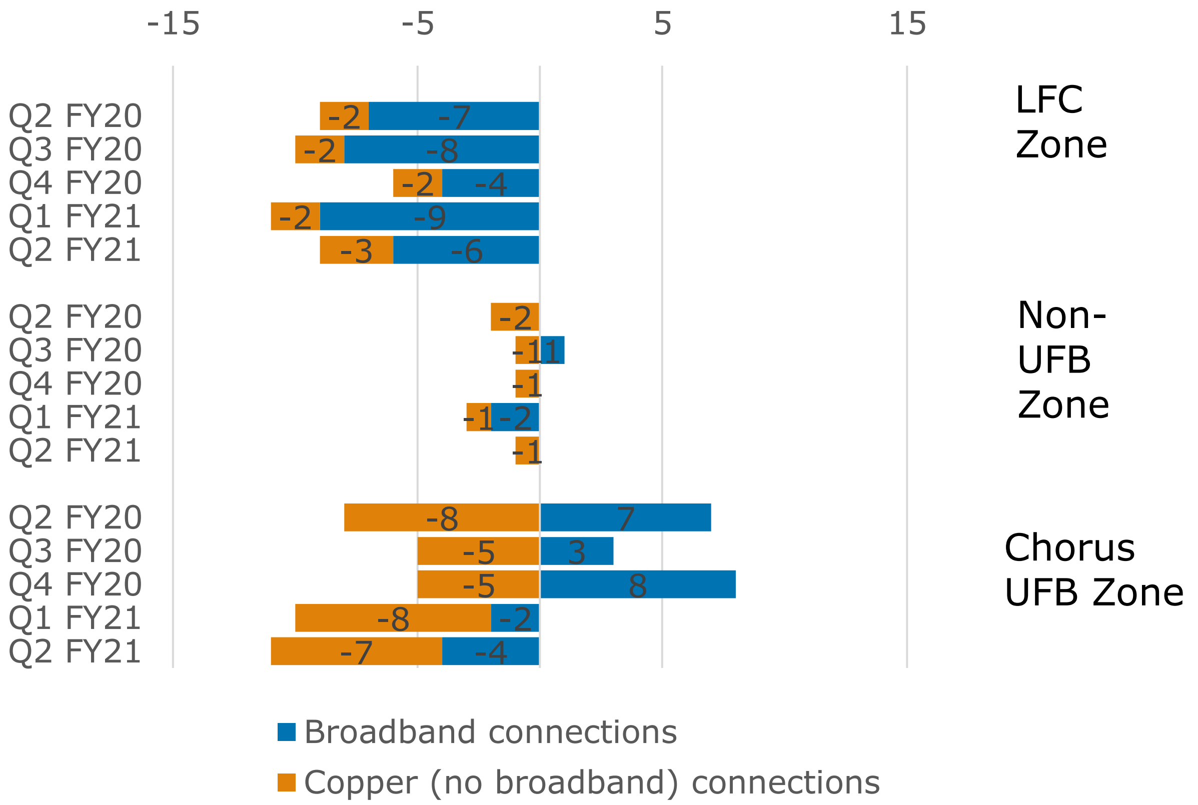
Connection changes by Zone (indicative)

- **Chorus UFB zone:** reduction in broadband reflects combined effects of university holiday disconnections, COVID-19 effect on net migration and inertia selling campaigns by fixed wireless providers
- **LFC zone**: disconnections consistent with pre-COVID levels
- **Non-UFB zone**: fibre connection growth from 20k to 24k helping offset rural wireless competition

	Chorus UFB zone*	Non-UFB zone	Local Fibre Company UFB zone
Total connections at 31 December**	**1,076,000**	**191,000**	**88,000**
Broadband connections	974,000	153,000	56,000
Copper (no broadband) connections	102,000	38,000	32,000

* Includes planned Chorus UFB1, 2 and 2+ coverage
**Excludes 14k fibre premium and data services (copper) connections

Change in connections ('000s) by zone**



Financial performance

David Collins, Chief Financial Officer

22 February 2021

CHORUS

Income statement

	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
Operating revenue	473	476	483
Operating expenses	(150)	(160)	(151)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**323**	**316**	**332**
Depreciation and amortisation	(209)	(204)	(198)
Earnings before interest and income tax	114	112	134
Net interest expense	(77)	(85)	(88)
Net earnings before income tax	37	27	46
Income tax expense	(13)	(6)	(15)
Net earnings for the year	**24**	**21**	**31**

> Growing fibre uptake, offset by COVID impact

> Cost base trending down, noting weather impact on maintenance

> Increasing with investment in fibre

> GBP bond repaid April 2020; weighted average interest rate on debt reduced from 5.2% to 4.0%

> H2 FY20 included one-off benefit from reintroduction of tax depreciation on buildings

Revenue

	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
Fibre broadband (GPON)	228	206	187
Fibre premium (P2P)	34	37	36
Copper based broadband	110	127	144
Copper based voice	36	40	42
Data services copper	5	8	8
Field services	31	32	33
Value added network services	15	13	16
Infrastructure	12	12	12
Other	2	1	5
Total	**473**	**476**	**483**

> Growing fibre uptake and ARPU: Dec FY21 $49.66 vs June FY20 $48.42

> Migration from legacy services to lower cost inputs

Copper revenues declining as customers migrate to Chorus fibre or competing fibre/wireless networks

> H1 FY20 included $3m legal settlement

Expenses

	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
Labour	38	41	39
Network maintenance	34	32	34
Other network costs	13	17	12
IT	25	24	23
Rent, rates and property maintenance	12	14	11
Electricity	7	7	8
Provisioning	1	3	2
Insurance	2	1	2
Consultants	2	4	5
Regulatory levies	4	3	4
Other	12	16	11
Total	**150**	**160**	**151**

> H1 FY21 redundancy costs ~$1m

> Fault volumes reduced but more weather-related network events in HY21 and average cost per fault increased

> H2 FY20 included $5m COVID-19 serco support payments

> Included $2m decommissioning of legacy copper network equipment

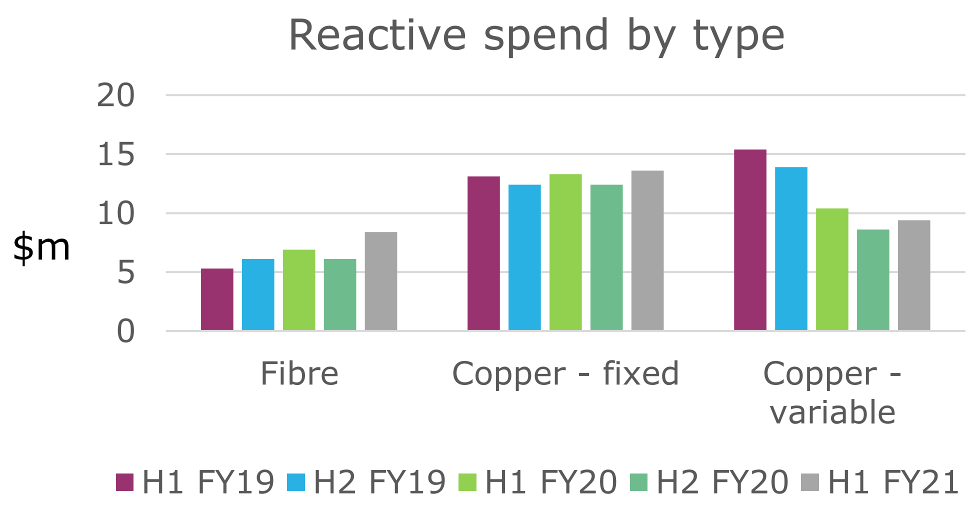
> Timing of external advice on new regulatory framework

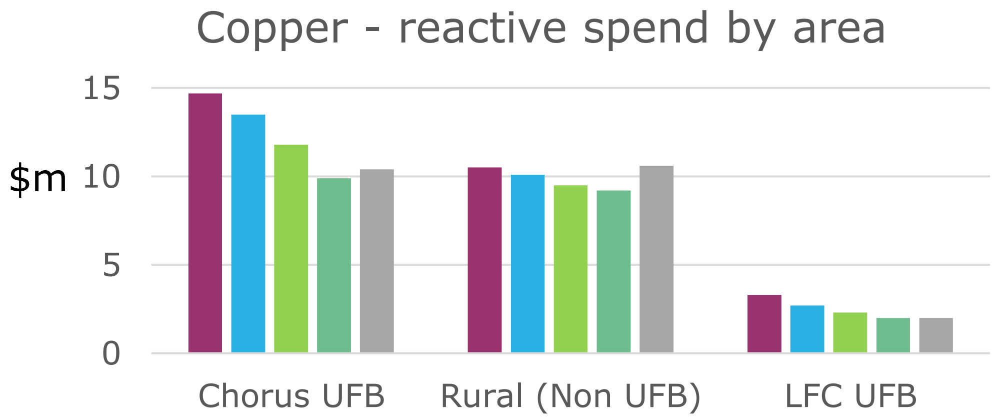
Reactive maintenance: Chorus network

Key drivers for $31m spend

- fault volumes continued to reduce, but weather related events and third party damage increased the average cost per fault
- overall trend of reducing copper fault costs and increasing fibre costs was consistent with prior periods, noting:
  - H2 FY20 had reduced maintenance activity due to COVID-19
  - H1 FY20 had an abnormal step down in faults due to favourably dry weather conditions
- long run annual saving from full copper to fibre migration in Chorus UFB areas estimated at ~$10m p.a for fixed fault costs

Note:
- reactive maintenance excludes spend on proactive maintenance and customer networks (i.e. premises wiring, no fault found, cancellations)
- 'fixed' faults: occur in parts of the network that affect multiple customers (e.g. cable between exchange and cabinet)
- 'variable' faults: only affect one customer (e.g. cable on customer property)





HY21 gross capex: $353 million

Fibre capex was 85% of spend

Fibre capex	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
UFB communal	86	70	100
Fibre connections & layer 2	146	127	155
Fibre products & systems	8	7	7
Other fibre connections & growth	47	34	28
Customer retention costs	13	10	10
Subtotal	**300**	**248**	**300**

- 42k UFB2 premises ready to connect; 34k handed over for testing
- 90,000 installations (UFB1:70,000; UFB2:20,000)
- West Coast fibre rollout commenced HY21; strong New Property development growth
- Fibre incentive campaigns increased

Capex: Fibre connections & layer 2

Connections and Layer 2 capex of **$146m**

- **Average cost per UFB1 premises connected: $1,062*** vs $1,025 - $1,175 guidance
- **Average cost per UFB2 premises connected: $1,226*** vs $1,200 - $1,350 guidance

* excludes layer 2 and includes standard installations, some non-standard single dwellings and service desk costs

Fibre connections & layer 2 capex	H1 FY21	H2 FY20	H1 FY20
Layer 2	$17m	$19m	$12m
Premium business fibre connections	$3m 700 connections	$4m 700 connections	$6m 1,000 connections
Single dwelling units and apartments	$102m 90k connections	$75m 68k connections	$98m 99k connections
Backbone build: multi-dwelling units and rights of way	$24m 3.5k completed	$29m 4.5k completed	$39m 6.5k completed
TOTAL SPEND	**$146m**	**$127m**	**$155m**

Capex: Copper and Common

Copper capex	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
Network sustain	14	16	15
Copper connections	1	0	1
Copper layer 2	2	4	3
Product	0	0	0
Customer retention costs	6	6	10
Subtotal	**23**	**26**	**29**

> continuing to trend down as connections reduce

Common capex	H1 FY21 $m	H2 FY20 $m	H1 FY20 $m
Information technology	22	23	20
Building & engineering services	8	9	8
Other	0	0	0
Subtotal	**30**	**32**	**28**

> lifecycle upgrades for IT infrastructure

Sustaining capex

$93m of H1 FY21 capex was sustaining

- Sustaining capex is defined as total capex excluding:
  - UFB communal & future footprint expansion
  - Fibre connections & greenfield growth
  - Customer retention spend (incentives related)
- Exclusions within H1 FY21 Capex of $353m were:

▪ UFB communal	$86m
▪ Footprint expansion (West Coast)	$14m
▪ Fibre connections	$129m
▪ Greenfield growth	$23m
▪ Customer retention	$8m
Exclusions sub total	$260m
H1 FY21 Sustaining Capex	**$93m**

- Fibre sustaining capex is expected to increase over time as the asset ages

Fibre capex: sustaining	H1 FY21	FY20 $m
Layer 2	17	31
Fibre products & systems	8	14
Other fibre connections	10	20
Customer retention costs*	5	7
Subtotal	**40**	**72**

Copper capex: sustaining	H1 FY21	FY20 $m
Network sustain	14	31
Copper connections	1	1
Copper layer 2	2	7
Customer retention costs*	6	15
Subtotal	**23**	**54**

Common capex: sustaining	H1 FY21	FY20 $m
Information technology	23	43
Building & engineering services	7	17
Subtotal	**30**	**60**

*Relates to provisioning, systems and service desk costs

FY21 guidance summary

EBITDA: **$640m to $660m** (no change – tracking towards lower half)

- subject to no material changes in expected regulatory and competitive outlook
- includes ~$10m allowance for ongoing COVID-19 impact and broader economic uncertainty

CAPEX (unchanged components)

- **$125m-$145m** spend for UFB2 communal: tracking to top end as rollout ahead of schedule
- **UFB1 CPPC $1,025 - $1,175***
- **UFB2 CPPC $1,200 - $1,350***

  *excluding layer 2 and including standard installations and some non-standard single dwellings and service desk costs
- **Copper $35m-$55m (no change)**
- **Common $50m-$65m (no change)**

Gross capex: **$670m to $700m**

(**increased** from $630m to $670m)

> **Fibre $560m to $590m**
> (**increased** from $530m to $560m)

- greenfields demand ahead of expectations
- **$285m-$305m** fibre connections & layer 2 (**increased** from $275m-$295m)

  based on mass market 170,000–190,000 fibre connections, 7,000 backbone builds and including service desk costs

  Note: prior guidance based on mass market 145,000 – 165,000 fibre connections, 9,000 backbone builds and including service desk costs

FY21 interim dividend

10.5cps, fully imputed

- supplementary dividend of **1.85cps** payable to non-resident shareholders
- **record date**: 16 March 2021
- **payment date**: 13 April 2021
- **Dividend Reinvestment Plan** applies with 2% discount to prevailing market price; open to New Zealand and Australian resident shareholders

