

Independent Assurance Report to the Directors of Northpower Fibre Limited and to the Commerce Commission on the Disclosure Information for the Disclosure Period 1 April 2022 to 31 March 2023 as required by the Fibre Information Disclosure Determination 2021 Nzcc 24 (Consolidated 28 July 2022)

Northpower Fibre Limited (the company) is required to disclose certain information under the Fibre Information Disclosure Determination 2021 NZCC 24 (consolidated 28 July 2022) (the Determination) and to procure an assurance report by an independent auditor in terms of section 2.7.1 of the Determination.

The Auditor-General is the auditor of the company. The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to undertake a reasonable assurance engagement, on his behalf, on whether the information prepared by the company for the disclosure period ended 31 March 2023 (the Disclosure Information) complies, in all material respects, with the Determination.

The Disclosure Information that falls within the scope of the assurance engagement are:

- the reports required under clauses 2.4.2(1) to 2.4.2(11), 2.4.4(1), and the related party provisions in clauses 2.5.4 and 2.5.6 of the Determination.
- Clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 of the Fibre Input Methodologies Determination 2020 [2020] NZCC 21 (including any amendments to that determination) (the IM Determination), in respect of the basis for valuation of related party transactions (the Related Party Transaction Information).

Further, we conducted a limited assurance engagement on whether anything has come to our attention that causes us to believe that the evidence and the audited disclosure information do not provide a reasonable basis for the information publicly disclosed in boxes 1 to 14 of Schedule 14a for the disclosure periods.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion and Unmodified Conclusion, in all material respects:

- as far as appears from an examination, proper records to enable the complete and accurate compilation of the Disclosure Information have been kept by the company;
- as far as appears from an examination, the information used in the preparation of the Disclosure Information has been properly extracted from the company's accounting and other records, sourced from the company's financial and non-financial systems;
- the Disclosure Information complies, with the Determination; and
- the basis for valuation of related party transactions complies with clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 the IM Determination.

Conclusion

Based on the work we have performed to express the above opinions, nothing came to our attention that causes us to believe that the relevant audited disclosure information and the related audited information used in its preparation do not, in all material respects, provide a reasonable basis for the schedule of mandatory explanatory notes in Schedule 14a.

Basis for Qualified Opinion and Unmodified Conclusion

Our work was limited with respect to the verification of the accuracy of port utilization metric presented in Schedule 20 for the period October 2022 to March 2023.

NFL is required to calculate port utilisation monthly and disclose in Schedule 20 in accordance with the Methodology described in Schedule 22 of the ID Determination. The Methodology requires port utilisation to be

measured over a five-minute interval. However, NFL’s system is only able to measure it over a 7.2-minute interval (every 432 seconds) due to default system available options.

As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the accuracy of port utilization metric if it were to be measured over a five-minute interval.

The matter of the qualification does not have an impact on the conclusion expressed.

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) Compliance Engagements (“SAE 3100 (Revised)”), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 3100 (Revised) requires that we comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion and conclusion.

Key Assurance Matters

Key assurance matters are those matters that, in our professional judgement, required significant attention when carrying out the assurance engagement during the current disclosure period. These matters were addressed in the context of our compliance engagement, and in forming our opinion. We do not provide a separate opinion on these matters.

Key Assurance Matter	How our procedures addressed the key assurance matter
<p>Accuracy and completeness of the quality metrics in Schedule 20</p> <p>Schedule 20 reports network quality metrics in respect of provisioning, faults, availability, performance and customer services. The accuracy and completeness of quality metrics reported is a key assurance matter due to:</p> <ul style="list-style-type: none"> • heavy reliance on system data and input data into Schedule 20 being extracted from various source systems; • difficulty in obtaining assurance evidence to support the accuracy and completeness of the underlying source data; and • input data in certain metrics are subject to manual adjustments, exclusions and manual calculations. 	<p>We have:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of key controls related to the proper extraction of data from the source systems; • Obtained an understanding of the Company’s methods by which quality metrics are recorded, including the manual adjustments, exclusions and manual calculations; • Obtained and reviewed the SOC 2 controls report for the key source system; • Reviewed the input data and vouched to underlying supporting documents, where applicable; • Traced underlying supporting documents to input data, where applicable; and • Recalculated the quality metrics according to the methodology of the Fibre Information Disclosure 2021.
<p>Valuation of related party transactions</p> <p>The valuation of transactions with related parties (\$0.9 million of purchases from related parties included in operating expenditures, and \$2.1 million of assets acquired from related parties included into capital</p>	<p>To evaluate valuation of related party transactions, we have:</p> <ul style="list-style-type: none"> • Obtained management’s methodology of how they determined the transactions were related party transactions and their assessment of these transactions at arm’s length; • Re-performed the calculations and agreed the disclosures within Schedule 9 to the accounting records, investigating

<p>expenditure in the period) is a key assurance matter due to:</p> <ul style="list-style-type: none"> - the significant judgement in forming a view of related party pricing in the absence, or insufficiency, of publicly available information about pricing and terms of certain transactions. 	<p>any differences and determining whether such differences are justified; and</p> <ul style="list-style-type: none"> • Made a selection of related party transaction samples and, where benchmarking or other market information was used as independent and objective measures, we agreed key inputs and assumptions to supporting documentation.
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Directors' responsibilities

The directors of the company are responsible in accordance with the Determination for:

- the preparation of the Disclosure Information; and
- the Related Party Transaction Information.

The directors of the company are also responsible for the identification of risks that may threaten compliance with the schedules and clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

Auditor's responsibilities

Reasonable assurance

Our responsibilities in terms of clauses 2.7.1(1)(c)(vi) and (vii), 2.7.1(1)(d) and 2.7.1(1)(f) are to express an opinion on whether:

- as far as appears from an examination, the information used in the preparation of the audited Disclosure Information has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems;
- as far as appears from an examination, proper records to enable the complete and accurate compilation of the audited Disclosure Information required by the Determination have been kept by the company and, if not, the records not so kept;
- the company complied, in all material respects, with the Determination in preparing the audited Disclosure Information; and
- the company's basis for valuation of related party transactions in the disclosure period has complied, in all material respects, with clause 2.5.2 of the Determination and clauses 2.2.13(3)(g) and 2.2.15 of the IM Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE 3100 (Revised), to obtain reasonable assurance about whether the company has complied, in all material respects, with the Disclosure Information (which includes the Related Party Transaction Information) required to be audited by the Determination.

An assurance engagement to report on the company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

Limited assurance

Our responsibility in terms of clause 2.7.1(1)(e) is to state whether:

- based on an examination of the evidence supporting the relevant audited disclosure information, anything has come to their attention that causes the independent auditor to believe that that evidence and the audited

disclosure information do not provide a reasonable basis for the information publicly disclosed in boxes 1 to 14 of Schedule 14a.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with the Disclosure Information is likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the Determination may occur and not be detected.

An assurance engagement throughout the disclosure period does not provide assurance on whether compliance with the Determination will continue in the future.

Restricted use

This report has been prepared for use by the directors of the company and the Commerce Commission in accordance with clause 2.7.1(1)(b) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company and the Commerce Commission, or for any other purpose than that for which it was prepared.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board; and
- quality management requirements, which incorporate Professional and Ethical Standard 3 Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Deloitte Limited and its partners and employees may deal with the company and its subsidiaries on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of trading activities of the company, this engagement, and the annual audit of Northpower Limited's financial statements and performance information, we have no relationship with, or interests in, the company.



Silvio Bruinsma
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
30 August 2023