



Independent Assurance report

To the Directors of Enable Networks Limited and to the Commerce Commission on the Disclosure Information for the disclosure period 1 July 2024 to 30 June 2025 as required by the Fibre Information Disclosure Determination 2021 NZCC 24 (consolidated 1 May 2024)

Enable Networks Limited (the company) is required to disclose certain information under the Fibre Information Disclosure Determination 2021 NZCC 24 (consolidated 1 May 2024) (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, Nathan Wylie, using the staff and resources of PricewaterhouseCoopers, to undertake a reasonable assurance engagement, on his behalf, on whether the information prepared by the company for the disclosure period ended 30 June 2025 (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), and the related party provisions in clauses 2.5.4 and 2.5.6 of the Determination.
- the report required under clause 2.4.4(1) of the Determination, which has been prepared using the definition of an 'outage' as outlined in paragraph 19 of the Commerce Commission's Notice of conditional exemption, issued on 2 August 2024 (the Notice).
- 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 possible effect of the matters described in the Basis for Qualified Opinion section of our report, 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, in all material respects, with the Determination and the Notice; and
- the basis for valuation of related party transactions complies 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.

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 conclusion

The Commerce Commission issued a conditional exemption to providers of fibre fixed line access services on 2 August 2024 (the 'Exemption') to amend the definition of an outage. An outage means a cessation of supply of fixed fibre line access services that is either identified by the provider based on its systems indicating a cessation of supply, or where the provider has received a notification from a retail service provider that confirms a cessation in the supply of fixed fibre line access services to an end user and includes sufficient information for the provider to identify and address the cessation in supply. The amended definition is now in line with the Company's current and historic practices, which are linked to contractual obligations and industry protocols. However, the data collected and retained, and controls to review the completeness and accuracy of the occurrence and duration of the cessation of supply, were limited throughout the reporting period. Consequently, there is insufficient evidence available to support the completeness and accuracy of fault information in Schedule 20(ii) and availability information in Schedule 20(iii) in the manner required by the IM Determination and the Exemption.

There were no alternative assurance procedures that we could apply to independently confirm the completeness or accuracy of the data used to report the quality metrics in Schedules 20(ii) to 20(iii).

Because of the potential effect of the limitations described above, we are unable to obtain sufficient appropriate evidence to conclude on the compliance of Schedule 20(ii) and 20(iii) with the IM Determination and the Exemption, and/or the completeness and accuracy of the data that forms the basis of the compilation of information reported in Schedules 20(ii) to 20(iii).

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.

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

The Regulatory Asset Base (RAB), as set out in Schedule 4, reflects the value of the Company's fibre distribution assets. These are valued using an indexed historic cost methodology prescribed by the IM Determination. It is a measure which is used widely and is key to measuring the Company's return on investment and therefore important when monitoring financial performance or setting electricity distribution prices.

The RAB inputs, as set out in the IM Determination, are similar to those used in the measurement of fixed assets in the financial statements, however, there are a number of different requirements and complexities (including the Financial Loss Asset ('FLA')) which require careful consideration.

Judgement is required in determining the depreciation rate of the Financial Loss Asset. The IM Determination requires depreciation over either the period equivalent to the weighted average life of the UFB-related core fibre assets or a period adopted under an alternative method. The Company has applied a tilted annuity method of depreciation to the FLA, consistent with the prior period.

Due to the importance of the RAB within the regulatory regime, the incentives to overstate the RAB value, and complexities within the regulations, we have considered it to be a key area of focus.

We have obtained an understanding of the compliance requirements relevant to the RAB as set out in the ID Determination and the IM Determination.

Our procedures over the regulatory asset base included the following:

Assets commissioned

We considered the nature of the assets commissioned during the period, as per the regulatory fixed asset register, to identify any specific cost or asset type exclusions, as set out in the Determination, which are required to be removed from the RAB;

We reconciled the assets commissioned, as per the regulatory fixed asset register, to the asset additions disclosed in the audited annual financial statements and investigated any material reconciling items; and

We tested a sample of assets commissioned during the disclosure period for appropriate asset category classification.

Depreciation

We compared the asset lives by asset category to those used by management for the audited financial statements to ensure the depreciation method is consistent with GAAP as required;

We agreed the FLA depreciation rate applied is consistent with the rate determined in the prior period and continues to be appropriate. We tested the reasonableness of the depreciation calculation by performing analytical procedures;

We compared the system driven calculation utilised to calculate regulatory depreciation expense with IM Determination clause 2.2.5

Revaluation

We recalculated the revaluation rate set out in the IM Determination using the relevant Consumer Price Index indices taken from the Statistics New Zealand website; and

We tested the mathematical accuracy of the revaluation calculation performed by management.

Disposals

We reconciled the disposals, as per the regulatory fixed asset register, to the asset disposals disclosed in the audited annual financial statements and investigated material reconciling items.

Director responsibilities

The directors of the company are responsible in accordance with the Determination and the Notice 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 and the Notice have been kept by the company and, if not, the records not so kept;
- the company complied, in all material respects, with the Determination and the Notice 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 ISAE (NZ) 3000 (Revised) and 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 and the Notice 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 and the Notice may occur and not be detected.

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 2.7.1(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. 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 PricewaterhouseCoopers and its partners and employees may deal with the Company on normal terms within the ordinary course of trading activities of the Company. We are independent of the Company. Our firm carries out other services for the Company in the areas of audit of the financial statements, and assurance on disclosure information. The provision of these other services has not impaired our independence.



Nathan Wylie
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand
3 November 2025