FY21 dividend guidance

25cps, subject to no material adverse changes in circumstances or outlook

> from FY22 we will transition to a dividend policy based on a pay-out range of free cash flow
  - free cash flow will be defined as net cash flows from operating activities minus sustaining capex

> dividend levels through the transition period will reflect the following considerations:
  - maintenance of a BBB credit rating
  - UFB related capital expenditure remains elevated initially, reducing as the UFB rollout winds down (ends Dec 2022)
  - fibre connection spend tapers off gradually, subject to ongoing demand and timing of copper migration in selected areas
  - copper capex is declining as connections reduce

Net debt/EBITDA

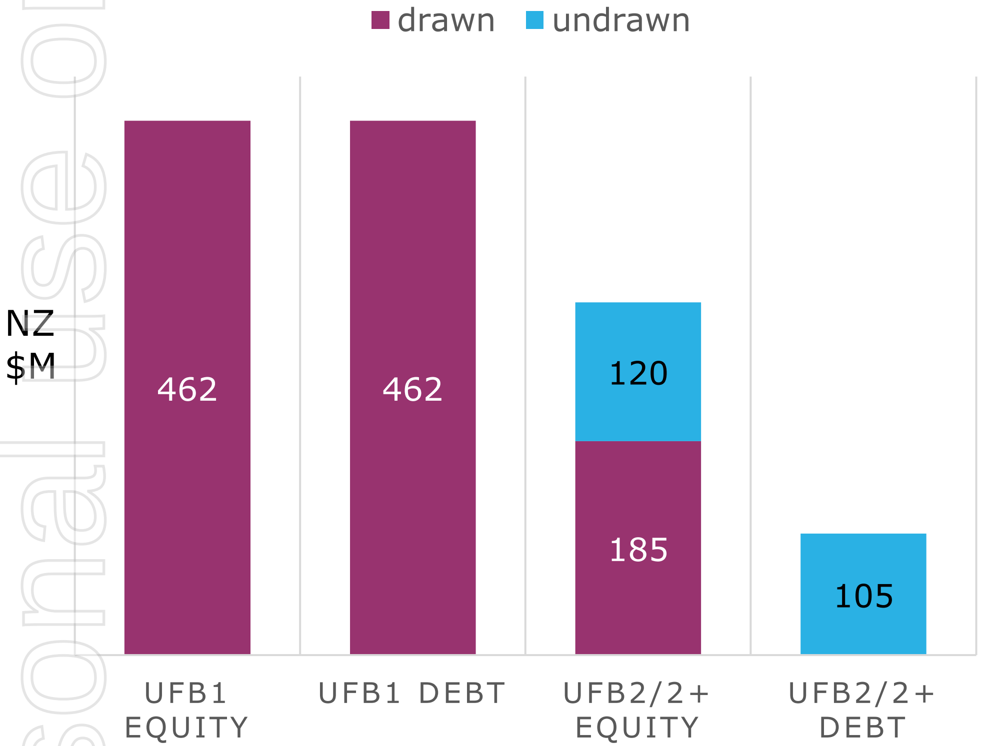
	As at 31 Dec 2020 $m
Borrowings	2,599
+ PV of CIP debt securities (senior)	191
+ Net leases payable	271
Sub total	3,061
- Cash	268
Total net debt	**2,793**
Net debt/EBITDA*	4.37 times

*Based on S&P and bank covenant methodologies

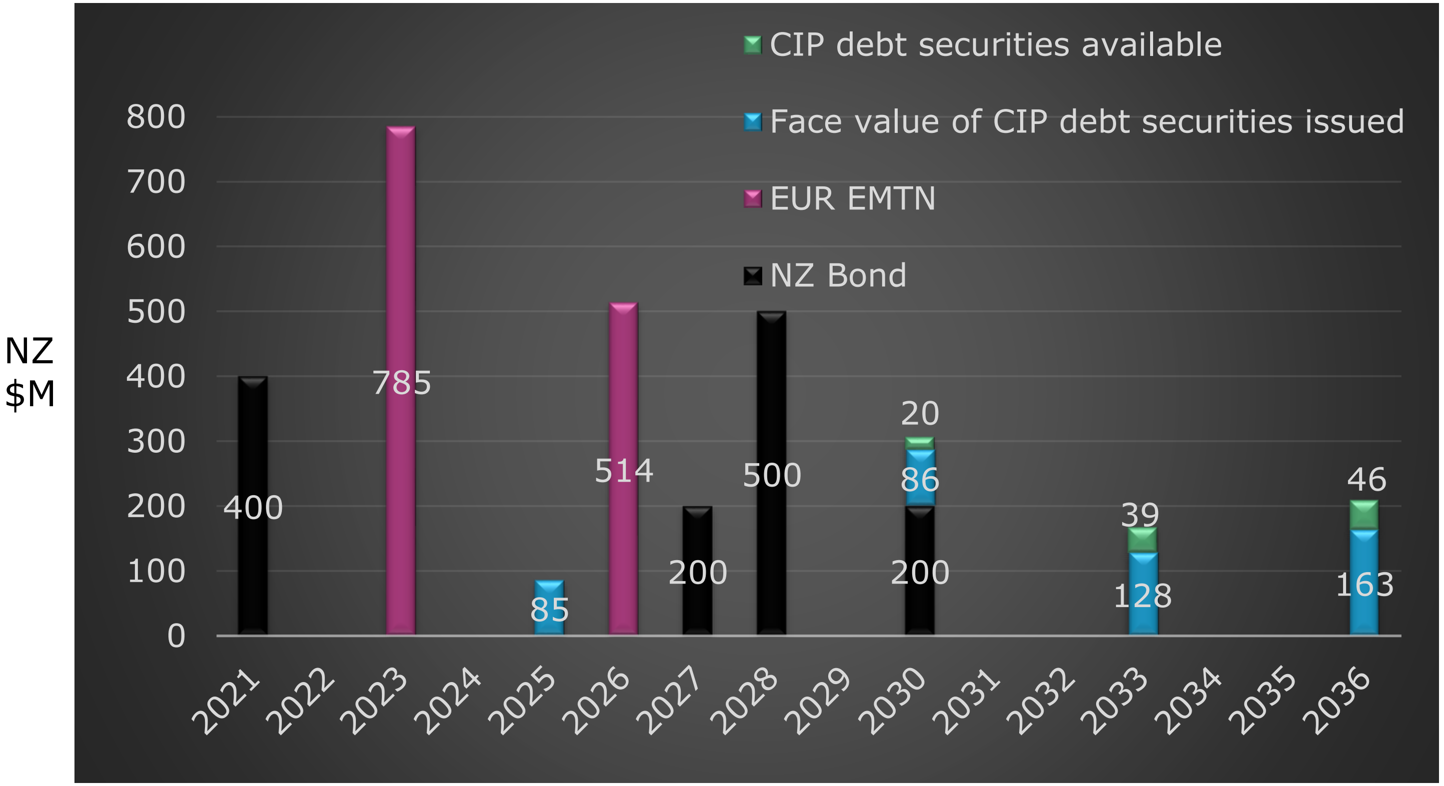
- Higher H1 FY21 gearing, driven mostly by UFB2 rollout tracking ahead of schedule vs CIP funding regime; increased investment in installations and one-off impact of RSP payment timing
- No change to ratings agency thresholds:
  - **S&P 4.25x** on a sustained basis
  - **Moody's** intend to review **4.2x** threshold once there is further clarity on regulatory framework and portion of revenue regulated
- **Financial covenants** require senior debt ratio to be no greater than **4.75 times**
- The Board considers that a 'BBB' credit rating or equivalent credit rating is appropriate for a company such as Chorus.

Crown financing and debt profile

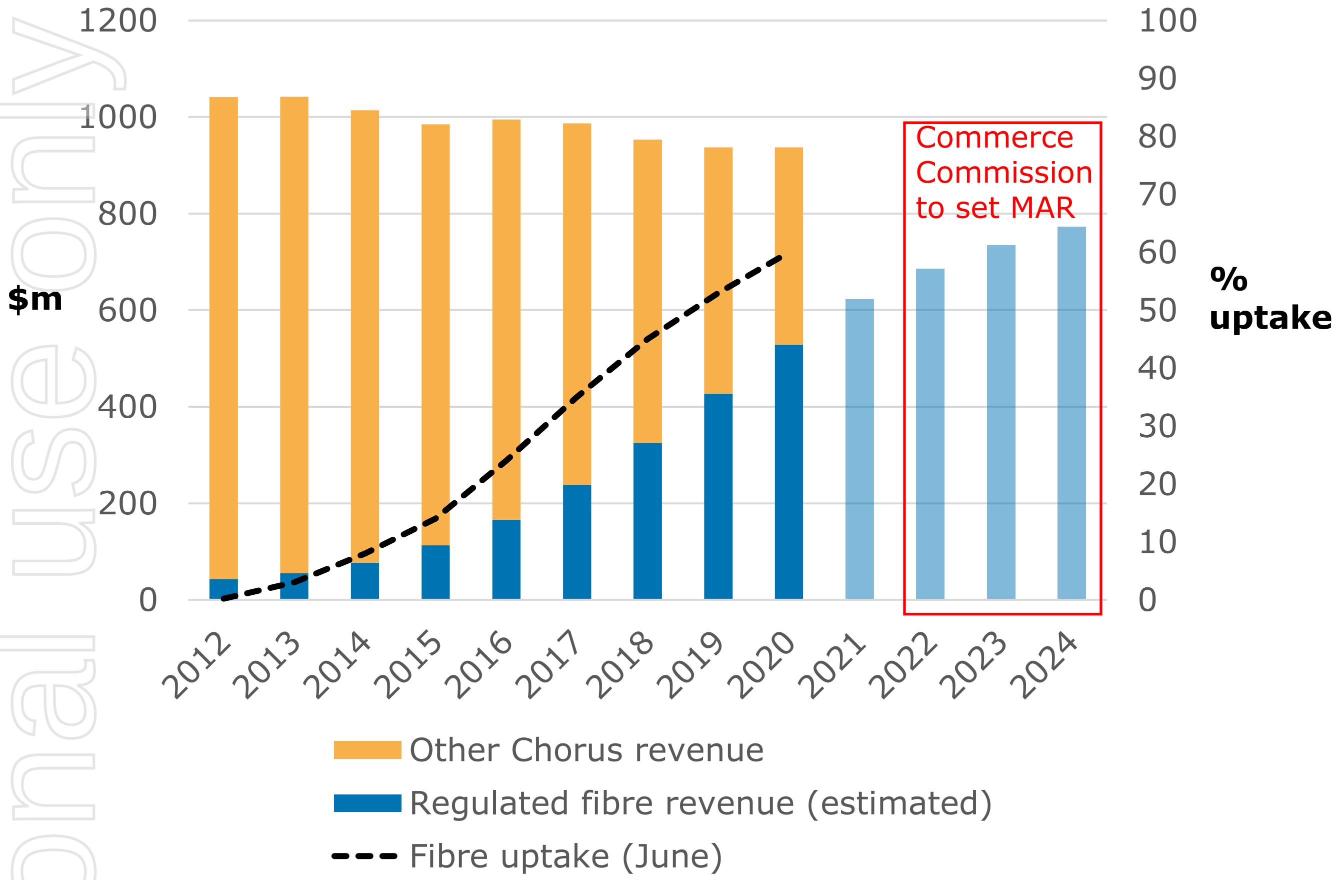
> **up to $1.33 billion CIP financing available by 2023 (57:43 equity/debt)**
> **$1,109m drawn at 31 Dec 2020**



> At 31 December, debt of $2,599m comprised:
- Long term bank facilities of $350m (undrawn)
- NZ bonds: $1,300m
- Euro Medium Term Notes $1,299m (NZ$ equivalent at hedged rates)



Chorus regulated fibre revenues



- Based on input methodologies criteria, we estimate regulated fibre revenue (PQ FFLAS) of:
  - ~$480m in FY20
  - ~$270m in H1 FY21
- The chart shows Regulated fibre revenues vs Other revenue for calendar years 2012-2020
  - excludes capital contributions (e.g. greenfields) and FFLAS in LFC areas
- 2021-2024 regulated fibre revenues reflect current Board approved business plan, based on fibre uptake trend and target of 1m connections in 2022
- Chorus should under-earn the MAR in first regulatory period (RP1) given:
  - incentive to invest in better consumer outcomes
  - ~70% of connections are on the 100Mbps anchor product, with pricing capped at CPI over RP1
  - fibre uptake is expected to still be growing
  - the starting RAB will include a significant financial loss asset

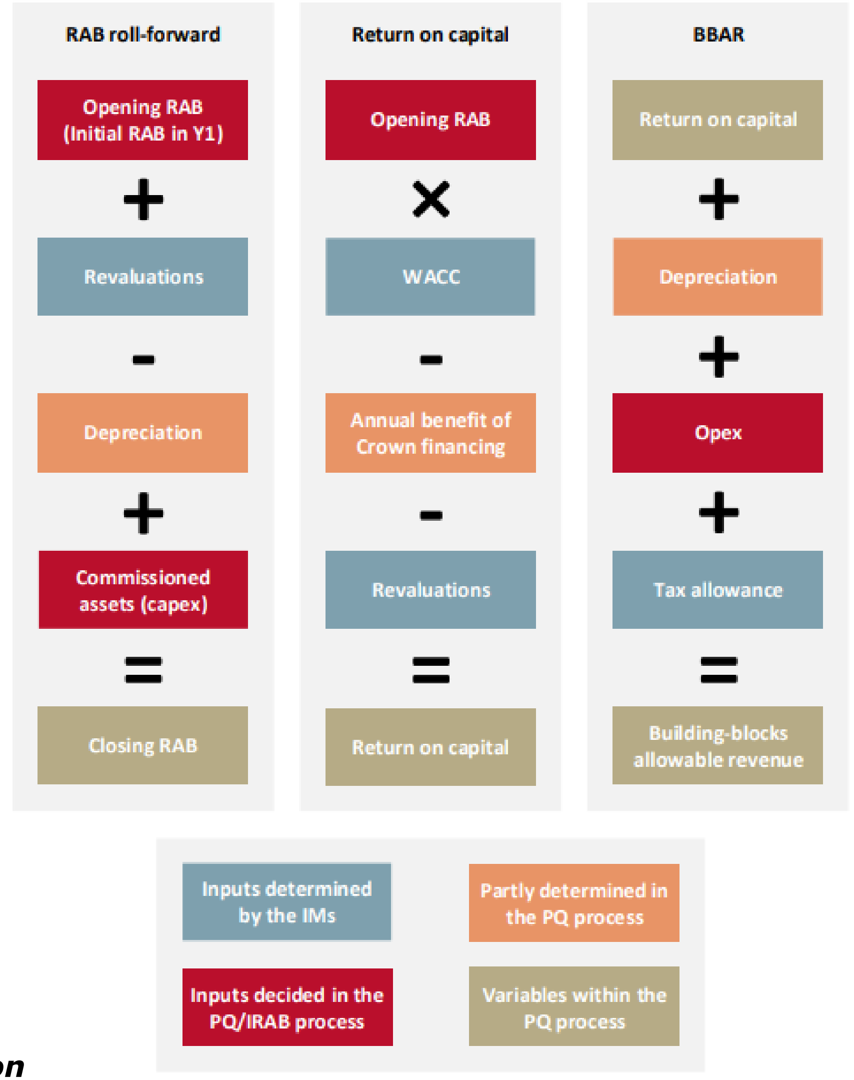
Note: Assessment of FFLAS revenue is based on final Input Methodologies. Subject to completion of Commerce Commission process.

