VITAL LIMITED

TARGET COMPANY STATEMENT

IN RESPONSE TO A FULL TAKEOVER OFFER FROM TAIT INTERNATIONAL LIMITED

4 JULY 2025

THE VITAL BOARD UNANIMOUSLY RECOMMENDS THAT YOU ACCEPT THE OFFER

This is an important document and requires your urgent attention. If you have any questions in respect of this document or the Offer, you should seek advice from your financial, legal or other professional adviser.

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SECTION 1: LETTER FROM THE CHAIR

4 July 2025

Dear Vital Shareholder and Vital Option Holders,

You should have recently received an offer from Tait International Limited ("**Tait**") to acquire all of your ordinary shares ("**Vital Shares**") in Vital Limited for $0.45 per share in cash (the "**Offer Price**").[1] Tait is also offering to acquire all of the Vital employee share options ("**Vital Options**") for $0.13 per option in cash. Tait's offer to acquire all of the Vital Shares and the Vital Options is referred to in this Target Company Statement as the "**Offer**".

Tait states that the Offer is a strategic move to expand Tait's market positioning, product offerings and reach in New Zealand. Tait believes the Offer will benefit Vital's customers, employees and other stakeholders.

Vital's response to the Offer has been managed by the Vital Board, which comprises John McMahon, James Sclater and Susan Freeman-Greene, all of whom are independent directors.

The Board has sought advice from Cameron Partners Limited as financial adviser, and Harmos Horton Lusk Limited as legal adviser, and has made the recommendation set out below after carefully considering the report on the merits of the Offer from Grant Samuel & Associates Limited ("**Grant Samuel**" or the "**Independent Adviser**"), a copy of which is attached as Appendix One to this Target Company Statement.

Recommendation of the Board:

The Board unanimously recommends that Vital Shareholders and Vital Option Holders <u>ACCEPT</u> the Offer.[2] Although the Board considers that the Offer Price, which is at the low end of the Independent Adviser's range of $0.44 to $0.69 per Vital Share, undervalues Vital's business and its network assets, the Directors consider that there are counter-balancing factors (including share price and liquidity issues, as well as future market and strategy execution risks - including the ability to offset the eventual loss of St John) that outweigh the low Offer Price. These factors are discussed further below.

All the members of the Board have considered the counter-balancing factors and intend to accept the Offer in respect of the Vital Shares they hold or control.[3]

It is up to each Shareholder and Option Holder to decide whether to accept the Offer. You are encouraged to take your own separate professional advice and make your own assessment based on your own views on value, financial circumstances, risk appetite and investment goals.

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[1] In this Target Company Statement, as applicable, the "Offer Price" means the price of $0.45 per Vital Share and $0.13 per Vital Option.
[2] Option Holders can only accept the Offer in the circumstances set out in this letter under the heading "Option Holders".
[3] Directors' interests in Vital Shares are set out in paragraph 5 of Section 3. The Directors reserve their right to change their intention to accept the Offer if a competing proposal emerges before the Offer closes.

Factors that the Board has taken into account in its recommendation

The key factors that the Board has taken into account in deciding to recommend that Shareholders and Option Holders accept the Offer are as follows:

1. Attractive premium to trading price

The Offer Price for the Vital Shares represents a 63.6% premium to the trading price on the NZX Main Board of $0.275 per Vital Share on 26 May 2025 (being the trading price immediately prior to NZX placing Vital in trading halt on that date after Vital indicated that it expected to receive notice of a full takeover offer) and a 80.7% premium to the 30-day volume weighted average price of $0.249 per Vital Share up to and including Friday, 23 May 2025 (being the last full trading day before the trading halt referred to above).

The highest price that Vital Shares have traded on the NZX Main Board in the two years prior to the announcement of Tait's intention to make the Offer is $0.295 per share, excluding trading for the period in August and September 2024 when Empire Technology Limited ("**Empire**") gave notice of its intention to make a partial takeover offer to acquire 50.1% of Vital Shares at $0.375 per share, and then subsequently withdrew its notice. The Offer Price for Vital Shares is a 20% premium to the offer price proposed by Empire.

If the Offer does not result in Tait acquiring 90% or more of the Vital Shares and subsequently compulsorily acquiring the outstanding equity securities, the Board considers that it is reasonably likely that the market price for Vital Shares will decline to pre-Offer levels.

2. Unlikely to be competing offers during the Offer period

As at 3 July 2025, no competing takeover offer has been made, nor has the Board received a competing proposal involving the acquisition of Vital Shares. Vital was the subject to a partial takeover proposal from Empire during 2024 and, since then, other third parties have been engaged with and have had time to consider making proposals to the Vital Board. Despite this, no other third-party proposal for all or part of Vital has been forthcoming or discussed with the Vital Board. Accordingly, the Board currently considers that a competing proposal is unlikely to emerge during the Offer period. In addition, if the Offer does not succeed, there is no guarantee that there will be a future takeover offer or similar liquidity event at, or above, the Offer Price.

3. The counter-factual and status quo has downside risk

If the Offer does not become unconditional (for example, if Tait receives acceptances for less than 90% of the Vital Shares or, if that condition is waived by Tait, for less than a majority of the Vital Shares) the Offer will lapse and no Vital Shares or Vital Options will be acquired by Tait. If the Offer lapses and Vital continues to operate in its current form, Vital Shares may trade at a significant discount to the Independent Adviser's assessed value range (as set out above). Trading in Vital Shares on the NZX Main Board is typically in small share parcels and the Vital Shares have low levels of liquidity. This low liquidity may adversely affect the future market price for Vital Shares or your ability to sell your Vital Shares in large parcels.

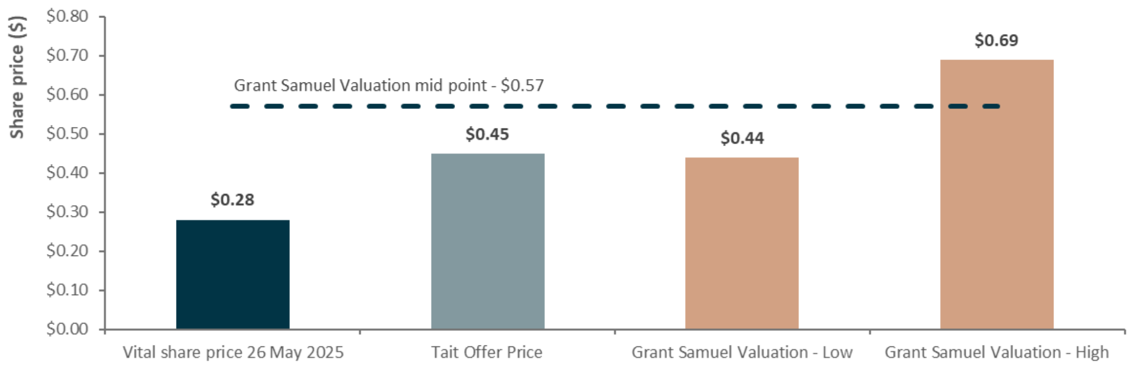
If the Offer is unsuccessful, there are execution and market evolution risks to the Vital turnaround strategy. In respect of market evolution risks, the commoditisation of fibre may continue or accelerate, and the growth of alternative access technologies such as satellite or wireless broadband may increase. On execution risk, while the Vital focus on energy and utilities is delivering revenue growth, Vital operates in a niche area of the market with limited growth opportunities, and the degree to which this growth can fully offset the loss of St John to the Public Safety Network by 2027 or 2029 remains a risk. In addition, there may be future unanticipated macro-economic risks that impact demand for Vital services.

