



**REPORT OF THE INDEPENDENT APPRAISER
TO THE DIRECTORS OF NORTHPOWER FIBRE LIMITED AND TO THE COMMERCE COMMISSION
ON THE RELATED PARTY TRANSACTIONS
FOR THE DISCLOSURE YEAR ENDED 31 MARCH 2025
AS REQUIRED BY
THE FIBRE INFORMATION DISCLOSURE DETERMINATION 2021 NZCC 24**

Northpower Fibre Limited (the 'Company') is required to procure an assurance report by an independent appraiser on the related party transactions of the Company for the disclosure year ended 31 March 2025.

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:

- the Company's related party transactions for the disclosure year ended 31 March 2025, comply, in all material respects, with clauses 2.5.2(1) and 2.5.2(2) of the Fibre Information Disclosure Determination 2021 NZCC 24 (including any amendments to that determination) (the 'Determination') and clauses 2.2.13(3)(g) and 2.2.15 of the Fibre Input Methodologies Determination 2020 (the 'IM Determination').
- the steps taken by the Company as referred to in 2.7.4(9) of the Determination are, all in material respects, considered to be reasonable in the circumstances.

Opinion

In our opinion, in all material respects, for the disclosure year ended 31 March 2025:

- based on the information we have obtained, the related party transactions we have sampled and the analysis we have undertaken, the Company's related party transactions for the disclosure year ended 31 March 2025, comply with clauses 2.5.2(1) and 2.5.2(2) of the Determination and clauses 2.2.13(3)(g) and 2.2.15 of the IM Determination; and
- the steps taken by the Company specified in 2.7.4 (9) of the Determination are considered to be reasonable in the circumstances.

Basis for opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE (NZ) 3000 (Revised)") and the Standard on Assurance Engagements (SAE) 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board.

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

The key assumptions we made in carrying out our work

In carrying out our work we have assumed that the Company's internal controls that we tested, and placed reliance on, during our audit of the financial statements for the year ended 31 March 2025 also applied in relation to our work as the independent appraiser for the disclosure year ended 31 March 2025.

Notwithstanding the aforementioned assumption, we have carried out specific tests to assess if the Company has identified related parties and related party transactions during the disclosure year ended 31 March 2025.

How we sampled the Company's related party transactions

For the material related-parties who provided, or acquired, a material value of goods and services to or from the Company, we selected a sample of related-party transactions to assess if they had been valued in accordance with the requirements of the Determination and the IM Determination.

Description of steps and analysis undertaken by the Company

The process to ensure transactions were on an arm's length basis are set out in Northpower Fibre Limited's Procurement policy for Related Party Transactions.

Methods available to be used include any or all of the following depending on the nature of the proposed transaction, the information reasonably available and what is practicable in the circumstances given the market for the relevant services:

- Commissioning a third party to undertake market benchmarking of the prices of substantially similar goods or services (not utilised during the 31 March 2025 disclosure year);
- Conducting a tendering process for the goods or services (not utilised during the 31 March 2025 disclosure year);
- Undertaking internal benchmarking of the related party transactions against substantially same goods or services provided (by the related party) to its other customers (utilised for the majority of transactions during the 31 March 2025 disclosure year);
- Engaging an expert to undertake an independent valuation to determine market value of the goods or service (not utilised during the 31 March 2025 disclosure year).

To further assess whether the related party transactions were at arm's length, an internal benchmarking review was performed and two approaches were undertaken during the review. The repricing approach uses the actual costs incurred by Northpower Fibre Division (who charges the Company), and applies the markup to a third party. The gross margin percentage approach compares the margin of completed works against a third party.

Directors' responsibilities

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

- the identification of related-parties and related-party transactions during the disclosure year ended 31 March 2025; and
- the valuation of goods and services acquired from or supplied to a related party, in accordance with the requirements of the Determination and the IM Determination.

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

Our responsibility is to prepare a report that provides reasonable assurance on whether:

- the Company's related party transactions for the disclosure year ended 31 March 2025, comply, in all material respects, with clauses 2.5.2(1) and 2.5.2(2) of the Determination clauses 2.2.13(3)(g) and 2.2.15 of the IM Determination.
- the steps taken by the Company specified in 2.7.4 (9) of the Determination are, in all material respects, reasonable in the circumstances.

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.

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.

We did not examine every related party transaction, nor do we guarantee complete accuracy of the related-party disclosures.

An assurance engagement throughout the disclosure period does not provide assurance on whether compliance with the Determination and the Notice 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 2.7.4 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 you, or for any other purpose than that for which it was prepared.

Independence and quality management

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. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of 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, other regulatory engagements, and the annual audit of Northpower Limited's financial statements and performance information, we have no relationship with, or interests in, the Company and its subsidiaries.



Silvio Bruinsma
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
27 August 2025