Input methodologies key parameters

	Pre January 2022 period (financial loss asset)	First regulatory period
Risk free rate	5-year rate, 1 month average, calculated as at middle of year, or mid each part year for 2012 and 2021	3-year rate, 3 months average, calculated as at 1 June 2021
TAMRP	7% until Oct 2020 then 7.5%	7.5%
Debt risk premium	BBB, 7-year term, 1 month average	BBB, 5-year term, 5-year trailing average
Leverage	29%	29%
Debt issuance cost	0.14%	0.33%
Asset beta	0.5	0.5
WACC uplift	none – 50^{th} percentile	none – 50^{th} percentile
Asymmetric stranding risk	no allowance	10 basis points
Crown financing	Financing rate reflecting Chorus' actual senior debt/subordinated debt/equity mix	Financing rate reflecting Chorus' actual senior debt/subordinated debt/equity mix

Regulatory timetable

Draft decisions	Q2 2021	ID draft decision
		Chorus transitional PQ initial RAB draft decision
		PQ draft decision
		Submissions on all draft decisions
		Cross-submissions on all draft decisions
Final decisions	Q3 to Q4 2021	PQ WACC determination
		Final decision on Chorus expenditure
		Final PQ decision
		Final ID decision
Post-final implementation	2022	Disclosure of the initial RABs
		Determination of the financial loss asset

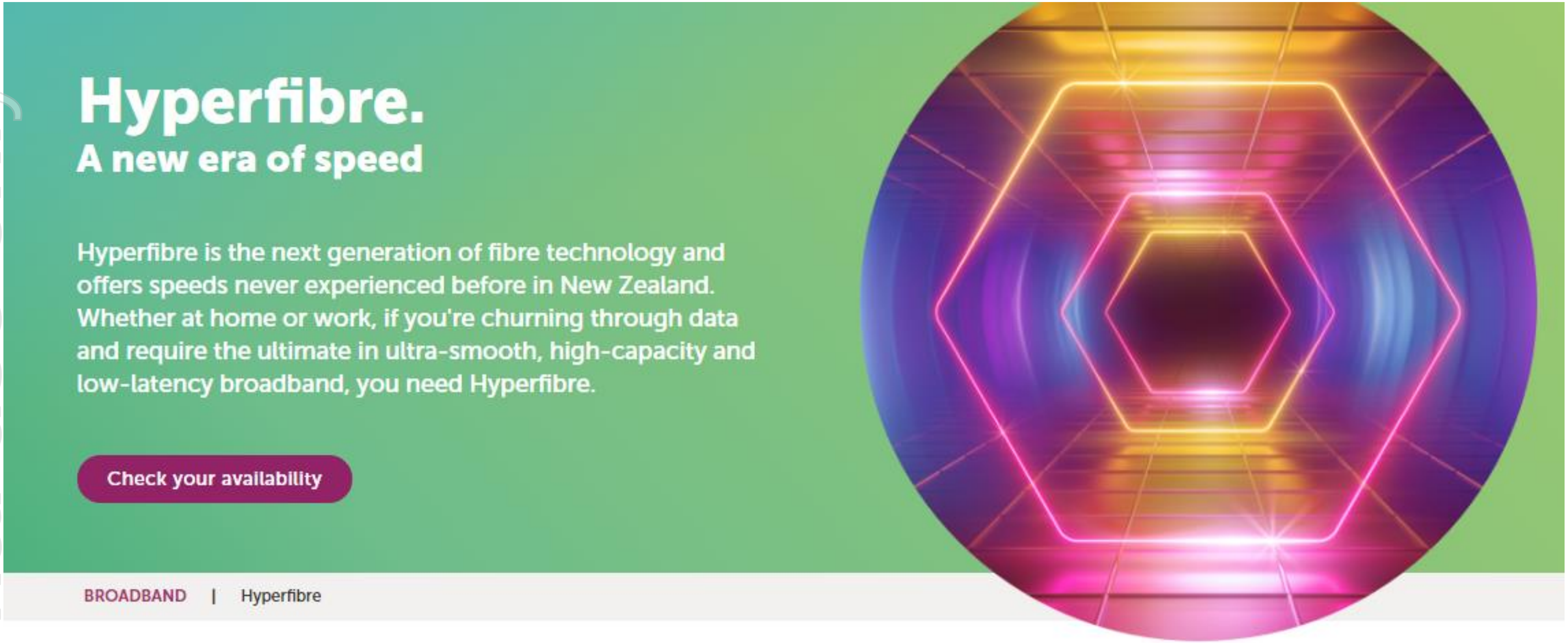


Source: Commerce Commission

A gigabit head start

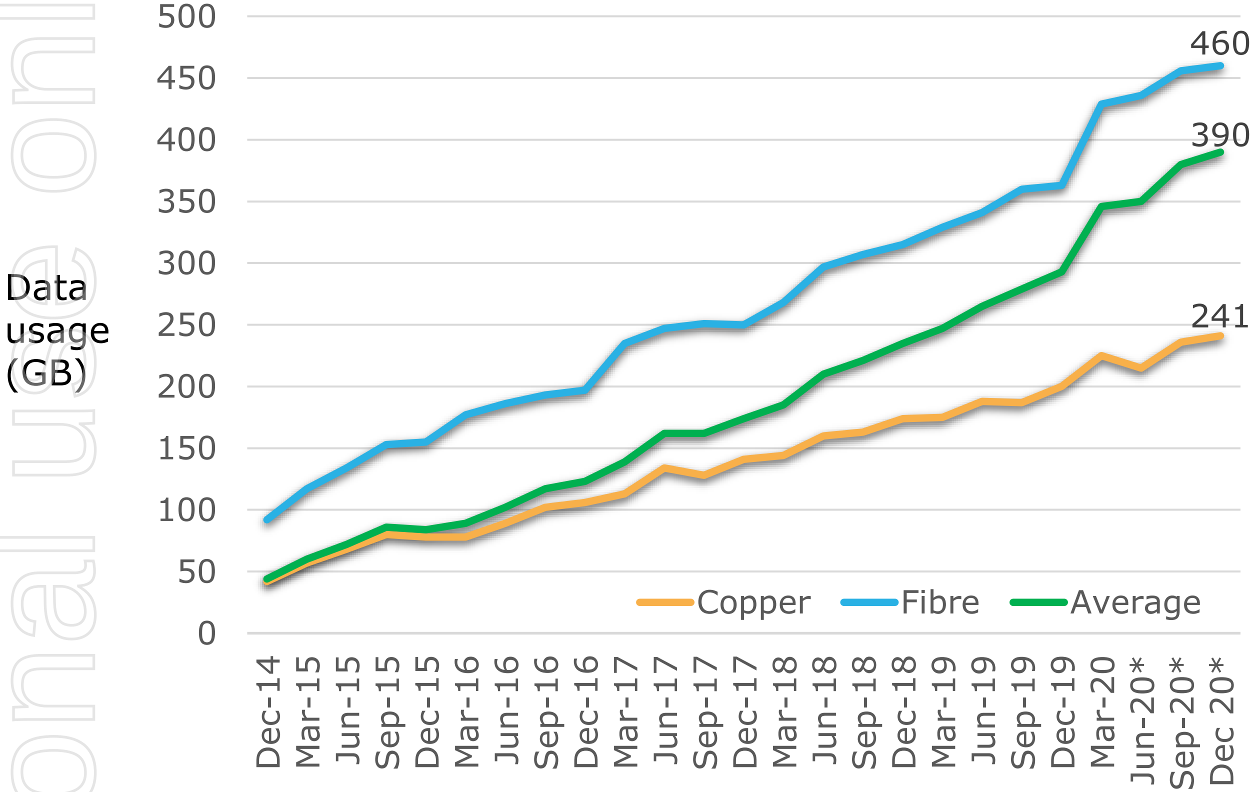
JB Rousselot, Chief Executive Officer

H1 FY21 RESULT PRESENTATION
22 February 2021


Hyperfibre.
A new era of speed
Hyperfibre is the next generation of fibre technology and offers speeds never experienced before in New Zealand. Whether at home or work, if you're churning through data and require the ultimate in ultra-smooth, high-capacity and low-latency broadband, you need Hyperfibre.
Check your availability
BROADBAND | Hyperfibre

Monthly average data usage on fibre 460 gigabytes

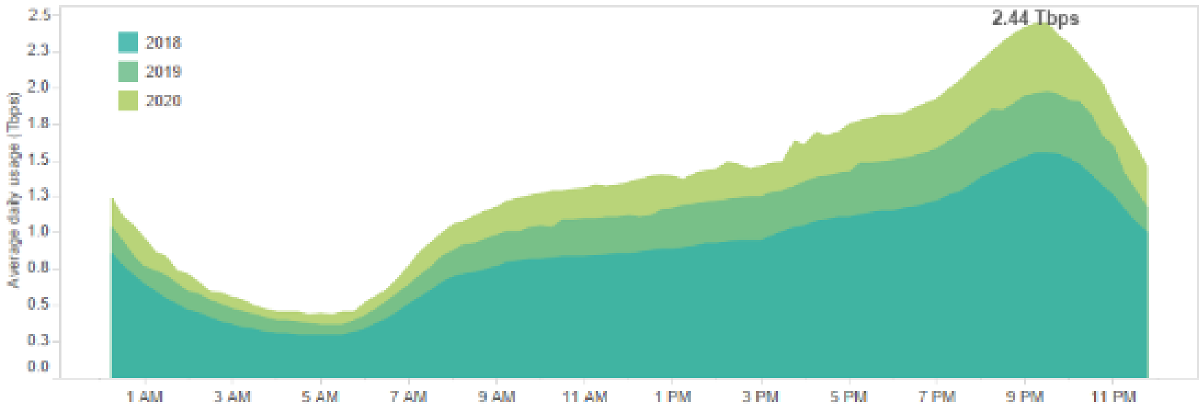
Monthly average data usage per connection on our network*



* includes upstream traffic from June 2020 onwards

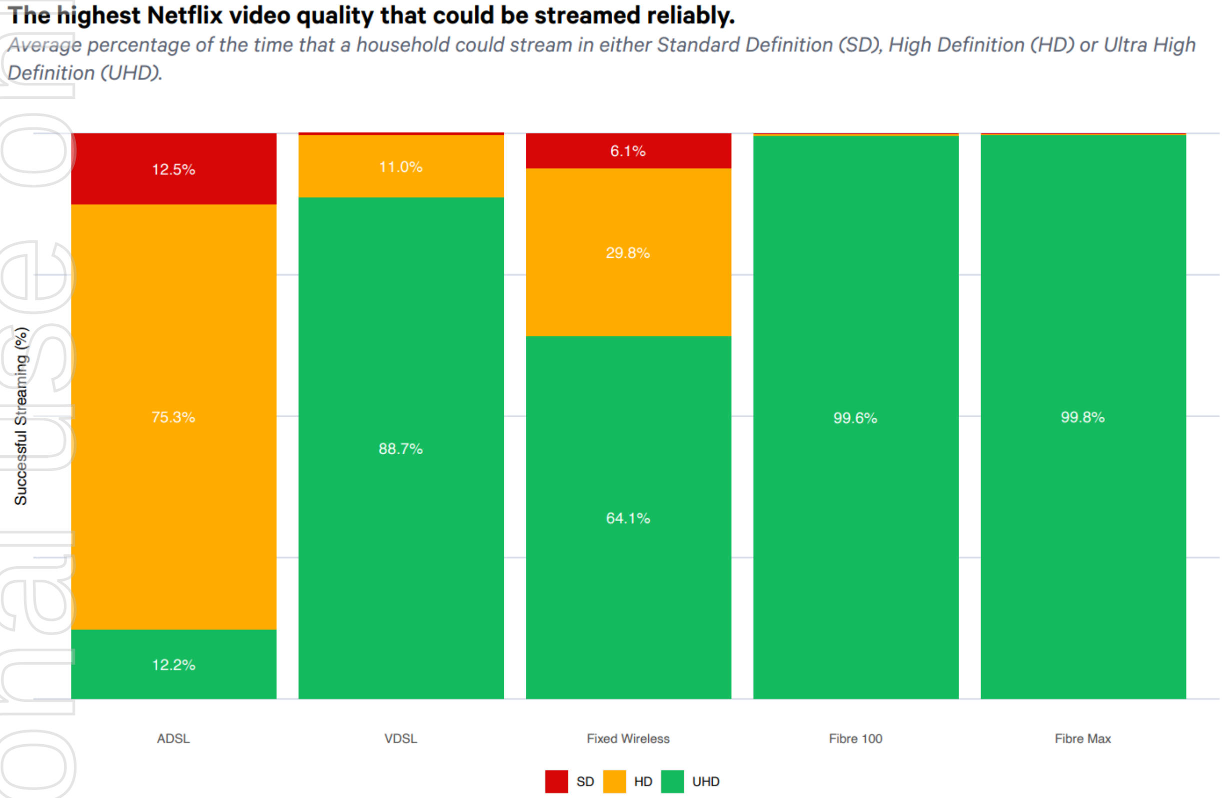
> monthly average data usage per connection on our network grew to **390GB** in December, up from 380GB (Sept)
  - **460GB** on fibre (Sept:456GB)
  - **241GB** on copper (Sept:236GB)