The Independent Adviser discusses the risks and benefits of an investment in Vital in Section 7.5 on pages 42 to 44 of the Independent Adviser's Report.

4. The Offer Price is within Independent Adviser's valuation range

The Offer Price of $0.45 per Vital Share is within the valuation range assessed by Grant Samuel in its Independent Adviser's Report, of $0.44 to $0.69 per Vital Share.

GRANT SAMUEL VALUATION RANGE VERSUS THE OFFER PRICE ($)



Source: Section 7.1, Independent Adviser's Report

Grant Samuel states "the full underlying value is the price a person or entity would be expected to pay to acquire the company as a whole and, accordingly, includes a premium for control. The Offer price is $0.45 per share and is slightly above the bottom of Grant Samuel's value range."

The Board notes that Grant Samuel has adopted a capitalisation of earnings valuation methodology in the Independent Adviser Report and has not used a sum of the parts valuation methodology or a discounted cash flow valuation methodology.

Grant Samuel's valuation range for the Vital Shares implies an intrinsic value for the Vital Options of $0.12 to $0.37 per option. The Offer Price of $0.13 per Vital Option is within that implied valuation range.

Other factors for Shareholders and Option Holders to consider

The Board re-iterates its unanimous recommendation that Shareholders and Option Holders should accept the Offer. However, to ensure that Shareholders and Option Holders are appropriately informed as to other factors that they should consider before deciding whether to accept the Offer, the Board notes the following:

- Although the Offer Price of $0.45 per Vital Share is within the Independent Adviser's valuation range for the Vital Shares of $0.44 to $0.69, it is just $0.01 above the low end of that range and is 20% below the mid-point of the Independent Adviser's valuation range ($0.565). Notably, the lower end of the Independent Adviser's valuation range assumes Vital's contract with St John terminates in early 2027. St John has a two-year right of renewal from early 2027 until early 2029. Vital's Directors currently consider that it is more likely than not that St John will need to exercise this renewal. However, this not certain, so it remains a key risk factor to Vital's outlook.
- The book value of Vital's net assets at 30 June 2024 (audited) was $0.518 per Vital Share, which is above the Offer Price.

- The Independent Adviser's report states that the Independent Adviser has only included $250,000 of estimated cost synergies in its valuation range of $0.44 to $0.69 per Vital Share. It has not valued any revenue synergies attributable to Tait. Although the Vital Directors do not have any visibility to, and therefore cannot value, any revenue synergies, the Board notes that, on 24 June 2025, Tait stated in a Business Desk interview that*:*

  "Tait's chief financial officer, Krishna Guda, said the PSN was "an important element" of the firm's growth strategy and that Vital could "augment its capabilities" to deliver and operate it.

  Tait's CEO, Yoram Benit, stated … "there are tons of synergies" between Tait and Vital … Benit said Vital's radio frequency expertise and civil engineers would [help] with the deployment of its [Tait's] nationwide system. "Right after the acquisition, they [Vital] would partner with us [Tait] to expedite the build here in New Zealand."

- Given Tait's focus on Vital's radio communications business, Tait could decide to sell Vital's fibre assets in the future for a value higher than the Offer Price of $0.45 per Vital Share implies. However, at the current time Vital has been engaging with the market and has not received any approaches or proposals for its fibre assets and there is no certainty that Tait can find a buyer for the fibre assets for value.

In addition, there may be other reasons, specific to your circumstances, that may weigh in favour of you rejecting the Offer. For example, if you are willing to accept the risks associated with the status quo in order to retain exposure to the potential future upsides of Vital business strategy; if you believe that a future liquidity event (such as a takeover offer or similar proposal) at a price higher than the Offer Price is likely to emerge within a reasonable period; or if you believe that the Offer will result in Tait holding between 50% and 90% of the Vital Shares[4] and you believe that Tait, as a controlling Shareholder, will implement strategies to enhance Shareholder value, you may wish to consider retaining your Vital Shares.

Option Holders

The Vital Options are not normally transferrable. However, the Board has resolved to waive the restrictions on transfer of the Vital Options, for the limited purpose of permitting Option Holders to accept the Offer for those Vital Options, conditional on Tait providing notice under rule 49A of the Takeovers Code that Tait has received acceptance to the Offer in respect of more than 50% of the Vital Shares ("**Waiver Condition**").

Accordingly, if the Waiver Condition is satisfied, Option Holders may accept the Offer for some or all of their Vital Options. For clarity, the Board's recommendation that Option Holders should accept the Offer is subject to satisfaction of the Waiver Condition.

Option Holders should be aware that if the Offer becomes unconditional and they do not accept the Offer or exercise their Vital Options within a short time frame, their Vital Options will expire. Option Holders are encouraged to read Part B of Section 2 of this Target Company Statement for further information, and to seek their own professional advice if they have questions about what action to take.

[4] For the Offer to result in Tait owning between 50% and 90% of the Vital Shares, Tait would need to waive the 90% minimum acceptance condition. There is no certainty that Tait will do so.

Current level of acceptances to the Offer

As at 1 July 2025, Tait has received aggregate acceptances to the Offer in respect of 15.883% of the Vital Shares, including an acceptance by Vital's largest Shareholder, Asset Management Partners Limited, which owns 10.813% of the Vital Shares.

Offer conditions and potential outcomes of the Offer

The Offer is conditional on (among other matters) Tait receiving acceptances in relation to 90% or more of the Vital Shares. Should Tait reach this threshold, it may, and intends to, compulsorily acquire all of the remaining Vital Shares. Tait is entitled to waive this 90% minimum acceptance condition, in which case (if all other conditions have been satisfied or, if capable of waiver, waived) the Offer would be conditional on Tait receiving acceptances in relation to more than 50% of the Vital Shares.

If Tait achieved acceptances of more than 50%, but less than 90%, of the Vital Shares and the Offer becomes unconditional (which would require Tait to waive the 90% minimum acceptance condition), Vital would remain listed by NZX and the Vital Shares would continue to trade on the NZX Main Board. However, Tait would become the majority and controlling shareholder of Vital and could determine the composition of the Board and, through the Board, determine Vital's business plan, capital structure, dividend policy and other key matters. Having Tait as a majority shareholder would further decrease the liquidity of Vital Shares and may make it more difficult for shareholders to sell their Vital Shares.

