



Independent Assurance Report

To the Directors of Northpower Fibre Limited

On clauses a10 and a11 of notice to supply information

To the Commerce Commission under Section 221 of the Telecommunications Act 2001

Relating to the requirements for initial information disclosure regulatory asset base (core fibre assets and financial loss asset) and opening tax losses for disclosure year 2022

We have been engaged by Northpower Fibre Limited (the 'Company') to conduct a reasonable assurance engagement as required by Clauses A10 and A11 of the Notice to supply information to the Commerce Commission under the Telecommunications Act 2001 – Requirements for Initial Information Disclosure Regulatory Asset Base (Core Fibre Assets and Financial Loss Asset) and Opening Tax Losses for Disclosure Year 2022", dated 16 August 2022 (the 'Notice').

Our engagement was conducted with the objective of expressing an opinion on whether the inputs to the Commerce Commission LFC financial loss asset model August 2022 ('Commission model') required under Clauses A12 to A65 of the Notice have been prepared, in all material respects, in accordance with the Fibre Input Methodologies Determination 2020, as amended on 29 November 2021 ('IM Determination').

Directors' Responsibility

The Board of Directors is responsible for ensuring that the inputs to the Commission model required under clauses A12 to A65 of the Notice have been prepared, in all material respects, in accordance with the IM Determination. This responsibility includes the identification of risks that threaten the compliance requirements identified above being met and the design, implementation and maintenance of internal control relevant to mitigating those risks and monitor ongoing compliance to ensure the Company's preparation of the inputs to the Commission model that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion whether, in our opinion, the inputs to the Commission Model required under Clauses A12 to A65 of the Notice are prepared, in all material respects, in accordance with the IM Determination. Our engagement has been conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE (NZ) 3000 (Revised)") issued by the New Zealand Auditing and Assurance Standards Board, to provide reasonable assurance that Northpower Fibre Limited has complied with Clauses A12 to A65 of the Notice in accordance with the IM Determination in determining inputs to the Commission Model. Our procedures included:

- evaluating the methodologies and assumptions used in preparing the inputs to the Commission model and confirming that they are in accordance with the requirements set out in the Notice;
- identifying key inputs to the Commission model;
- ensuring that the information used in preparing the inputs to the Commission model has been properly extracted from the Company's accounting and other records, sourced from its financial and non-financial systems;
- ensuring that the calculations used as part of deriving inputs are mathematically correct; and
- assessing whether the inputs to the Commission model required under clauses A12 to A65 of the Notice have been prepared in accordance with the requirements of the IM Determination, as referred in the Notice.

These procedures have been undertaken to form an opinion as to whether the inputs to the Commission Model required under Clauses A12 to A65 of the Notice have been prepared, in all material respects, in accordance with the IM Determination from period 1 December 2011 to 31 December 2021 ("Financial loss period").

Inherent Limitations

Because of the inherent limitations of internal control and the use of selective testing, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence, it is possible that fraud, error, or non-compliance with Clauses A12 to A65 of the Notice and IM Determination may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the financial loss period and the procedures performed in respect of Northpower Fibre Limited's compliance with Clauses A12 to A65 of the Notice and IM Determination are undertaken on a test basis, our assurance engagement cannot be

relied on to detect all instances where Northpower Fibre Limited may not have complied with Clauses A12 to A65 of the Notice and IM Determination. The opinion expressed in this report has been formed on the above basis.

Our Independence and Quality Control

We have complied with the independence and other ethical 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, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Other than in our capacity as independent auditor of Northpower Limited and its subsidiaries (the 'Group') on behalf of the Auditor-General, we have no relationship with or interests in the Group except that partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

The firm applies Professional and Ethical Standard 3 (Amended): Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of Report

This report is provided solely for your use and solely for the purpose of complying with Clauses A10 and A11 of the Notice. However we understand that a copy of this report has been requested by the Commerce Commission solely for the purpose of the Notice. We agree that a copy of our report may be provided to the Commerce Commission. This report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written consent. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement including without limitation, liability for negligence in relation to the opinion expressed in our report.

Opinion

In our opinion, the inputs to the Commission model required under Clauses A12 to A65 of the Notice have been prepared, in all material respects, in accordance with the IM Determination.

Basis for opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) Assurance Engagements on Compliance, issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE (NZ) 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.

Silvio Bruinsma
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
5 December 2022