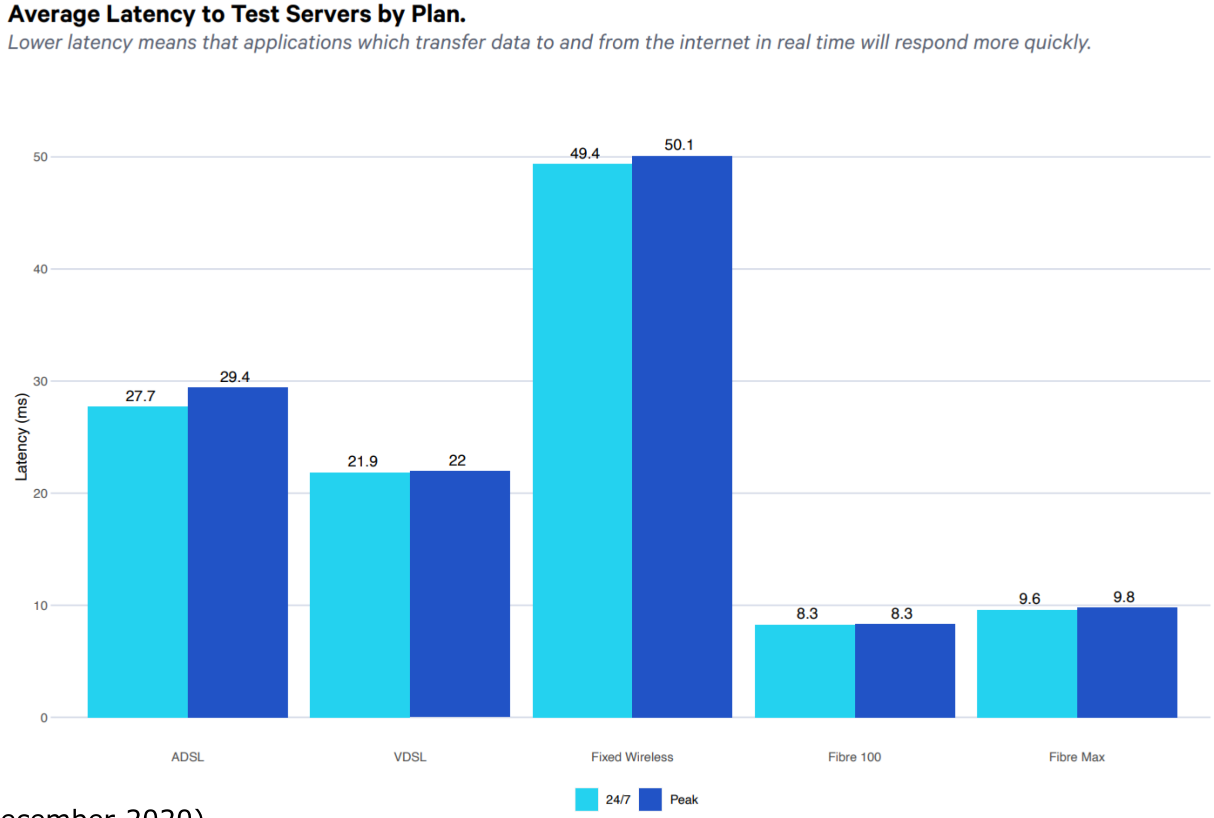
> Average peak throughput on our network at peak time (~9pm) was 2.44Tbps, up from 1.96Tbps in December 2019



Commission reporting shows fixed line reliability

Fibre is unmatched for UHD streaming and lowest latency





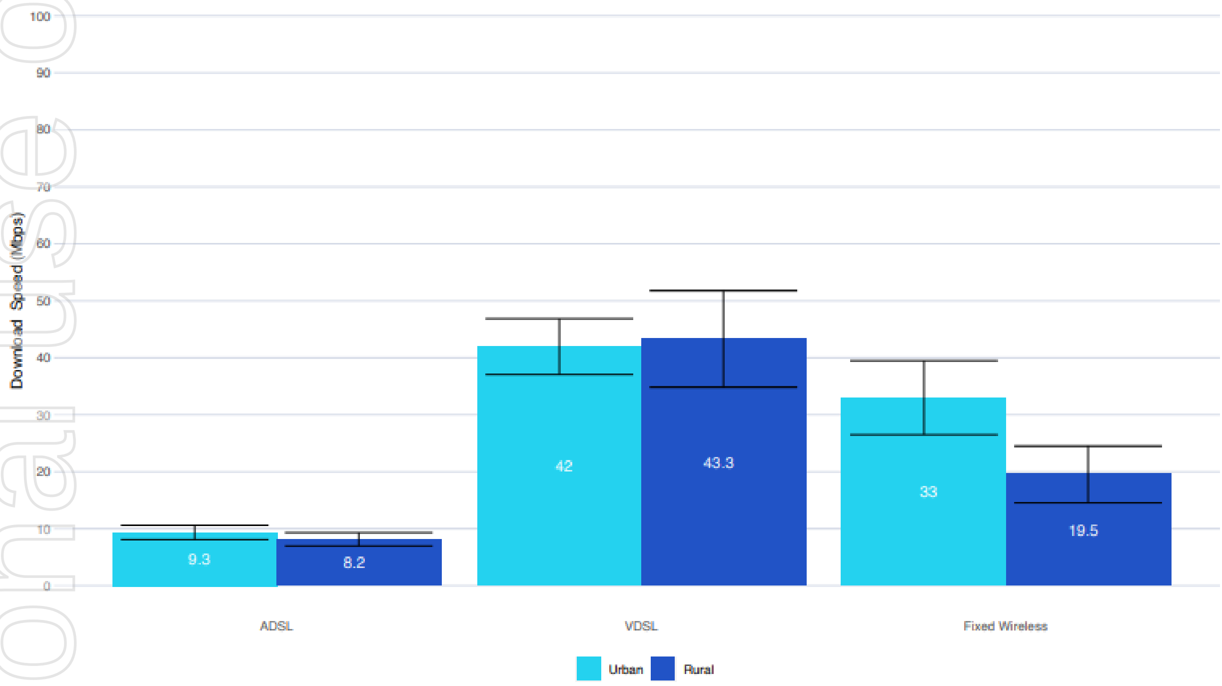
Source: Commerce Commission, *Measuring Broadband New Zealand*, Spring Report (December 2020)

Commission report: VDSL outperforms fixed wireless

- The Commerce Commission's *Measuring Broadband New Zealand*, Spring Report (December 2020) showed copper VDSL services outperformed fixed wireless on key measures such as download speeds and latency

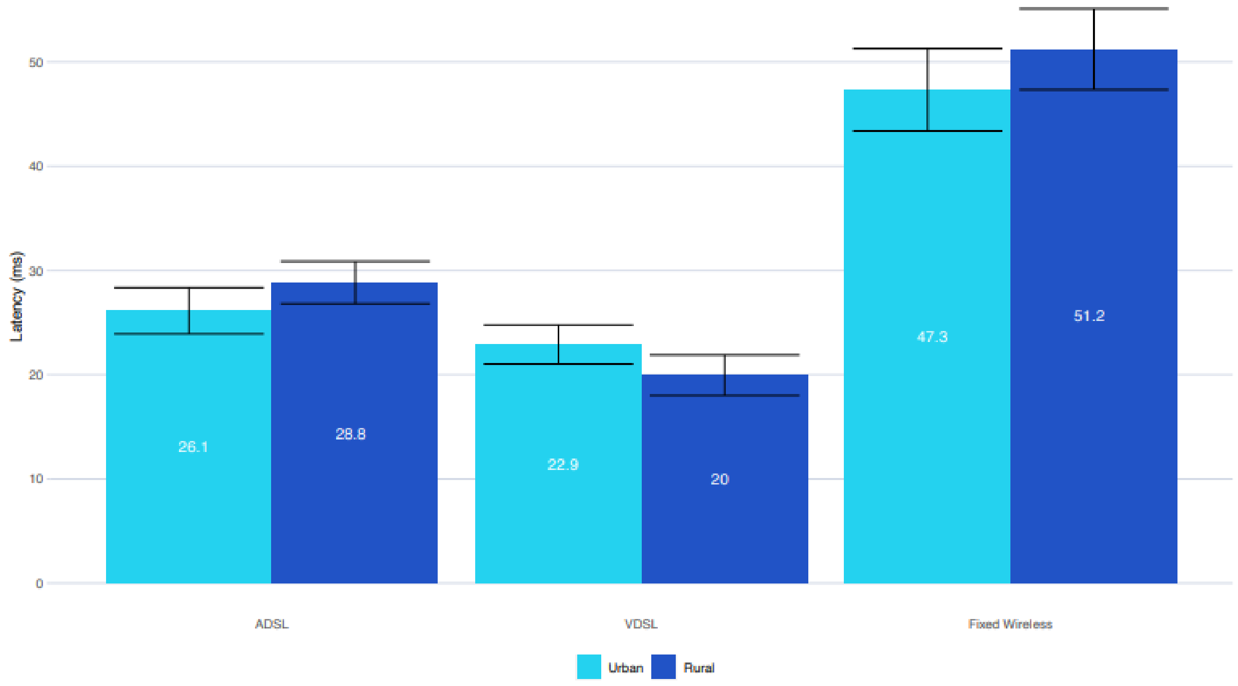
Download speeds for Copper and Fixed Wireless plans across urban and rural areas.

Average of household averages. Error bars indicate 95% confidence intervals of the mean.



Latency to test servers for Copper and Fixed Wireless plans. Lower is better.

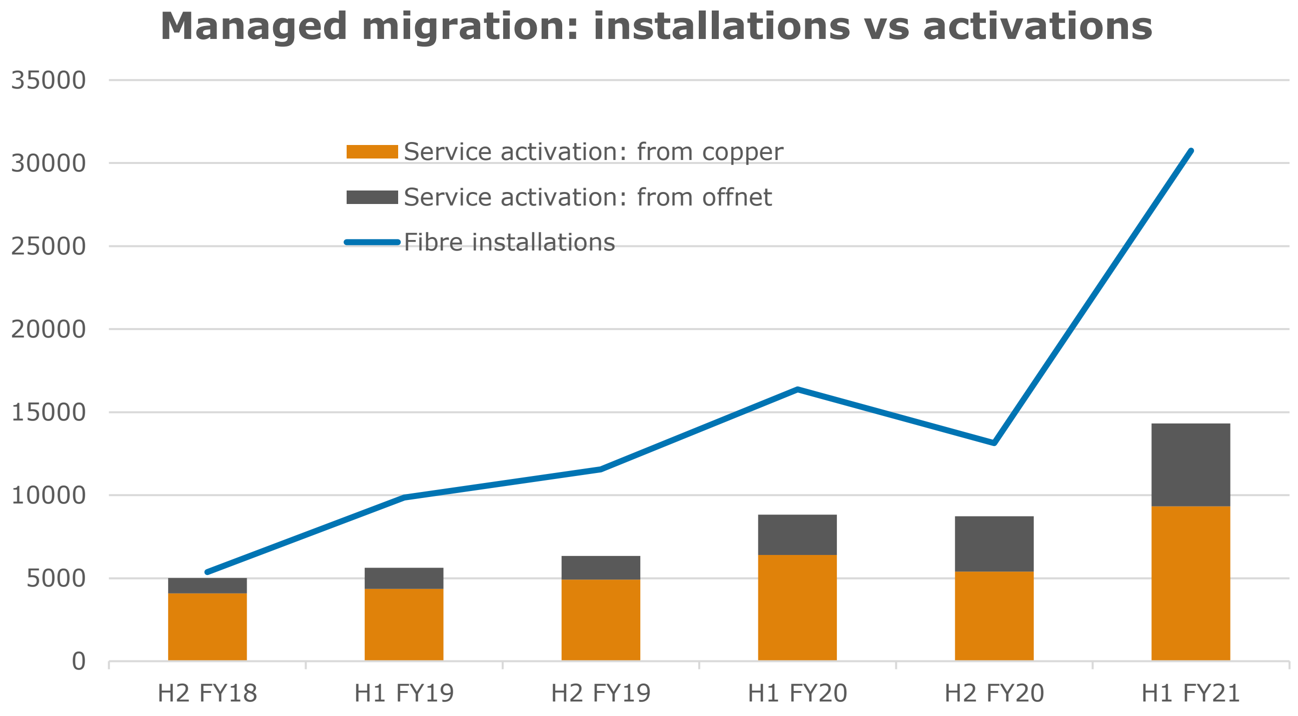
Average of household averages. Error bars indicate 95% confidence intervals of the mean.