If Tait waives the 90% acceptance condition and acquires between 50% and 90% of the Vital Shares, there is no certainty that Tait will make a further takeover offer to acquire the remaining Vital Shares or what the offer price would be.

Further information on the potential outcomes of the Offer is set out in Section 2, and further information on the implications of Tait becoming the majority shareholder is set out in Schedule Two.

Acceptances and timing

The Offer must remain open until at least 11.59pm NZT on 8 August 2025. Tait may elect to extend the Offer beyond this date to 11.59pm on 12 September 2025.[5]

Once given, acceptances cannot be withdrawn (so you would be unable to sell your Vital Shares to any other person once you accept). The revised Offer Price cannot be reduced.

If you accept the Offer, you will not be paid for any Vital Shares or Vital Options bought from you by Tait until after the Offer becomes unconditional. If the Offer becomes unconditional and you have accepted the Offer, you will be paid the Offer Price by Tait within five working days after the later of the date the Offer becomes unconditional, the date on which Tait receives your acceptance, and 8 August 2025. In this regard, please note that the Offer may remain conditional for up to 10 working days after the Offer has closed.

If the Offer becomes unconditional, the Board will ensure that this is announced to shareholders through NZX.

[5] In certain limited situations, the closing date for the Offer period may be after this date, as described in Section 2.

Conclusion

In summary, while the Board firmly believes the Offer Price of $0.45 per Vital Share and $0.13 per Vital Option does not adequately reflect the inherent value of the business and its network assets, a range of counterbalancing factors and the absence, as at today, of any competing offers, means the Board is, on balance, unanimously recommending that shareholders **ACCEPT** the Offer.

Ultimately, it is up to each Shareholder and Option Holder to decide whether to accept the Offer. You are encouraged to make your own assessment based on your own views on value, financial circumstances, risk appetite and investment goals. The Board recommends you read the Target Company Statement, including the Independent Adviser's Report, carefully before making a decision. We also encourage you to seek professional advice in relation to your particular circumstances.

On behalf of the Board of Directors
of Vital Limited

John McMahon.

John McMahon

Chair

SECTION 2: FREQUENTLY ASKED QUESTIONS

PART A: SHAREHOLDERS

1. WHAT ARE MY OPTIONS?

1.1 You have four options in response to the Offer. You can:

(a) accept the Offer for all of your Vital Shares;

(b) accept the Offer for some, but not all, of your Vital Shares;

(c) sell your Vital Shares on the NZX (or off market) at any time if you do not wish to hold them or participate in the Offer; or

(d) reject (i.e., not accept / do nothing) the Offer.

2. HOW DO I ACCEPT OR REJECT THE OFFER?

2.1 If you wish to accept the Offer, use the acceptance form that accompanied Tait's Offer Document, and carefully follow the instructions on that form. You can also accept the Offer online at: vital.takeovers.co.nz.[6] If you accept the Offer, your acceptance is irrevocable. This means that you cannot withdraw your acceptance or change your mind (for example, if you wished to consider other options for your Vital Shares) once you have accepted the Offer.

2.2 If you wish to reject (i.e. not accept) the Offer, you do not need to take any action.

3. WHAT ARE THE KEY DATES?

What is the time frame for accepting the Offer?

3.1 You have until the end of the Offer period to decide whether or not to accept the Offer.

3.2 At the date of this Target Company Statement, the Offer period will close for acceptances at 11:59pm on 8 August 2025. However, Tait may extend the closing date in accordance with the Takeovers Code up to 11:59pm on 12 September 2025.[7]

3.3 The Offer is conditional on Tait receiving acceptances to the Offer in respect of at least 90% of the Vital Shares (referred to in this Target Company Statement as the 90% minimum acceptance condition). If the 90% minimum acceptance condition is satisfied or waived in the period that begins five working days prior to the closing date of the Offer, the Offer period is automatically extended for 10 working days from the date on which the condition is satisfied (even if this results in the Offer closing after 12 September 2025). This provides Shareholders and Option Holders who have not accepted the Offer further time to consider doing so. In addition, if the 90% minimum acceptance condition is satisfied or if Tait waives that condition and receives acceptances for more than 50% of the Vital Shares, then Tait may extend the Offer period by an additional 40 working days from the date of that event (even if this will result in the Offer period closing after 11:59pm on 12 September 2025).

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[6] Vital is not responsible for this website. Rather, Vital understands that this website is maintained by MUFG Pensions & Market Services on behalf of Tait.

[7] In certain limited situations, the closing date for the Offer period may be after this date, being as set out in paragraph 3.3 of this Section.

When will I be paid if I accept the Offer?

3.4 If you accept the Offer you will be paid by Tait within five working days after the latest of:

(a) the date the Offer becomes unconditional;

(b) the date on which Tait receives your acceptance; and

(c) 18 July 2025.

3.5 You should also be aware that the Offer may remain conditional for up to 10 working days after the Offer has closed, to provide Tait with time to satisfy outstanding conditions.

3.6 Tait will not pay you for any Vital Shares or Vital Options to be acquired from you under the Offer until after the Offer becomes unconditional. Accordingly, accepting the Offer early during the Offer period and before the Offer is unconditional will not result in early payment to you.

4. WHAT ARE THE POTENTIAL OUTCOMES OF THE OFFER?

4.1 There are three potential outcomes of the Offer:

(a) Tait receives acceptances to the Offer for 90% or more of the Vital Shares and the Offer becomes unconditional; or

(b) Tait receives acceptances to the Offer for more than 50% but less than 90% of the Vital Shares and the Offer becomes unconditional (which would require Tait to waive the 90% minimum acceptance condition); or

(c) the Offer does not become unconditional.

4.2 Those potential outcomes are discussed below.

What happens if Tait receives acceptances for more than 90% of Vital Shares and the Offer becomes unconditional?

4.3 If Tait receives acceptances to the Offer for 90% or more of the Vital Shares and the Offer becomes unconditional, Tait will become entitled to, and intends to, compulsorily acquire the remaining Vital Shares in accordance with the Takeovers Code.[8]

4.4 If this occurs then:

(a) Vital Shares will cease to be quoted on NZX; and

(b) if you have not accepted the Offer for all of your Vital Shares, your remaining Vital Shares will be compulsorily acquired from you by Tait. The compulsory acquisition price for the Vital Shares will be the Offer Price.

[8] See paragraph 9 of this Section in respect of the Vital Options.

What happens if Tait receives acceptances for more than 50% but less than 90% of the Vital Shares and the Offer becomes unconditional?