1. Winning in our core fibre business

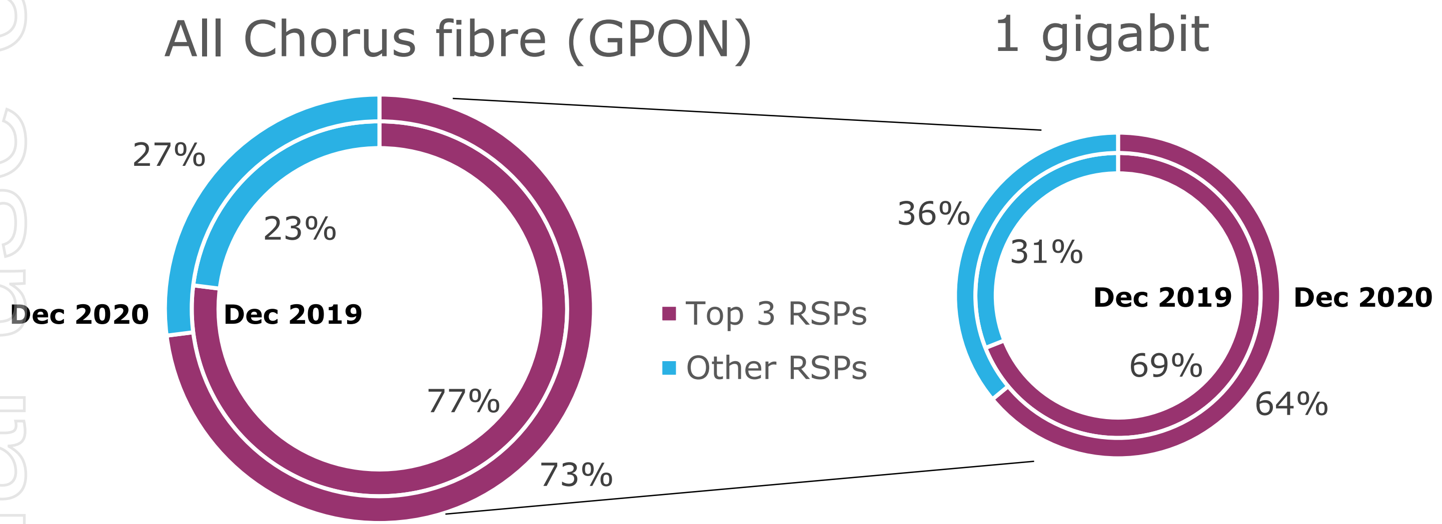
Managed migration programme lifting uptake

- migration programme has moved from RSP-led campaigns initially to Chorus door knocking and targeted incentives
- ~30% of programme generated activations have come from offnet addresses
- 5k offnet activations through migration programme in H1
- continuing to see ~50% of managed migration ONT installations activate within 6 months



Diversifying retail market and products

Smaller RSPs gaining greater share in 1 gigabit



- **Flip** (Vocus) $15 per week 'budget' 50Mbps fibre, unlimited data
- **2degrees** *Work from Home Fibre*
- **Vodafone** *wall-to-wall Wifi*
- **Sky TV** to enter broadband market

Continuing to refine our active wholesaler focus

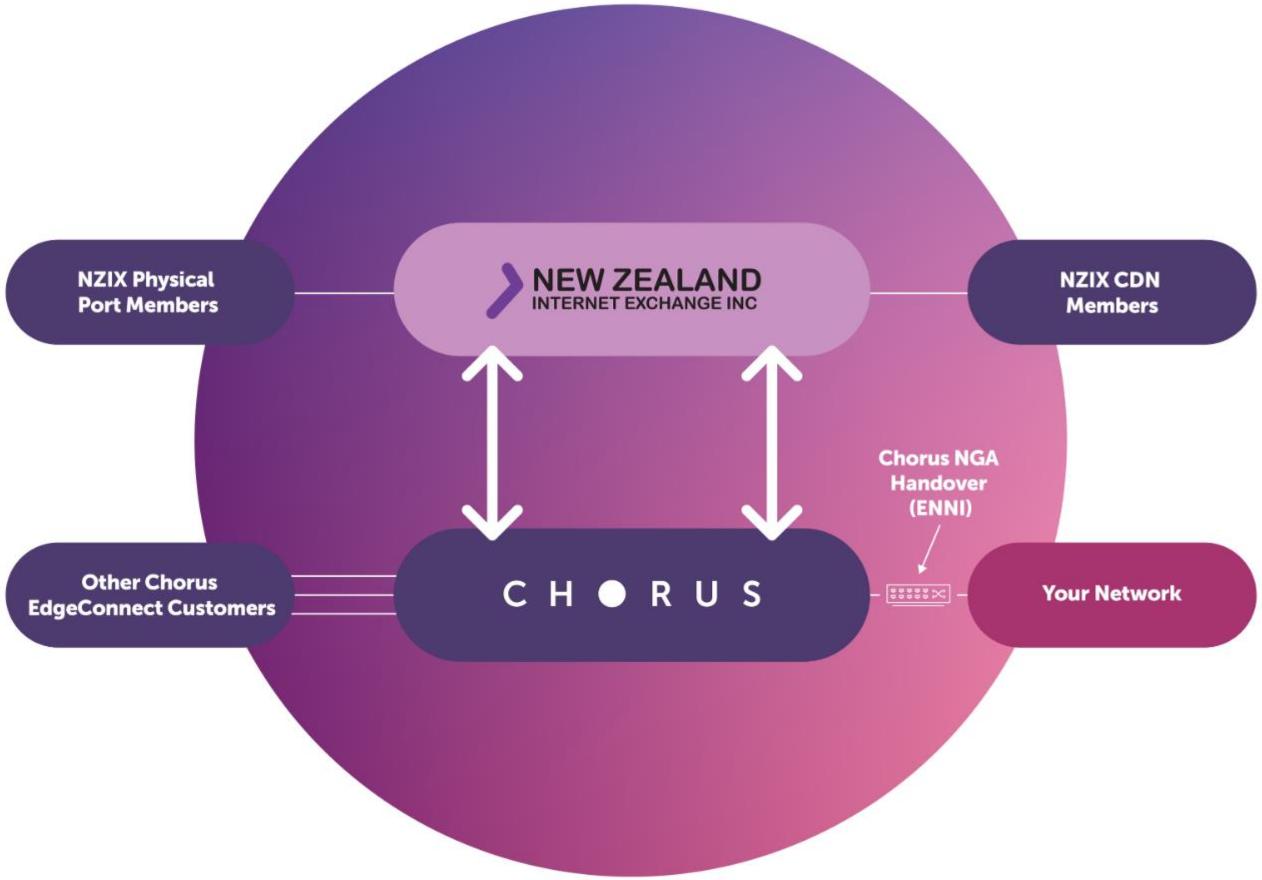
> **migration and winback incentives**
- upweighting retailer incentives based on customer segment, plan and volumes (up to $300 for targeted copper 'late adopters'; up to $600 for winback of offnet connections)

> **localised marketing campaigns**
- targeted activity and advertising in UFB1 areas with lower uptake

> **new Basic Fibre offer**
- one-off $104 credit to RSPs that offer 50Mbps connections at a stand alone retail price point of $60 or less (incl GST)
- must be a new fibre connection

> **Tenancy law change**
- landlords must agree to free fibre installation, unless specific exemptions apply

2. Grow new revenues



3. Optimise non-fibre assets

> **Copper Withdrawal Code enables initial trials of copper migrations to begin from September**
- initial trial migration to focus on only 30 cabinets with ~250 customers
- subject to initial results, trial to be extended to ~400 cabinets within 12 months
- trials affect less than 1% of remaining copper customers

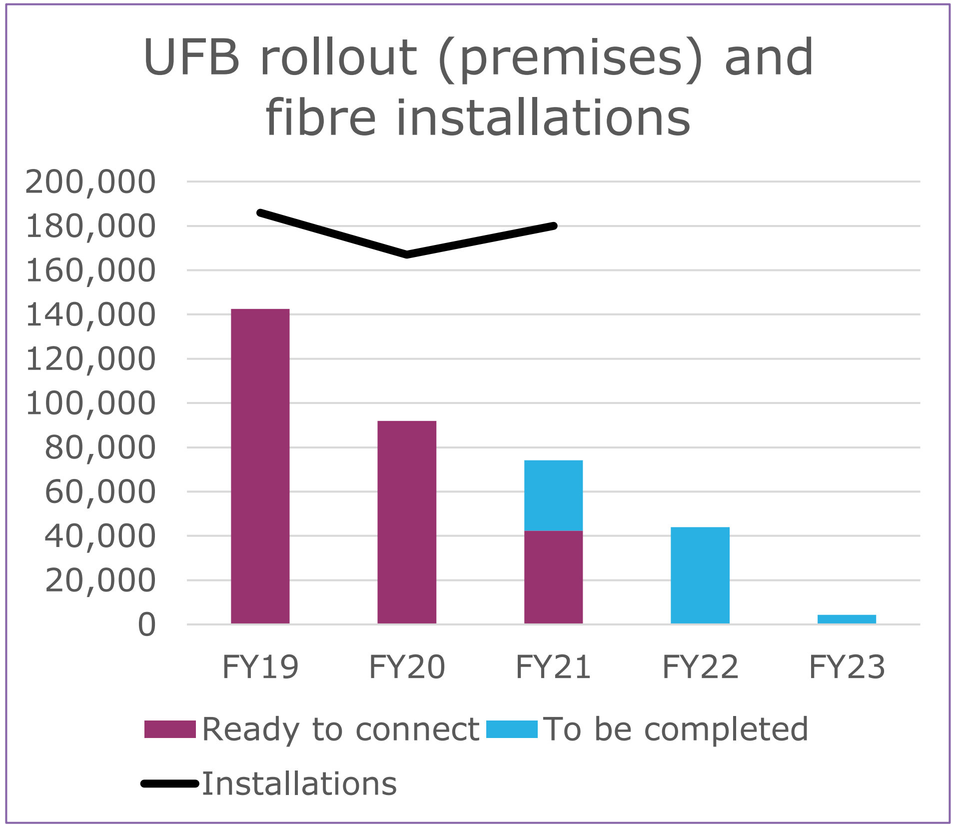
> **Programme to reduce network footprint**
- 7 more property/lease sites exited (FY20: 20 sites)
- reviewing radio network site requirements
- rationalising network equipment in Spark exchanges (leased space)

4. Develop long term future of the business

Defining our new operating model

> **Rapidly moving from build to operate**
- UFB rollout volume reducing quickly
- fibre installation activity still high but will reduce
- fault handling increasingly automated as RSPs utilise new digital channels for fibre
- regulatory outcomes will also shape business

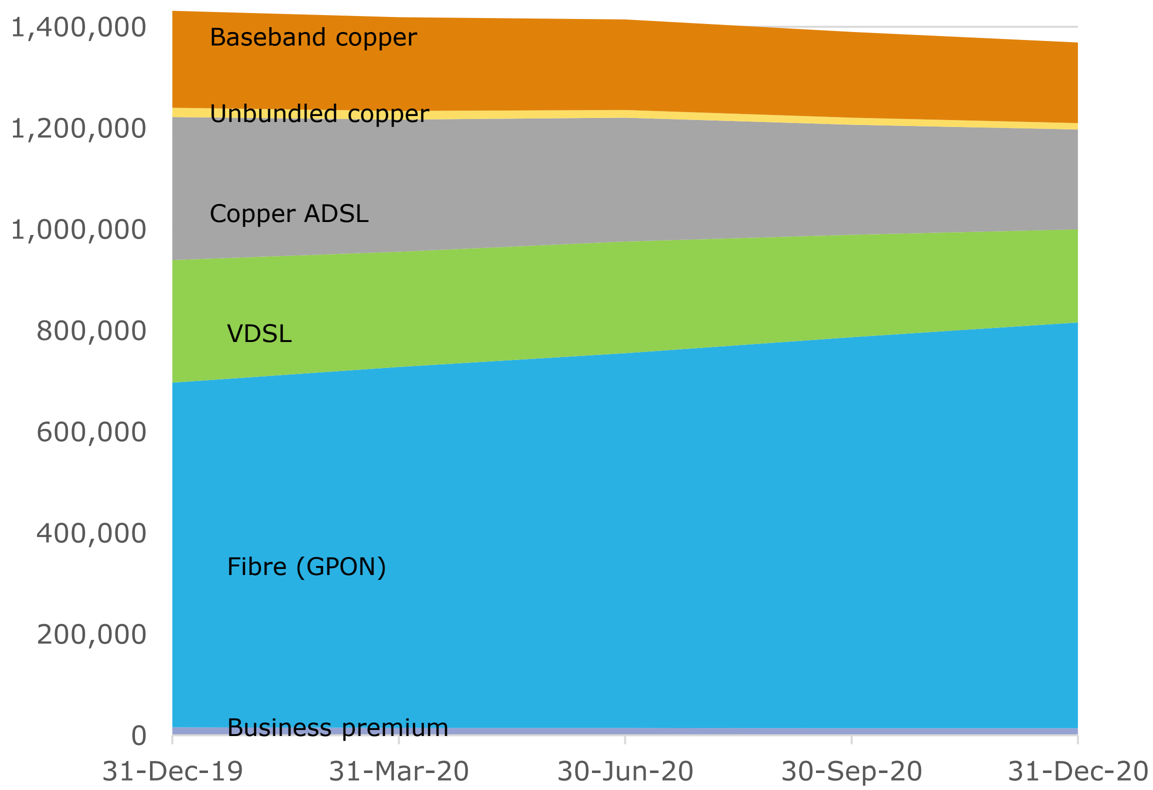
> **Changes already underway**
- recruitment freeze in place
- smaller Executive team
- employees working remotely 2-3 days on average
- Technology and other teams adopting Agile practices