4.5 If Tait receives acceptances for more than 50% but less than 90% of the Vital Shares and the Offer becomes unconditional (which would require Tait to waive the 90% minimum acceptance condition), Tait will be entitled to acquire the Vital Shares for which it has received acceptances to the Offer.

4.6 If this occurs:

(a) Tait will acquire and pay for the Vital Shares and Vital Options for which it has received acceptances to the Offer, for the Offer Price;

(b) Vital will remain listed by NZX and the Vital Shares will continue to be quoted on, and tradeable through, the NZX Main Board. It is possible for Vital to request NZX to cancel Vital's listing or cease quotation of Vital Shares on the NZX Main Board. However, this would be subject to any approval of Shareholders required by NZX;

(c) Tait will control the composition of the Board of Vital;

(d) Tait will be able to pass ordinary resolutions of Shareholders of Vital by itself; and

(e) the price of Vital Shares on the NZX Main Board may fall below the price that prevailed before Vital announced that a party was considering making a full takeover for Vital.

4.7 Schedule Two sets out further information on the implications of Tait acquiring between 50% and 90% of the Vital Shares under the Offer.

What happens if the Offer does not become unconditional?

4.8 If Tait receives acceptances to the Offer for less than 90% of the Vital Shares and does not waive the 90% minimum acceptance condition or if the Offer does not otherwise become unconditional (for example, if there is a breach of a condition to the Offer that is not waived by Tait):

(a) the Offer will lapse;

(b) no Vital Shares or Vital Options will be acquired from you (or any other Shareholder or option holder) under the Offer and you will not be paid for any Vital Shares or Vital Options for which you accept the Offer; and

(c) Vital will remain listed by NZX and the Vital Shares will continue to be quoted on, and tradeable through, the NZX Main Board.

4.9 If this occurs, Tait may, if it wished to do so, acquire up to 20% of Vital Shares through on-market or off-market acquisitions without the need to make a takeover offer (or seek the prior approval of Shareholders in Vital). Tait may also make a subsequent takeover offer for Vital. There is no guarantee that either of these will occur.

PART B: OPTION HOLDERS

5. CAN I SELL MY OPTIONS BY ACCEPTING THE OFFER?

5.1 The Vital Options are not normally transferrable. However, the Board has resolved to waive the restrictions on transfer of the Vital Options, for the limited purpose of permitting Option Holders to accept the Offer for those Vital Options, conditional on Tait providing notice under rule 49A of the Takeovers Code that Tait has received acceptance to the Offer in respect of more than 50% of the Vital Shares.

5.2 Accordingly, if the condition referred to in paragraph 5.1 is satisfied you may accept the Offer for some or all of your Vital Options. If the Offer becomes unconditional with or without Tait becoming the dominant owner of Vital, Tait will acquire from you any Vital Options in respect of which you accepted the Offer, at the Offer Price. For clarity, you may not otherwise transfer your Vital Options.

5.3 If you wish to accept the Offer in respect of your Vital Options, use the acceptance form that accompanied Tait's Offer Document, and carefully follow the instructions on that form. If you accept the Offer, your acceptance is irrevocable. This means that you cannot withdraw your acceptance or change your mind once you have accepted the Offer.

6. DO I NEED TO EXERCISE MY OPTIONS IF I WANT TO ACCEPT THE OFFER?

6.1 No. If the condition referred to in paragraph 5.1 is satisfied you may accept the Offer for some or all of your Vital Options. If you do this, you do not need to exercise your Vital Options.

7. DO I NEED TO ACCEPT THE OFFER IN RESPECT OF MY VITAL OPTIONS?

7.1 No, you do not need to accept the Offer in respect of your Vital Options. If you wish to reject the Offer in respect of your Vital Options, you do not need to take any action. However, please read the answer to the following questions carefully before deciding what action to take in response to the Offer.

8. WHAT ARE THE IMPLICATIONS FOR OPTION HOLDERS IF THE OFFER BECOMES UNCONDITIONAL?

8.1 If Tait receives acceptances to the Offer for more than 50% of the Vital Shares and the Offer becomes unconditional,[9] then there are three alternatives available to you:

(a) If the Offer becomes unconditional before the Offer closes (and you have not previously accepted the Offer in respect of your Vital Options - see paragraphs 5.1 to 5.3 above), then you can accept the Offer for some or all of your Vital Options. You do not need to exercise your Vital Options to accept the Offer.[10]

(b) You can exercise your Vital Options before completion of the Offer (which, for this purpose, the Board interprets as the final acquisition of Vital Shares by Tait under the Offer). If you exercise your Vital Options, you will need to pay the exercise price of $0.32 to Vital and Vital will issue to you one Vital Share for each Vital Option that you exercise.

(c) You can do nothing. However, if **you do not accept the Offer for your Vital Options or exercise your Vital Options before completion of the Offer, your Vital Options will expire, and you will receive no value for them.**[11]

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[9] This could occur either because Tait receives acceptances in respect of 90% or more of the Vital Shares or because Tait receives acceptances for between 50% and 90% of the Vital Shares and Tait waives the 90% minimum acceptance condition.
[10] Note that Option Holders cannot accept the Offer after the Offer closes. Accordingly, the Board recommends that Option Holders accept the Offer before this occurs.
[11] There is one exception to this. If the Offer results in Tait acquiring 90% or more of the Vital Shares and Tait gives an acquisition notice under the Takeovers Code, the Board interprets the terms of the Vital Options such that Vital Options do not expire until 10 days after the date of the acquisition notice. See paragraph 9 of this Section 2.

8.2 How these alternatives apply to you depends on whether the Offer becomes unconditional more than five business days before the Offer closes, less than five business days before the Offer closes, or after the Offer closes. Each of these scenarios is addressed below.

8.3 If you exercise your Vital Options as a result of the Offer becoming unconditional, settlement will occur five business days after exercise. On settlement, you must pay to Vital the exercise price of $0.32 per Vital Option you exercise and Vital must issue to you one Vital Share for each exercised option.

What happens if the Offer becomes unconditional more than five business days before the closing date for the Offer?

8.4 If the Offer becomes unconditional on a date that is more than five business days before the closing date for the Offer and you have not previously accepted the Offer in respect of your Vital Options (see paragraphs 5.1 to 5.3 above), the following alternatives are available to you:

(a) You can accept the Offer in respect of your Vital Options before the Offer closes, in which case Tait will acquire and pay for those Vital Options in accordance with the terms of the Offer (see paragraph 3.4 above).

(b) You can exercise your Vital Options and pay for new Vital Shares, then accept the Offer in respect of those Vital Shares before the Offer closes.[12] In this case, Tait will acquire and pay for those Vital Shares in accordance with the terms of the Offer (see paragraph 3.4 above).

(c) You can exercise your Vital Options and pay for new Vital Shares, then not accept the Offer in respect of those Vital Shares.[13] In this case, if Tait receives acceptances to the Offer in respect of 90% or more of the Vital Shares and beneficial title over the voting securities passes to Tait, Tait will be entitled to, and intends to, compulsorily acquire all of the remaining equity securities in Vital, including your Vital Shares (see paragraphs 4.3 and 4.4 above). If Tait receives acceptances to the Offer for between 50% and 90% of the Vital Shares, then the outcome for you as a Shareholder will be as described in paragraphs 4.5 to 4.7 above.

(d) You can do nothing, in which case your Vital Options will expire on completion of the Offer.[14] **In this case, you will receive no value for your Vital Options.**

8.5 Accepting the Offer for your Vital Options will, if the Offer becomes unconditional, result in the same net, pre-tax payment to you as what you will receive if you exercise those Vital Options and accept the Offer for the resulting Vital Shares (i.e., in each case, a net, pre-tax payment of $0.13 per Vital Option). You should consider which alternative is best for you, having regard to your own individual circumstances and taxation situation. If you have any questions, you should seek your own professional advice. For clarity, if the Offer becomes unconditional more than five business days before the closing date for the Offer and you have not already accepted the Offer in respect of your Vital Options, you should take one of the alternatives set out in paragraphs 8.4(a) to 8.4(c) if you wish to avoid your Vital Options expiring.

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[12] To do so, you must ensure that you exercise your Vital Options so that that settlement occurs and you are issued with Vital Shares before the Offer closes.
[13] To do so, you must exercise your Vital Options before completion of the Offer.
[14] See footnote 11.

What happens if the Offer becomes unconditional less than five business days before the closing date for the Offer?

8.6 If the Offer becomes unconditional within less than five business days before the closing date for the Offer and you have not previously accepted the Offer in respect of your Vital Options (see paragraphs 5.1 to 5.3 above), the following alternatives are available to you:

(a) You can accept the Offer in respect of your Vital Options before the Offer closes, in which case Tait will acquire and pay for those Vital Options in accordance with the terms of the Offer (see paragraph 3.4 above). [15]

(b) You can exercise your Vital Options and pay for new Vital Shares.[16] Those Vital Shares will be issued after the Offer closes (unless Tait permits Vital to accelerate settlement of the Vital Options, which is currently prohibited by the conditions to the Offer). In this case, if Tait receives acceptances to the Offer in respect of 90% or more of the Vital Shares, Tait will be entitled to, and intends to, compulsorily acquire all of the remaining equity securities in Vital, including your Vital Shares (see paragraphs 4.3 and 4.4 above). If Tait receives acceptances to the Offer for between 50% and 90% of the Vital Shares, then the outcome for you as a Shareholder will be as described in paragraphs 4.5 to 4.7 above.

(c) You can do nothing, in which case your Vital Options will expire on completion of the Offer.[17] **In this case, you will receive no value for your Vital Options.**

8.7 Accepting the Offer for your Vital Options will, if the Offer becomes unconditional, result in the same net, pre-tax payment to you as what you will receive if you exercise those Vital Options and the resulting Vital Shares are compulsorily acquired by Tait (i.e., in each case, a net, pre-tax payment of $0.13 per Vital Option). You should consider which alternative is best for you, having regard to your own individual circumstances and taxation situation. If you have any questions, you should seek your own professional advice. For clarity, if the Offer becomes unconditional less than five business days before the closing date for the Offer and you have not already accepted the Offer in respect of your Vital Options, you should take one of the alternatives set out in paragraphs 8.6(a) and 8.6(b) if you wish to avoid your Vital Options expiring.

What happens if the Offer becomes unconditional after the closing date for the Offer?

8.8 If the Offer becomes unconditional after the closing date for the Offer and you have not previously accepted the Offer in respect of your Vital Options (see paragraphs 5.1 to 5.3 above), the following alternatives are available to you:

(a) You can exercise your Vital Options and pay for new Vital Shares.[18] Those Vital Shares will be issued after the Offer closes. In this case, if Tait receives acceptances to the Offer in respect of 90% or more of the Vital Shares, Tait will be entitled to, and intends to, compulsorily acquire all of the remaining equity securities in Vital, including your Vital Shares (see paragraphs 4.3 and 4.4 above). If Tait receives acceptances to the Offer for between 50% and 90% of the Vital

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[15] To do so, you must ensure that you exercise your Vital Options so that that settlement occurs and you are issued with Vital Shares before the Offer closes.
[16] To do so, you must exercise your Vital Options before completion of the Offer.
[17] See footnote 11.
[18] To do so, you must exercise your Vital Options before completion of the Offer.

Shares, then the outcome for you as a Shareholder will be as described in paragraphs 4.5 to 4.7 above.

(b) You can do nothing, in which case your Vital Options will expire on completion of the Offer.[19] **In this case, you will receive no value for your Vital Options.**

8.9 You should consider which alternative is best for you, having regard to your own individual circumstances and taxation situation. If you have any questions, you should seek your own professional advice. For clarity, if the Offer becomes unconditional after the closing date for the Offer and you have not already accepted the Offer in respect of your Vital Options, you should exercise your Vital Options if you wish to avoid them expiring.

9. IF I DO NOTHING, WILL MY VITAL OPTIONS BE COMPULSORILY ACQUIRED?

9.1 No. If Tait becomes the holder or controller or 90% or more of the voting rights in Vital (including by acquiring 90% or more of the Vital Shares under the Offer), Tait is entitled to, and intends to, issue an acquisition notice requiring all of the holders of outstanding equity securities to sell those securities to Tait. In this circumstance, Option Holders may exercise their Vital Options within 10 days after the acquisition notice, in which case the resulting Vital Shares will be compulsorily acquired by Tait. The compulsory acquisition price for the Vital Shares will be the Offer Price.

9.2 If you do not exercise your Vital Options within that 10 day period, your Vital Options will expire. This means you will receive no value for them and they will not be compulsorily acquired from you.

[19] See footnote 11.

SECTION 3: TAKEOVERS CODE DISCLOSURES

This Target Company Statement has been prepared by Vital Limited ("**Vital**") pursuant to rule 46 and Schedule 2 of the Takeovers Code in relation to a full takeover offer made by Tait Technology Limited ("**Tait**"). Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information. The following matters are stated as at the date of this Target Company Statement.

1. DATE

1.1 This Target Company Statement is dated 4 July 2025.

2. OFFER

2.1 This Target Company Statement relates to a full takeover offer by Tait ("**Offer**") to purchase all of the:

(a) fully paid ordinary shares in Vital ("**Vital Shares**" or "**Shares**"), for a cash purchase price of $0.45 per Vital Share; and

(b) options to acquire Vital Shares at an exercise price of $0.32 per Vital Share issued under Vital's Employee Share Option Plan ("**Vital Options**"), for a cash purchase price of $0.13 per Vital Option.