Realising New Zealand’s gigabit advantage

Appendix A: Connection and market trends

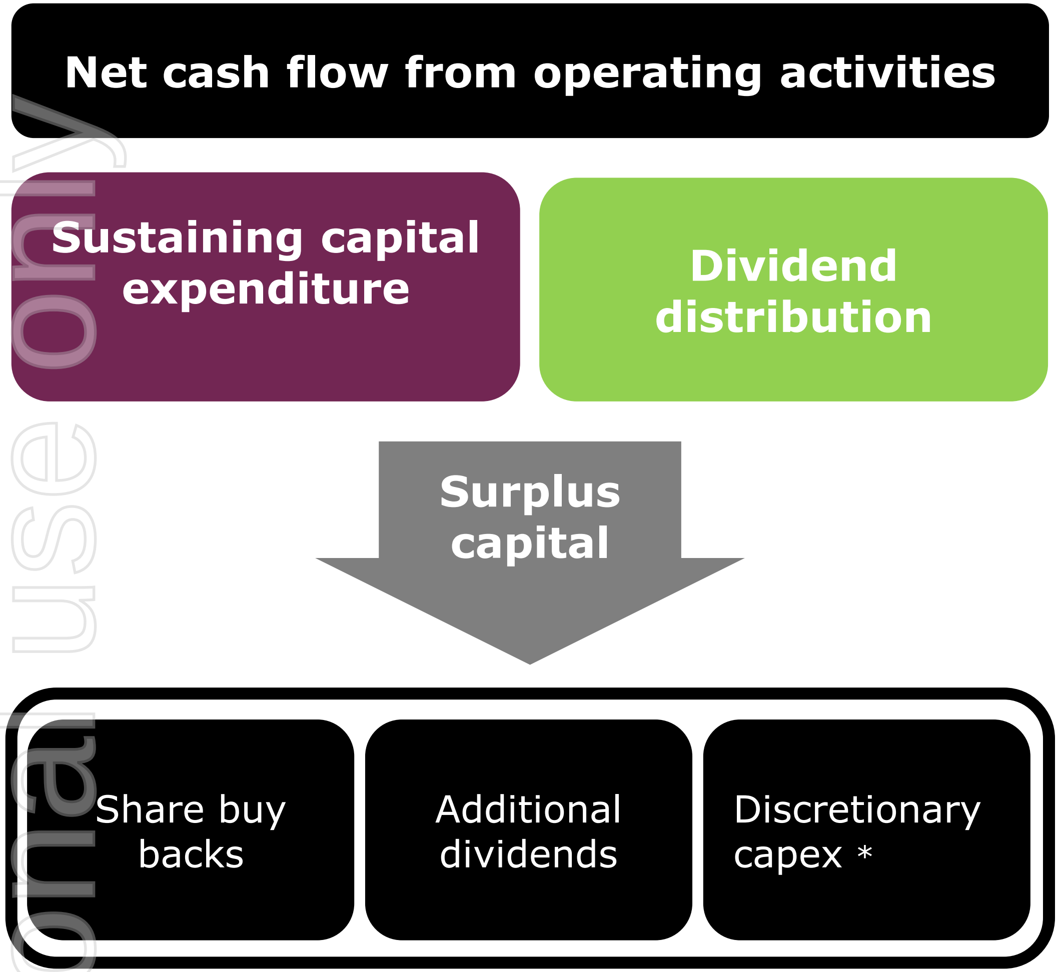
	31 Dec 2019	31 March 2020	30 June 2020	30 Sept 2020	31 Dec 2020
Unbundled copper (no broadband)	18,000	17,000	15,000	14,000	13,000
Baseband copper (no broadband)	192,000	185,000	179,000	169,000	159,000
Copper ADSL (includes naked)	283,000	261,000	245,000	218,000	197,000
VDSL (includes naked)	242,000	228,000	221,000	202,000	184,000
Fibre broadband (GPON)	681,000	713,000	740,000	773,000	802,000
Data services (copper)	4,000	4,000	4,000	3,000	3,000
Fibre premium (P2P)	12,000	11,000	11,000	11,000	11,000
Total connections	1,432,000	1,419,000	1,415,000	1,390,000	1,369,000



> **1,183,000 broadband connections comprises:**
- 802,000 fibre (GPON) connections
- 381,000 VDSL/ADSL (copper) connections

Note: 11,000 free education connections are excluded from this data

Appendix B: FY22 capital allocation framework

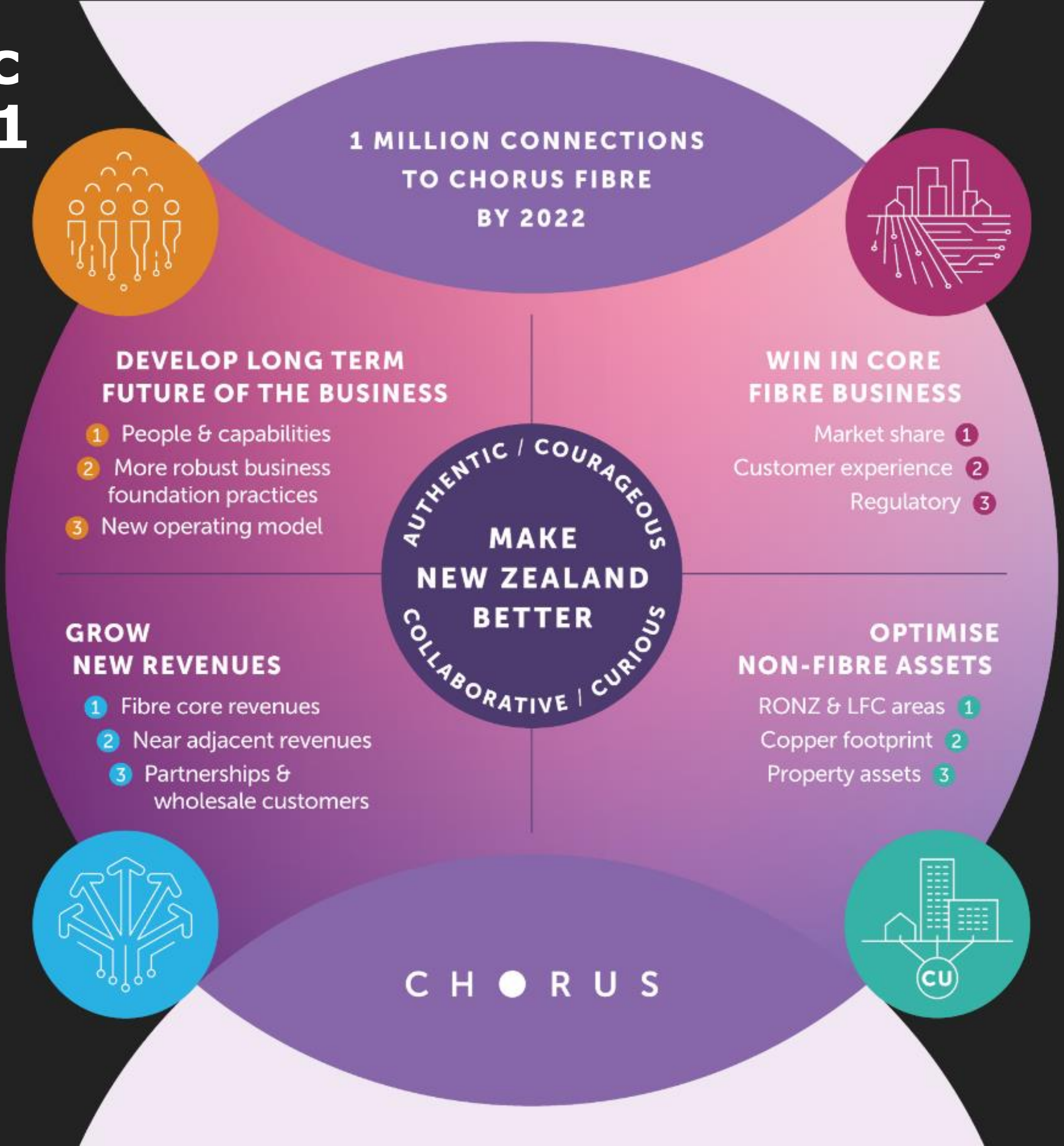


> **Transition from FY22 to dividend distribution based on pay-out range of free cash flow to reflect**:
- a focus on providing shareholders with dividend predictability, stability and sustainable growth
- comparable Australasian infrastructure and utility-like businesses that pay out the majority of FCF
- robust management of sustaining capital expenditure
- transition period based on completion of UFB2 communal by December 2022 and ongoing tapering of connection capex

> **Surplus capital after dividend to be allocated based on maximising shareholder value, and guided by**:
- debt levels consistent with existing credit rating, noting potential re-gearing from any relaxation of rating thresholds
- discretionary capex will only be pursued where:
  - greater shareholder value is created compared to share buy backs and/or additional dividends; and
  - regulatory incentives are appropriate (e.g. regulatory WACC vs Chorus WACC)

* Examples include fibre footprint expansion, greenfield connections & customer retention spend

Our strategic focus in FY21



Half Year Results

For the six months ended 31 December 2020

CHORUS

Half year result overview

Fixed line connections[1]

HY21	FY20
1,369,000	1,415,000

Broadband connections[1]

HY21	FY20
1,183,000	1,206,000

Fibre connections[1]

HY21	FY20
813,000	751,000

Dividend

HY21	HY20
10.5cps	10cps

EBITDA[2]

HY21	HY20
$323m	$332m

Net profit after tax

HY21	HY20
$24m	$31m

1 Excludes free education connections provided as part of Chorus' COVID-19 response.
2 Earnings before interest, income tax, depreciation and amortisation (EBITDA) is a non-GAAP profit measure. We monitor this as a key performance indicator and we believe it assists investors in assessing the performance of the core operations of our business.

HY21 Management commentary

We report earnings before interest, income tax, depreciation, and amortisation (EBITDA) of $323 million for the six months ending 31 December 2020 (HY21). This was a decrease of $9 million on the same six months in FY20 (HY20), largely reflecting the continued migration of customers on legacy copper services to alternative networks, particularly in non-Chorus fibre network areas. In addition, our COVID-19 response constrained HY21 revenues and HY20 revenues included the benefit of a one-off legal settlement. Expenses reduced slightly with ongoing tight control of discretionary expenditure helping offset cost inflation. Net earnings decreased by $7 million compared to HY20. Depreciation and amortisation expenses continued to increase as our network asset base grew, while interest costs reduced significantly with the repayment of the GBP EMTN in April 2020. Guidance for FY21 EBITDA is maintained at $640 million to $660 million.

Operating revenue

Revenues of $473 million were down $10 million compared to HY20. HY20 included about $3 million in other revenues from favourable legal settlements.

Our COVID-19 response constrained revenues by approximately $3 million because we chose to delay the implementation of annual CPI increases on fibre broadband services from July until October. Reductions in pricing for gigabit services, however, were implemented in July. We also extended our provision of approximately 11,000 free broadband connections, for students identified by the government as lacking broadband services, through to March 2021 given the ongoing effects of COVID-19.

Broadband revenues continued to grow as more consumers transition from copper to fibre services and almost 90% of consumers are opting for plans above the entry level 50 megabit per second service. This saw average fibre monthly revenue per user grow from $48.42 to $49.66 between FY20 and HY21.

Mass market broadband connections fell from 1,206,000 to 1,183,000 across the same period. This reflected ongoing competition from alternative fibre and wireless networks, as well as the impact of COVID-19 border restrictions on net migration in HY21. Strong population growth had previously provided a positive tailwind to help offset connection losses to other networks.

Connection revenues across legacy fibre premium and copper voice and data services also continued to decline as consumers migrate to alternative services. Total connections on our network reduced by 63,000 between the two periods.

	CONNECTIONS 31 DECEMBER 2020[5]	CONNECTIONS 31 DECEMBER 2019	CONNECTIONS 30 JUNE 2020[5]
Fibre broadband (GPON)[3]	802,000	681,000	740,000
Fibre premium (P2P)[4]	11,000	12,000	11,000
Copper VDSL	184,000	242,000	221,000
Copper ADSL	197,000	283,000	245,000
Data services over copper	3,000	4,000	4,000
Unbundled copper	13,000	18,000	15,000
Baseband copper	159,000	192,000	179,000
Total fixed line connections	**1,369,000**	**1,432,000**	**1,415,000**

Expenses

Total operating expenses were $150 million in HY21, a $1 million reduction from HY20. This was achieved through a continued focus on reducing discretionary costs across the business.

Labour

Labour costs of $38 million represent staff costs that are not capitalised and is in line with the HY20 result. We had 871 permanent and fixed term employees at the end of HY21, up slightly from 862 employees at the end of HY20.

A recruitment freeze is in place for non-critical roles, as we review the changing needs of our organisational structure given our transition from being a fibre network builder to a more operational focus.

3 GPON: Gigabit Passive Optical Network
4 P2P: Where two parties or devices are connected point-to-point via fibre.
5 This table excludes free education connections provided as part of Chorus' COVID-19 response with the Ministry of Education.

Network maintenance

Network maintenance costs were flat compared to HY20. Overall fault volumes continued to reduce as total customer connections reduced and a greater proportion of customers connected to the newer fibre network. HY21 was characterised by more weather-related network events than the favourably dry conditions of HY20. These events, together with third party network damage, increased the average cost per fault.

Information technology

Information technology costs were up $2 million compared to HY20, largely due to the decommissioning of legacy copper network equipment within Spark exchange sites.

Consultants

Consultant costs decreased by $3 million in HY21 compared to HY20. This reflects the timing of external advice required to support the implementation of the new regulatory framework from January 2022.

Depreciation and amortisation

Depreciation continues to increase because of our investment in long life network assets for the Ultra-fast Broadband (UFB) rollout since 2011. This is partially offset by the increasing amortisation of Crown funding against these assets.

Finance income and expenses

Finance income is lower for HY21 because HY20 included interest income from the funds held on term deposit in preparation for the GBP EMTN to be repaid in April 2020.

Overall interest expense decreased by $18 million due to the repayment of the GBP EMTN in April 2020 and the weighted average effective interest rate moving from 5.2% to 4% in the period. This decrease was partially offset by increased interest on fixed rate NZD bonds in comparison to HY20 due to the issue of new NZD bonds of $400 million in December 2020. Also, interest on the EUR EMTN increased by $6 million due to a full six months of interest being incurred on the EUR EMTN 2026 bond issued in December 2019, compared to HY20 when only one month had been incurred. Notional interest on Crown Infrastructure Partners (CIP) securities increased as Crown funding continued to grow.

Capital expenditure

Gross capital expenditure for HY21 was $353 million, down from $357 million in HY20. Fibre remained the dominant category of spend at 85%, with the UFB rollout now 92% complete. Copper related expenditure continues to trend downwards.

We invested $86 million in the UFB2 rollout during the period. This was up from $74 million UFB2 rollout spend in HY20.

Fibre connections and layer 2 spend was $146 million, driven largely by the cost to install fibre to 90,000 homes and businesses (UFB1 70,000; UFB2 20,000). This was down from 99,000 connections in HY20. The average cost per premises connected during HY21 was $1,062[6] in UFB1 areas and $1,226[6] in UFB2 areas.

Spend on other fibre connections and growth was $47 million, up from $28 million in HY20. This increase was largely due to the West Coast fibre rollout which commenced during HY21 and is a mostly government funded three-year project.

Fibre customer retention costs increased by $3 million reflecting a continued focus on fibre product incentives.

Copper capital expenditure reduced from $29 million in HY20 to $23 million in the current period.

Spend on copper customer retention costs was $6 million, down from $10 million in HY20 due to the declining uptake of copper broadband.

Common capital expenditure was up slightly from HY20 due to lifecycle upgrades for IT infrastructure.

Dividends, equity and capital management

Chorus will pay an interim dividend of 10.5 cents per share on 13 April 2021 to all holders registered at 5:00pm 16 March 2021. The dividends paid will be fully imputed, at a ratio of 28/72, in line with the corporate income tax rate. A supplementary dividend of 1.85 cents per share will be payable to shareholders who are not resident in New Zealand.