2.2 The full terms of the Offer are set out in Tait's Offer Document dated 19 June 2025 ("**Offer Document**"), which is dated, and was sent by Tait to Vital Shareholders and Option Holders, on 19 June 2025.

2.3 Further information regarding Tait and its ownership and control structure is set out in the Offer Document.

3. TARGET COMPANY

3.1 The name of the target company is Vital Limited.

3.2 Vital's postal address is:

PO Box 9345
Marion Square
Wellington 6011

3.3 Vital's website is www.vital.co.nz.

3.4 The contact email address of Vital is investors@vital.co.nz.

4. DIRECTORS OF VITAL

4.1 The names of the Directors of Vital are:

(a) John Stephen McMahon (Independent Chair of the Board);

(b) Susan Freeman-Greene (Independent Director); and

(c) James Matheson Sclater (Independent Director).

5. OWNERSHIP OF EQUITY SECURITIES OF VITAL

5.1 Vital has two classes of equity securities on issue, Vital Shares and Vital Options. The number, designation and the percentage of Vital Shares and Vital Options held or controlled by each Director or Senior Manager[20] of Vital, or their associates, as at the date of this Target Company Statement is set out in the following table:

Name of Director, Senior Manager or associate	Description	Number of Vital equity securities held or controlled by Director, Senior Manager or associate	Designation of Vital equity securities	Percentage of total number of Vital equity securities of that designation
John McMahon[21]	Director	1,172,233	Vital Shares	2.821%
James Matheson Sclater and Paul John McCormick as trustees of the Kailua Trust	Director	1,500	Vital Shares	0.004%
Lynda Maree Sclater and Paul John McCormick as trustees of the Hauraki Trust	Associate of Director (James Sclater)	106,666	Vital Shares	0.257%
Jason Bull	Senior Manager	70,666	Vital Shares	0.170%
Paul Kerr	Senior Manager	10,000	Vital Shares	0.024%
Jason Bull	Senior Manager	380,000	Vital Options	40%
Paul Kerr	Senior Manager	190,000	Vital Options	20%

The information in the above table is based on (1) information provided by or on behalf of the persons named in that table on or before 18June 2025 in response to questionnaires circulated by Vital and (2) Vital's share register and options register as at 9 June 2025 (being the record date for the Offer).

5.2 Except as set out in paragraph 5.1, no Director or Senior Manager of Vital, or their associates, holds or controls any Vital equity securities.

5.3 The number and the percentage of Vital equity securities held or controlled by the persons known by Vital to hold or control 5% or more of the Vital equity securities is set out in the following table:

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[20] For the purposes of this Target Company Statement, the Board has determined that the Senior Managers of Vital are Jason Bull and Paul Kerr.

[21] Vital Shares held by ASB Nominees Limited as bare trustee for Meta Capital Limited, which is the beneficial owner of the Vital Shares. John McMahon is the registered holder and beneficial owner of all of the shares in Meta Capital Limited. For completeness, Mr McMahon's adult stepdaughter, Kate Bellairs, holds 105,000 Vital Shares (0.253%) and Kate Bellairs' daughter, Ada Bellairs, holds 4,500 Vital Shares (0.011%). Those Vital Shares were acquired before Mr McMahon became a Director of Vital. Mr McMahon does not consider that he is associated, for the purposes of the Takeovers Code, with Kate or Ada Bellairs. In particular, although Mr McMahon holds certain discretionary rights in respect of those Shares, he has not exercised those rights in the past and he has confirmed to Kate Bellairs that he will not exercise those rights in respect of the Offer.

Holder or controller of 5% or more of Vital equity securities	Number of Vital equity securities held or controlled	Designation of Vital equity securities	Percentage of total number of Vital equity securities of that designation
Asset Management Partners Limited	4,492,508	Vital Shares	10.811%
New Zealand Central Securities Depository Limited	5,815,886	Vital Shares	13.998%
Salt Funds Management Limited	2,106,728	Vital Shares	5.071%
Jason Bull	380,000	Vital Options	40%
Jason Bull	70,666	Vital Shares	0.170%
Paul Kerr	190,000	Vital Options	20%
Mark Finnigan	190,000	Vital Options	20%
Marc Farrelly	190,000	Vital Options	20%
Marc Farrelly	5,450[22]	Vital Shares	0.01311%

The information in the above table is based on (1) information provided by or on behalf of the persons named in that table on or before 18 June 2025 in response to questionnaires circulated by Vital and (2) Vital's share register and options register as at 9 June 2025 (being the record date for the Offer).

5.4 Except as set out in paragraphs 5.3, no other person is known by Vital to hold or control 5% or more of the Vital equity securities.

5.5 The number and price of equity securities of Vital (including Vital Shares):

(a) issued to any Director or Senior Manager of Vital, or their associates; or

(b) in which any Director or Senior Manager of Vital, or their associates, obtained a beneficial interest under any Vital employee share scheme or other remuneration arrangement,

in the two year period ending on the date of this Target Company Statement is set out in the following table:

Name of Director, Senior Manager or associate	Description	Number of Vital equity securities issued or provided to Director, Senior Manager or associate	Designation of Vital equity securities	Price of total number of Vital equity securities issued or provided to Director, Senior Manager or associate
Paul Kerr	Senior Manager	190,000	Vital Options	Issued pursuant to Vital's Employee Share Option Plan

[22] Held by New Zealand Depository Nominee Limited on behalf of Sharesies Nominee Limited for Marc Farrelly who is the beneficial owner of the Vital Shares.

Name of Director, Senior Manager or associate	Description	Number of Vital equity securities issued or provided to Director, Senior Manager or associate	Designation of Vital equity securities	Price of total number of Vital equity securities issued or provided to Director, Senior Manager or associate
				for nil consideration

5.6 Except as set out in paragraph 5.5, no Director or Senior Manager of Vital, or their associates, have, in the two year period ending on the date of this Target Company Statement:

(a) been issued with any equity securities of Vital; or

(b) obtained a beneficial interest in any equity securities of Vital under any Vital employee share scheme or other remuneration arrangement.

6. TRADING IN VITAL EQUITY SECURITIES

6.1 No Director or Senior Manager of Vital, or any of their associates, has during the six month period before 18 June 2025 (being the latest practicable date before the date of this Target Company Statement) acquired or disposed of Vital equity securities.

6.2 Persons known by Vital to hold or control 5% or more of the Vital equity securities have, during the six month period before 18 June 2025 (being the latest practicable date before the date of this Target Company Statement), acquired or disposed of Vital equity securities as set out in Schedule One to this Target Company Statement.

6.3 Except as set out in paragraph 6.2, no person known by Vital to hold or control 5% or more of the Vital equity securities has during the six month period before 18 June 2025 (being the latest practicable date before the date of this Target Company Statement) acquired or disposed of Vital equity securities.

7. ACCEPTANCE OF OFFER

7.1 John McMahon intends to accept the Offer in respect of all of the Vital Shares that he holds or controls (see paragraph 5 above), being 1,172,233 Vital Shares (2.821% of the total number of Vital Shares), but reserves the right to change his position if a competing proposal emerges before the Offer closes.

7.2 James Sclater and his associates intend to accept the Offer for all of the Vital Shares that they hold or control (see paragraph 5 above), being 108,166 (0.261% of the total number of Vital Shares) but they reserves the right to change this position if a competing proposal emerges before the Offer closes.

7.3 Jason Bull intends to accept the Offer in respect of all of the Vital Shares that he holds or controls, being 70,666 Vital Shares (0.170% of the total number of Vital Shares), and (if the Vital Options become transferrable on the basis described in paragraph 17.4 below) intends to accept the Offer in respect of all of the Vital Options that he holds or controls, being 380,000 Vital Options (40% of the total number of Vital Options), but reserves the right to change his position if a competing proposal emerges before the Offer closes.

7.4 Paul Kerr intends to accept the Offer in respect of all of the Vital Shares that he holds or controls, being 10,000 Vital Shares (0.024% of the total number of Vital Shares), and (if the Vital Options become transferrable on the basis described in paragraph 17.4 below) intends to accept the Offer in respect of all of the Vital Options that he holds or controls, being 190,000 Vital Options (20% of the total number of Vital Options), but reserves the right to change his position if a competing proposal emerges before the Offer closes.

7.5 Susan Freeman-Greene does not hold or control any Vital Shares or Vital Options..

8. OWNERSHIP OF EQUITY SECURITIES OF TAIT

8.1 Vital does not hold or control any class of equity security of Tait or any related company of Tait ("**Tait Shares**").

8.2 No Director or Senior Manager of Vital, nor any of their associates, holds or controls any Tait Shares.

9. TRADING IN EQUITY SECURITIES OF TAIT

9.1 Vital has neither acquired nor disposed of any Tait Shares during the six month period before 18 June 2025 (being the latest practicable date before the date of this Target Company Statement).

9.2 No Director or Senior Manager of Vital, nor any of their associates, has acquired or disposed of any Tait Shares during the six month period before 18 June 2025 (being the latest practicable date before the date of this Target Company Statement).

10. ARRANGEMENTS BETWEEN TAIT OR ITS ASSOCIATES AND VITAL OR ITS RELATED COMPANIES

10.1 As at the date of this Target Company Statement, except as set out in paragraphs 10.2 and 10.3, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Tait or any of its associates and Vital or any related company of Vital, in connection with, in anticipation of, or in response to, the Offer.

10.2 After Tait provided Vital with the Takeover Notice and before Tait made the Offer, Tait requested, under rule 44(4)(a) of the Takeovers Code, that Vital agree to a number of variations to the offer terms attached to the Takeover Notice to correct certain typographical errors. Vital agreed to these requests.

10.3 On 4 November 2024, Tait and Vital entered into a mutual confidentiality agreement, under which Tait agreed to keep confidential any information disclosed to Tait by Vital in connection with Tait's proposal to make a full takeover for Vital and to use the information obtained solely for that purpose.

11. RELATIONSHIP BETWEEN TAIT, AND DIRECTORS AND SENIOR MANAGERS OF VITAL

11.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Tait or any associate of Tait, and any Director or Senior Manager of Vital or any related company of Vital in connection with, in anticipation of, or in response to, the Offer.

11.2 No Director or Senior Manager of Vital is also a director or senior manager of Tait or any related company of Tait.

12. AGREEMENT BETWEEN VITAL, AND DIRECTORS AND SENIOR MANAGERS

12.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Vital or any related company of Vital, and any of the Directors or Senior Managers or their associates of Vital or any related company of Vital, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, or in anticipation of, or in response to, the Offer.

13. INTERESTS OF DIRECTORS AND SENIOR MANAGERS OF VITAL IN CONTRACTS OF TAIT OR RELATED COMPANY

13.1 No Director or Senior Manager of Vital, nor any of their associates, has an interest in any contract to which Tait, or any related company of Tait, is a party.

13A INTERESTS OF VITAL'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF TAIT OR RELATED COMPANY

13A.1 No person who, to the knowledge of the Directors or the Senior Managers of Vital, holds or controls 5% or more of the Vital equity securities has an interest in any material contract to which Tait, or any related company of Tait, is a party.

14. ADDITIONAL INFORMATION

14.1 In the opinion of the Board, no additional information, to the knowledge of Vital, is required to make the information in Tait's Offer Document correct or not misleading.

15. RECOMMENDATION

15.1 The Chair's letter set out in Section 1 contains the Board's recommendation to Shareholders and Option Holders.

15.2 You are encouraged to read this Target Company Statement and the Independent Adviser's Report carefully and in full.

16. ACTIONS OF VITAL

No material arrangements

16.1 Except as set out in this "Takeovers Code Disclosures" section, Vital is not aware of any material agreements or arrangements (whether legally enforceable or not) of Vital and its related companies entered into as a consequence of, in response to, or in connection with, the Offer.

No material negotiations

16.2 Vital is not aware of any negotiations underway as a consequence of, or in response to, or in connection with, the Offer that relate to or could result in:

(a) an extraordinary event such as a merger, amalgamation, or reorganisation involving Vital or any of its related companies; or

(b) the acquisition or disposition of material assets of Vital or any of its related companies; or

(c) an acquisition of equity securities by, or of Vital or any related company of Vital; or

(d) any material change in the equity securities on issue, or policy relating to distributions, of Vital.

17. EQUITY SECURITIES OF VITAL

Vital Shares

17.1 As at the date of this Target Company Statement, Vital has 41,548,318 ordinary shares on issue. All Vital Shares are fully paid.

17.2 The rights of Vital Shareholders in respect of capital, distributions and voting are, subject to the NZX Listing rules and Vital's constitution, as follows:

(a) the right to an equal share with other Vital Shareholders in dividends authorised by the Board of Vital;

(b) the right to an equal share with other Vital Shareholders in the distribution of surplus assets on liquidation of Vital; and

(c) the right to cast one vote on a show of hands, or by voice, or the right to cast one vote for each share held on a poll, in each case at a meeting of Vital Shareholders on any resolution, including a resolution to:

(i) appoint or remove a Director or auditor;

(ii) alter Vital's constitution;

(iii) approve a major transaction;

(iv) approve an amalgamation of Vital; and

(v) put Vital into liquidation.