The dividend reinvestment plan will be available for the interim dividend, with a 2 percent discount applied. Participation in the dividend reinvestment plan will be based on election notices received by the share registrar by 5:00pm (NZ time) on 17 March 2021. Shareholders who previously elected to participate in the dividend reinvestment plan, but no longer wish to do so, will need to update their election by this time.

A final dividend of 14.5 cents per share is expected to be declared in August 2021, subject to no material adverse changes in circumstances or outlook.

On 2 December 2020 Chorus issued $200 million seven-year and $200 million ten-year unsecured, unsubordinated, fixed rate NZD retail bonds . The funds raised will be used for general corporate purposes including the repayment of the $400 million NZD retail bond in May 2021.

The Board considers that a 'BBB' or equivalent credit rating is appropriate for a company such as Chorus. It intends to maintain capital management policies and financial policies consistent with these credit ratings. At 31 December 2020, Chorus had a long-term credit rating of BBB/stable outlook by Standard & Poor's and Baa2/stable by Moody's Investors Service.

6 For a standard residential connection, excluding layer 2 and including standard installations and some non-standard single dwellings and service desk costs.

Financial statements

Condensed consolidated income statement

For the six months ended 31 December 2020

(Dollars in millions)	Notes	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2019 UNAUDITED $M	YEAR ENDED 30 JUNE 2020 AUDITED $M
Fibre broadband (GPON)		228	187	393
Fibre premium (P2P)		34	36	73
Copper based broadband		110	144	271
Copper based voice		36	42	82
Data services copper		5	8	16
Field services products		31	33	65
Value added network services		15	16	29
Infrastructure		12	12	24
Other		2	5	6
Total operating revenue		**473**	**483**	**959**
Labour		(38)	(39)	(80)
Network maintenance		(34)	(34)	(64)
Other network		(13)	(12)	(29)
Information technology		(25)	(23)	(47)
Rent and rates		(6)	(6)	(13)
Property maintenance		(6)	(5)	(12)
Electricity		(7)	(8)	(15)
Provisioning		(1)	(2)	(5)
Insurance		(2)	(2)	(3)
Consultants		(2)	(5)	(9)
Regulatory levies		(4)	(4)	(7)
Other		(12)	(11)	(27)
Total operating expenses		**(150)**	**(151)**	**(311)**
Earnings before interest, income tax, depreciation and amortisation		**323**	**332**	**648**
Depreciation	1	(164)	(155)	(319)
Amortisation	2	(45)	(43)	(83)
Earnings before interest and income tax		**114**	**134**	**246**
Finance income		-	7	12
Finance expense		(77)	(95)	(185)
Net earnings before income tax		**37**	**46**	**73**
Income tax expense		(13)	(15)	(21)
Net earnings for the period		**24**	**31**	**52**

Earnings per share

Basic earnings per share (dollars)		**0.05**	**0.07**	**0.12**
Diluted earnings per share (dollars)		**0.04**	**0.06**	**0.10**

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

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2020

(Dollars in millions)	Note	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2019 UNAUDITED $M	YEAR ENDED 30 JUNE 2020 AUDITED $M
Net earnings for the period		**24**	**31**	**52**
Other comprehensive income				
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Movements in effective cash flow hedges	9	17	4	(28)
Amortisation of de-designated cash flow hedges transferred to income statement	9	-	(1)	(3)
Movement in cost of hedging reserve	9	(10)	(1)	3
Other comprehensive income net of tax		**7**	**2**	**(28)**
Total comprehensive income for the period net of tax		**31**	**33**	**24**

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

Condensed consolidated statement of financial position

As at 31 December 2020

(Dollars in millions)	Notes	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Current assets				
Cash and call deposits		268	678	-
Income tax receivable		25	16	20
Trade and other receivables		139	192	140
Derivative financial instruments	9	2	2	2
Finance lease receivable		-	6	3
Total current assets		**434**	**894**	**165**
Non-current assets				
Derivative financial instruments	9	66	37	93
Trade and other receivables		2	2	1
Deferred tax receivable		114	102	116
Customer retention assets	3	55	59	56
Software and other intangibles	2	166	134	159
Network assets	1	5,186	4,976	5,052
Total non-current assets		**5,589**	**5,310**	**5,477**
Total assets		**6,023**	**6,204**	**5,642**
Current liabilities				
Cash overdraft		-	-	5
Trade and other payables		263	323	279
Income tax payable		3	4	-
Lease payable		10	8	9
Derivative financial instruments	9	3	169	-
Debt	4	400	512	430
Total current liabilities excluding Crown funding		**679**	**1,016**	**723**
Current portion of Crown funding	6	26	26	26
Total current liabilities		**705**	**1,042**	**749**
Non-current liabilities				
Trade and other payables		5	-	3
Deferred tax payable		359	340	350
Derivative financial instruments		146	122	148
Lease payable		261	253	257
Debt	4	2,256	2,214	1,892
Total non-current liabilities excluding CIP and Crown funding		**3,027**	**2,929**	**2,650**
Crown Infrastructure Partners (CIP) securities	5	495	422	461
Crown funding	6	877	836	855
Total non-current liabilities		**4,399**	**4,187**	**3,966**
Total liabilities		**5,104**	**5,229**	**4,715**
Equity				
Share capital		689	660	666
Reserves		(104)	(81)	(111)
Retained earnings		334	396	372
Total equity		**919**	**975**	**927**
Total liabilities and equity		**6,023**	**6,204**	**5,642**

The accompanying notes are an integral part of these financial statements.
The financial statements are approved and signed on behalf of the Board.

Patrick Strange
Chair

Mark Cross
Chair, Audit and Risk Management Committee

Authorised for issue on 22 February 2021

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2020

(Dollars in millions)	Note	Share capital $M	Retained earnings $M	Hedging-related reserves $M	Total $M
Balance at 1 July 2019		**638**	**424**	**(83)**	**979**
Comprehensive income					
Net earnings for the year		-	52	-	52
Other comprehensive income					
Movement in cash flow hedge reserve		-	-	(28)	(28)
Amortisation of de-designated cash flow hedges transferred to income statement		-	-	(3)	(3)
Movement in cost of hedging reserve		-	-	3	3
Total comprehensive income		**-**	**52**	**(28)**	**24**
Contributions by and (distributions to) owners:					
Dividends	8	-	(104)	-	(104)
Supplementary dividends		-	(12)	-	(12)
Tax credit on supplementary dividends		-	12	-	12
Dividend reinvestment plan		28	-	-	28
Total transactions with owners		**28**	**(104)**	**-**	**(76)**
Balance at 30 June 2020 (AUDITED)		**666**	**372**	**(111)**	**927**
Comprehensive income					
Net earnings for the period		-	24	-	**24**
Other comprehensive income					
Changes in cash flow hedge reserve		-	-	17	**17**
Movement in cost of hedging reserve		-	-	(10)	**(10)**
Total comprehensive income		**-**	**24**	**7**	**31**
Contributions by and (distributions to) owners:					
Dividends	8	-	(62)	-	(62)
Supplementary dividends		-	(7)	-	(7)
Tax credit on supplementary dividends		-	7	-	7
Dividend reinvestment plan		23	-	-	23
Total transactions with owners		**23**	**(62)**	**-**	**(39)**
Balance at 31 December 2020 (UNAUDITED)		**689**	**334**	**(104)**	**919**

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

Condensed consolidated statement of changes in equity (continued)

For the six months ended 31 December 2020

(Dollars in millions)	Note	Share capital $M	Retained earnings $M	Hedging-related reserves $M	Total $M
Balance at 1 July 2019		**638**	**424**	**(83)**	**979**
Comprehensive income					
Net earnings for the period		-	31	-	31
Other comprehensive income					
Movement in cash flow hedge reserve		-	-	4	4
Amortisation of de-designated cash flow hedges transferred to income statement		-	-	(1)	(1)
Movement in cost of hedging reserve		-	-	(1)	(1)
Total comprehensive income		**-**	**31**	**2**	**33**
Contributions by and (distributions to) owners:					
Dividends	8	-	(59)	-	(59)
Supplementary dividends		-	(7)	-	(7)
Tax credit on supplementary dividends		-	7	-	7
Dividend reinvestment plan		22	-	-	22
Total transactions with owners		**22**	**(59)**	**-**	**(37)**
Balance at 31 December 2019 (UNAUDITED)		**660**	**396**	**(81)**	**975**

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

Condensed consolidated statement of cash flows

For the six months ended 31 December 2020

(Dollars in millions)	SIX MONTHS ENDED 31 DECEMBER 2020 UNAUDITED $M	SIX MONTHS ENDED 31 DECEMBER 2019 UNAUDITED $M	YEAR ENDED 30 JUNE 2020 AUDITED $M
Cash flows from operating activities			
Cash was provided from/(applied to):			
Cash received from customers	478	466	940
Finance income	-	-	12
Payment to suppliers and employees	(171)	(183)	(329)
Taxation paid	(7)	(7)	(12)
Interest paid	(49)	(63)	(137)
Net cash flows from operating activities	**251**	**213**	**474**
Cash flows applied to investing activities			
Cash was applied to:			
Purchase of network and intangible assets	(345)	(372)	(679)
Capitalised interest paid	(1)	(2)	(3)
Net cash flows applied to investing activities	**(346)**	**(374)**	**(682)**
Cash flows from financing activities			
Cash was provided from/(applied to):			
Net outflow from leases	(14)	(10)	(23)
Crown funding (including CIP securities)	51	99	162
Proceeds from debt	400	514	544
Repayment of debt	(30)	-	(677)
Dividends paid	(39)	(37)	(76)
Net cash flows from / (applied to) financing activities	**368**	**566**	**(70)**
Net cash flow	**273**	**405**	**(278)**
Cash at the beginning of the period	(5)	273	273
Cash at the end of the period	**268**	**678**	**(5)**

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

Notes to the financial statements

Reporting entity and statutory base

Chorus includes Chorus Limited together with its subsidiaries as at and for the six months ended 31 December 2020.

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

Chorus Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and a FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The condensed consolidated interim financial statements (financial statements) have been prepared in accordance with the New Zealand equivalent to International Accounting Standard No. 34: "Interim Financial Reporting" and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of Chorus as at and for the year ended 30 June 2020.

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 as identified in the specific accounting policies disclosed in the notes to the consolidated financial statements for the year ended 30 June 2020 and described in note 9 to these financial statements.

Chorus business operations and its interim financial statements are not materially impacted by seasonality.

Accounting policies and standards

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

The financial statements for the six months ended 31 December 2020 and comparative information for the six months ended 31 December 2019 are unaudited. The comparative information for the year ended 30 June 2020 is audited.

Reclassification and re-statement of comparatives

Where management have reclassified items in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

Accounting estimates and judgements

In preparing the financial statements, management have 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.

In preparing the financial statements, the significant judgements made by management in applying Chorus' accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Note 1 – Network assets

(Dollars in millions)	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Cost			
Opening balance	10,841	10,290	10,290
Additions	314	322	571
Disposals	(7)	(1)	(25)
Other	-	-	5
Closing balance	**11,148**	**10,611**	10,841
Accumulated depreciation			
Opening balance	(5,789)	(5,467)	(5,467)
Depreciation	(178)	(169)	(346)
Disposals	5	1	24
Closing balance	**(5,962)**	(5,635)	(5,789)
Net carrying amount	**5,186**	**4,976**	**5,052**

Depreciation

The Crown funding amortisation that was released against depreciation for the six months ended 31 December 2020 was $14 million (31 December 2019: $14 million; 30 June 2020: $27 million). This brings total depreciation to $164 million (31 December 2019: $155 million; 30 June 2020: $319 million). See note 6 for more information on Crown funding.

Property exchanges

Chorus has leased exchange space and commercial co-location space owned by Spark which is subject to finance lease arrangements (included within right of use assets).

For sites that it does not own, Chorus recognises its share of the assets based on occupancy percentage, as well as a liability for the future payments due.

Additions

Additions also includes the net movement within capital work in progress during the period.

Capital commitments

There are no restrictions on Chorus network assets or any network assets pledged as security for liabilities.

At 31 December 2020 the contractual commitment for acquisition of network assets was $172 million (31 December 2019: $223 million; 30 June 2020: $196 million), mainly relating to Ultra-Fast Broadband (UFB) build activity.

Right of use assets

Network assets comprise of owned and right of use (leased) assets.

(Dollars in millions)	Fibre cables $M	Ducts, manholes and poles $M	Property $M	Total $M
Balance 1 July 2019	9	34	182	225
Additions	-	10	7	17
Depreciation charge	-	(2)	(12)	(14)
Balance at 30 June 2020	**9**	**42**	**177**	**228**
Additions	-	5	6	11
Relinquishments	-	-	(1)	(1)
Depreciation charge	-	(2)	(6)	(8)
Balance at 31 December 2020	**9**	**45**	**176**	**230**
Balance 1 July 2019	9	34	182	225
Additions (net of relinquishments)	-	9	-	9
Depreciation charge	-	(3)	(3)	(6)
Balance at 31 December 2019	**9**	**40**	**179**	**228**

Additions to right of use assets during the period to 31 December 2020 were largely CPI adjustments to property, and ducts, manholes and poles leases, and additions to pole leases related to UFB build activity.

Note 2 – Software and other intangibles

(Dollars in millions)	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Cost			
Opening balance	836	781	781
Additions	35	22	71
Disposals	-	-	(16)
Closing balance	**871**	**803**	**836**
Accumulated amortisation			
Opening balance	(677)	(644)	(644)
Amortisation	(28)	(25)	(49)
Disposals	-	-	16
Closing balance	**(705)**	**(669)**	**(677)**
Net carrying amount	**166**	**134**	**159**

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

Amortisation

	Note	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Amortisation charged on software and intangible assets		28	25	49
Amortisation expense charged on customer retention assets	3	17	18	34
Total amortisation		**45**	**43**	**83**

Additions

Additions also includes the net movement within capital work in progress during the period.

Capital commitments

At 31 December 2020, the contractual commitment for acquisition of software and other intangible assets was $8 million (31 December 2019: $9 million; 30 June 2020: $8 million), mainly relating to network capability enhancement activity.

Note 3 – Customer retention assets

(Dollars in millions)	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Cost			
Opening balance	185	150	150
Additions	18	19	35
Closing balance	**203**	**169**	**185**
Accumulated amortisation			
Opening balance	(129)	(89)	(89)
Amortisation	(19)	(21)	(40)
Closing balance	**(148)**	**(110)**	**(129)**
Net carrying amount	**55**	**59**	**56**

Customer retention assets are made up of $53 million of new connections and migrations (31 December 2019: $55 million; 30 June 2020 $54 million) and $2 million in customer incentives (31 December 2019: $4 million; 30 June 2020: $2 million).

Note 3 – Customer retention assets - cont

Amortisation of customer retention assets

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

	Note	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Amortised to amortisation expense	2	17	18	34
Amortised to operating revenue		2	3	6
Total Customer retention assets amortisation		**19**	**21**	**40**

Note 4 – Debt

(Dollars in millions)	Due Date	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Syndicated bank facilities	Sep 2020	-	-	30
Euro medium term notes GBP	Apr 2020	-	512	-
Euro medium term notes EUR	Oct 2023	862	840	883
Euro medium term notes EUR	Dec 2026	518	489	527
Fixed rate NZD Bonds	May 2021	400	400	400
Fixed rate NZD Bonds	Dec 2027	200	-	-
Fixed rate NZD Bonds	Dec 2028	500	500	500
Fixed rate NZD Bonds	Dec 2030	196	-	-
Less: facility fees		(20)	(15)	(18)
Total debt		**2,656**	**2,726**	**2,322**
Current		**400**	**512**	**430**
Non-current		**2,256**	**2,214**	**1,892**

On 2 December 2020 Chorus issued $400 million NZD bonds in two tranches, at fixed interest rates for 7 years and 10 years of 1.98% and 2.51% respectively. The bonds will mature in December 2027 and December 2030. The fixed rate on the 2030 tranche has been swapped to a floating rate using interest rate swaps (see note 9). As a result of the fair value hedge, at 31 December 2020, this tranche was recognised at fair value of $196 million. This hedging relationship was entered to comply with Chorus Treasury policy which does not allow for greater than 70% of term debt to be subject to fixed interest rates beyond a 3 year time period.

As at 31 December 2020 Chorus had a $350 million committed syndicated facility on standard market terms and conditions (31 December 2019: $550 million; 30 June 2020: $550 million).

In December 2020 Chorus terminated a $200 million committed syndicated facility. The remaining $350 million facility is comprised of a $60 million tranche that expires in May 2022 and $290 million that expires in April 2023. The facility is held with banks that are rated A- to AA-, based on Standard & Poor's ratings.

The Euro Medium Term Note debt of EUR 500 million has been swapped to a hedged rate of $785 million (31 December 2019: $785 million; 30 June 2020: $785 million) and EUR 300 million has been swapped to a hedged rate of $514 million (31 December 2019: $514 million; 30 June 2020: $514 million), both using cross currency interest rate swaps (see note 9). The Euro Medium Term Note debt of GBP 260 million was repaid in April 2020.

Note 5 – Crown Infrastructure Partners (CIP) securities

(Dollars in millions)	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Fair value on initial recognition			
Opening balance	360	283	283
Additional securities recognised at fair value	17	53	77
Closing balance	**377**	**336**	**360**
Accumulated notional interest			
Opening balance	101	72	72
Notional interest	17	14	29
Closing balance	**118**	**86**	**101**
Total CIP securities	**495**	**422**	**461**

Note 6 – 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.

(Dollars in millions)	31 DECEMBER 2020 UNAUDITED $M	31 DECEMBER 2019 UNAUDITED $M	30 JUNE 2020 AUDITED $M
Fair value on initial recognition			
Opening balance	1,016	930	930
Additional funding recognised at fair value	36	54	86
Closing balance	**1,052**	**984**	**1,016**
Accumulated amortisation			
Opening balance	(135)	(108)	(108)
Amortisation	(14)	(14)	(27)
Closing balance	**(149)**	**(122)**	**(135)**
Total Crown funding	**903**	**862**	**881**
Current	**26**	**26**	**26**
Non-current	**877**	**836**	**855**

Ultra-Fast Broadband (UFB)

Chorus receives funding from the Crown to finance construction costs associated with the development of the UFB network. During the six months to 31 December 2020 Chorus recognised funding for 23,630 premises passed (UFB2) where the premises were passed and tested by CIP (31 December 2019: 81,433; 30 June 2020: 112,438).

This brings the total number of premises passed and tested by CIP at 31 December 2020 to approximately 934,000 (31 December 2019: 879,000; 30 June 2020: 910,000).

Continued recognition of the full amount of the Crown funding is contingent on certain material performance targets being met by Chorus. The most significant of these material performance targets relate to compliance with certain specifications under user acceptance testing by CIP. Performance targets to date have been met.

Note 7 – 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.

Note 8 – Equity

Dividends

On 12 October 2020 a fully imputed final dividend of 14 cents per share, $62 million, was paid to shareholders (31 December 2019: 13.5 cents per share, $59 million; 30 June 2020: 23.5 cents per share, $104 million). There was an issue of 2,533,324 shares under the Dividend Reinvestment plan offered to shareholders.

Net tangible assets per security

Net tangible assets per security for the period 31 December 2020 was $1.41 (31 December 2019: $1.67; 30 June 2020: $1.39).

Long-term performance share scheme

Chorus operates a long-term performance share scheme for selected key management personnel.

In August 2018 Chorus issued one three-year grant. The shares have a vesting date of 27 August 2021 and an expiry date of 27 February 2022. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 10.4% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following six month period.

The shares are held by a nominee (Chorus LTI Trustee Limited) on behalf of the participants, until after the shares vest when the nominee is directed to transfer or sell the shares. If the shares do not vest, they may be held or sold by the nominee. The shares carry the same rights as all other shares.

The Chorus Board of Directors (Board) approved a different long-term performance share scheme for key senior management from 1 July 2019, based on issuing share-rights instead of issuing shares. The existing grants will continue until their vesting date.

In August 2019, Chorus issued a tranche of share rights under the new scheme. The shares have a vesting date of 30 August 2022 and an expiry date of 30 August 2023. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 10.35% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following twelve month period.

In August 2020, Chorus issued a new tranche of share rights. The shares have a vesting date of 28 August 2023 and an expiry date of 28 August 2024. The grant has an absolute performance hurdle (Chorus' actual total shareholder return equalling or being greater than 9.65% per annum compounding) ending on the vesting date, with provision for monthly retesting in the following twelve month period.

The combined option cost for the six months to 31 December 2020 of $191,000 has been recognised in the Income statement (31 December 2019: $197,000; 30 June 2020: $392,000).

Note 9 – Derivative financial instruments

Finance expense includes any unrealised ineffectiveness arising from the hedge accounting relationships.

In conjunction with the EMTN (EUR) 500 million issued in October 2016 and the EMTN (EUR) 300 million issued in December 2019, Chorus entered into cross currency interest rate swaps to hedge the foreign currency and foreign interest rate risks on the EMTN (EUR). The 2016 swaps have an aggregate principal of EUR 500 million on the receive leg and NZD 785 million on the pay leg, and the 2019 swaps have an aggregate principal of EUR 300 million on the receive leg and NZD 514 million on the pay leg. Using the cross-currency interest rate swaps, Chorus will pay NZD floating interest rates and receive EUR nominated fixed interest with coupon payments matching the underlying notes. Chorus designated the EMTN and cross currency interest rate swaps into three part-hedging relationships for each issue: a fair value hedge of EUR benchmark interest rates, a cash flow hedge of margin and a cash flow hedge of the principal exchange. For the six months to 31 December 2020 $1 million ineffectiveness was recognised in finance expense (31 December 2019: $1 million; 30 June 2020: $1 million) in relation to these hedging relationships. The cost of hedging (the fair value of the change in currency basis spread) recognised in the cost of hedging reserve, for the six months to 31 December 2020 was $14 million (31 December 2019: $1 million; 30 June 2020: $4 million debit).

As at 31 December 2020 Chorus holds all interest rate swaps in designated hedging relationships. All are held in effective hedging relationships and their unrealised gains or losses are recognised in the cash flow hedge reserve. Three interest rate swaps have been restructured; two in December 2018 and one in February 2020. The two interest rate swaps restructured in December 2018 have a combined face value of $500 million and were reset in conjunction with the resettable NZD fixed rate bond issued on 6 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 to be recognised in the cash flow hedge reserve. This amount remains in the cash flow hedge reserve as the hedged item still exists and is being amortised over the original hedge period (April 2020- April 2026). The unamortised balance of this original fair value at 31 December 2020 is $12 million (31 December 2019: $14 million; 30 June 2020: $13 million).

The forward dated interest rate swap restructured in February 2020 had a face value of $200 million and was reset in conjunction with the EUR 300 million EMTN issued on 5 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 (April 2020-April 2026). The unamortised balance of the original fair values at 31 December 2020 was $23 million (31 December 2019: nil; 30 June 2020: $26 million).

As long as the hedges remain effective, any future gains or losses will be processed through the hedge reserve; however, the initial fair values will flow to finance expense in the Income statement at some time over the life of the derivatives as ineffectiveness. Neither the direction, nor the rate of the impact of the Income statement can be predicted. For the six months to 31 December 2020, $1 million debit ineffectiveness was recognised within finance expense in the Income statement in relation to these restructures (31 December 2019: nil; 30 June 2020: nil).

Chorus has also entered into two interest rate swaps which have a combined face value $200 million and were entered in conjunction with the 10 year NZD bonds issued on 2 December 2020. The intention of these swaps is to swap the interest exposure from a fixed to a floating rate to December 2030. This hedging relationship was entered to comply with Chorus Treasury policy which does not allow for greater than 70% of term debt to be subject to fixed interest rates beyond a 3 year time period.

Note 10 – Related party transactions

The gross remuneration of directors and key management personnel during the six months to 31 December 2020 was $5.8 million (31 December 2019: $5.7 million; 30 June 2020: $8.8 million).

Chorus had loans to employees and nominees (Chorus LTI Trustee Limited) receivable at 31 December 2020 of $0.4 million (31 December 2019: $0.9 million; 30 June 2020: $0.9 million) relating to the Chorus long term performance share scheme outlined in note 8. All loans outstanding are interest-free limited recourse loans.

Note 11 – Post balance date events

Dividends

On 22 February 2021 Chorus declared an interim dividend in respect of the six month period ended 31 December 2020. The total amount of the dividend is $47 million, which represents a fully imputed dividend of 10.5 cents per ordinary share.

CIP securities and Crown funding

There was one call notice issued on 28 January 2021 to CIP in respect to 1,752 premises (UFB2) with a total aggregate issue price of $3.6 million. These premises had been passed and tested by CIP before 31 December 2020 so have been accrued for in these financial statements.

Independent review report

To the shareholders of Chorus Limited

Report on the condensed consolidated interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Chorus Limited and its subsidiaries ("the Group") on pages 5 to 17 do not:

i. present fairly in all material respects the Group's financial position as at 31 December 2020 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated interim financial statements which comprise:

— the condensed consolidated statement of financial position as at 31 December 2020;

— the condensed consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 6 month period then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Group in relation to regulatory audit services, tax compliance services, technical accounting training and other assurance services. 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 reviewer of the Group. The firm has no other relationship with, or interest in, the Group.

Use of this Independent review report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review 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 review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the condensed consolidated interim financial statements

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

— the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;

— implementing necessary internal control to enable the preparation of condensed consolidated interim financial statements that are fairly presented and 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 review of condensed consolidated interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

This description forms part of our Independent Review Report.

KPMG
Wellington
22 February 2021

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at 17 October 2019

Results for announcement to the market		
Name of issuer	Chorus Limited	
Reporting Period	6 months to 31 December 2020	
Previous Reporting Period	6 months to 31 December 2019	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$473,000	Down 2%
Total Revenue	$473,000	Down 2%
Net profit/(loss) from continuing operations	$24,000	Down 23%
Total net profit/(loss)	$24,000	Down 23%
Interim Dividend		
Amount per Quoted Equity Security	NZ$0.10500000	
Imputed amount per Quoted Equity Security	NZ$0.04083333	
Record Date	16 March 2021	
Dividend Payment Date	13 April 2021	
	31 December 2020	**31 December 2019**
Net tangible assets per Quoted Equity Security	$1.41	$1.67
A brief explanation of any of the figures above necessary to enable the figures to be understood	This announcement should be read in conjunction with the attached management commentary and financial statements for the six months ended 31 December 2020, media release and investor presentation.	
Authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	22/02/2021	

Unaudited, but reviewed financial statements accompany this announcement. The auditors have issued a clear review report.

NZX
NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Distribution Notice

Updated as at 18 December 2019

Please note: all cash amounts in this form should be provided to 8 decimal places

Section 1: Issuer information				
Name of issuer	Chorus Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	CNU			
ISIN (If unknown, check on NZX website)	NZCNUE0001S2			
Type of distribution (Please mark with an X in the relevant box/es)	~~Full Year~~		~~Quarterly~~	
	Half Year	X	~~Special~~	
	DRP applies	X		
Record date	16/03/2021			
Ex-Date (one business day before the Record Date)	15/03/2021			
Payment date (and allotment date for DRP)	13/04/2021			
Total monies associated with the distribution[1]	$46,937,613			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.14583333			
Gross taxable amount [3]	$0.14583333			
Total cash distribution[4]	$0.10500000			
Excluded amount (applicable to listed PIEs)	$0.00000000			
Supplementary distribution amount	$0.01852941			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	**Fully imputed**			
	~~Partial imputation~~			
	~~No imputation~~			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form
[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).
[3] "Gross taxable amount" is the gross distribution minus any excluded income.
[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.
[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied[6]	100%	
Imputation tax credits per financial product	$0.04083333	
Resident Withholding Tax per financial product	$0.00729167	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	2%	
Start date and end date for determining market price for DRP	15/03/2021	19/03/2021
Date strike price to be announced (if not available at this time)	23/03/2021	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New Issue	
DRP strike price per financial product	$unknown	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	5pm (NZ time) 17/03/2021	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	David Collins Chief Financial Officer	
Contact person for this announcement	Brett Jackson Investor Relations Manager	
Contact phone number	+64 27 488 7808 +64 4 896 4039	
Contact email address	Brett.Jackson@chorus.co.nz	
Date of release through MAP	22/02/2021	

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.