Vital Options

17.3 As at the date of this Target Company Statement, Vital has 950,000 Vital Options on issue. The key terms of issue of the Vital Options are:

(a) Each Vital Option entitles an employee of Vital to exercise the Vital Option, and convert each Vital Option into one Vital Share:

(i) in respect of 760,000 of the Vital Options, within 18 months from 3 March 2026; and

(ii) in respect of 190,000 of the Vital Options, within 18 months from 4 March 2027,

for the exercise price of $0.32 per Vital Share provided the holder of the Vital Option is employed by Vital at the time of exercise.[23]

(b) The exercise price may be varied if there is a rights issue. The number of Vital Shares to be issued may be varied if there is a bonus issue or other reconstruction prior to the date on which the Vital Option is exercised.

(c) Subject to paragraph 17.4, the Vital Options will lapse, if not exercised, within 18 months from the date on which such Vital Options become exercisable.

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[23] Where an employee has ceased to be employed by Vital as a result of illness, incapacity, death or redundancy, the Board has a discretion to permit the employee to exercise its Vital Options.

(d) Except as set out in paragraph 17.4 below, Vital Options are not transferable and do not participate in dividends.

17.4 The Board has resolved to waive the restrictions on transfer of the Vital Options, for the limited purpose of permitting Option Holders to accept the Offer for those Vital Options, conditional on Tait providing notice under rule 49A of the Takeovers Code that Tait has received acceptance to the Offer in respect of more than 50% of the Vital Shares. Accordingly, if this condition is satisfied, Option Holders may accept the Offer for some or all of their Vital Options. For clarity, Option Holders may not otherwise transfer their Vital Options.

17.5 If Tait declares the Offer to be unconditional, the Vital Options become exercisable during the period from the date the Offer is declared unconditional until the Offer is completed. **Any Vital Options not exercised during the exercise period will lapse**. The holder or any Vital Shares issued on the valid exercise of Vital Options may accept the Offer during the Offer period. For further information, see Part B of Section 2.

18. FINANCIAL INFORMATION

18.1 Every person to whom the Offer is made is entitled to obtain from Vital an electronic or a non-electronic copy of Vital's most recent annual report (being the annual report for the 12 months ended 30 June 2024) and Vital's most recent interim report (being the interim report for the six months ended 31 December 2024) by making a written request to:

Vital Limited
PO Box 9345
Marion Square
Wellington 6011

OR

Email: investors@vital.co.nz

18.2 Electronic copies of Vital's most recent annual report and interim report are also available on Vital's website at: vital.co.nz/investors/#annual-reports.

Changes in the financial position, trading position or prospects of Vital since the 2024 Annual Report

18.3 Other than as set out in this Target Company Statement and the Independent Adviser's Report:

(a) there have been no known material changes in the financial or trading position or prospects of Vital since the annual report referred to in paragraph 18.1 which the Board considers to be material; and

(b) there is no other information about the assets, liabilities, profitability and financial affairs of Vital that could reasonably be expected to be material to the making of a decision by Vital Shareholders to accept or reject the Offer.

19. INDEPENDENT ADVICE ON MERITS OF OFFER

19.1 Grant Samuel & Associates Limited, as Independent Adviser, has prepared a report on the merits of the Offer under rule 21 of the Takeovers Code ("**Independent Adviser's Report**"). A full copy of the Independent Adviser's Report is set out in Appendix One to this Target Company Statement.

19.2 The Independent Adviser's Report includes:

(a) a statement of the qualifications and expertise of Grant Samuel & Associates Limited; and

(b) a statement that Grant Samuel & Associates Limited has no conflict of interest that could affect its ability to provide an unbiased report.

19A. DIFFERENT CLASSES OF SECURITIES

19A.1 The Offer is a full takeover offer by Tait to acquire all of the Vital Shares and the Vital Options. As a result, as required by rule 8(4) of the Takeovers Code, Tait obtained an independent adviser's report from Campbell MacPherson Limited ("**Campbell MacPherson**"), which certifies that the consideration and terms offered for the Vital Options is fair and reasonable in comparison to the consideration and terms offered for the Vital Shares ("**Fairness Between Classes Report**").

19A.2 A copy of the Fairness Between Classes Report is set out in Appendix Two to this Target Company Statement. Importantly, the Fairness Between Classes Report is different to the Independent Adviser's Report referred to in paragraph 19. Whereas the Independent Adviser's Report is a report on the merits of the Offer (including the Independent Adviser's valuation of the Vital Shares and the Vital Options), the Fairness Between Classes Report is limited in scope to the matters set out in paragraph 19A.1.

20. ASSET VALUATION

20.1 No information provided in this Target Company Statement refers to a valuation of any asset of Vital.

20.2 The Independent Adviser's Report refers to the valuation of Vital. The basis of computation and key assumptions on which that valuation is based is set out in the Independent Adviser's Report.

21. PROSPECTIVE FINANCIAL INFORMATION

21.1 Except as set out in paragraphs 21.2 and 21.3, none of the information provided in this Target Company Statement is prospective financial information of Vital.

21.2 The Independent Adviser's Report refers to prospective financial information of Vital. The principal assumptions on which the prospective financial information is based are set out in that report.

21.3 The Independent Adviser's Report sets out certain details of Vital's forecasts for the financial years ended30 June 2025 and 30 June 2026.[24] In considering forecast information, Shareholders should note that forecasts were prepared for internal management purposes only and were not prepared for, or with the intention of giving, guidance as to Vital's expected future financial performance. Accordingly, the basis of preparation of the forecasts, while appropriate for internal management

[24] Although this Target Company Statement is dated after 30 June 2025, when Vital provided financial information to the Independent Adviser, it did not have actual results available for the full financial year. Accordingly, the Independent Adviser relied on forecast financial results for the final part of the financial year ended 30 June 2025.

purposes, may differ from the basis which would be adopted when preparing prospective financial information for external reporting purposes. Shareholders should also note paragraphs 24.5 to 24.8.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER THE OFFER

22.1 The Vital Shares, which are the subject of the Offer, are quoted on the NZX Main Board (NZX:VTL).

22.2 The Vital Options are not quoted on the NZX Main Board or any other stock exchange. No Vital Options have been disposed of in the 12 months ended on 18 June 2025, being the latest practicable working day before the date on which this Target Company Statement is sent to Shareholders, except as set out in paragraph 23.4.

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

23.1 The closing price on the NZX Main Board market operated by NZX Limited of Vital Shares on:

(a) 18 June 2025, being the latest practicable working day before the date on which this Target Company Statement is sent to Shareholders, was $0.40; and

(b) 4 June 2025, being the last day on which NZX Limited was open for business before the date on which Vital received Tait's Takeover Notice in respect of the Offer on 5 June 2025, was $0.395.

23.2 The highest and lowest closing market price of Vital Shares on the NZX Main Board and the relevant dates during the six months before the date on which Vital received Tait's Takeover Notice on 5 June 2025 were as follows:

(a) the highest closing market price was $0.28, on 22 May 2025; and

(b) the lowest closing market price was $0.23, on 8 April 2025.

23.3 On 26 May 2025, being the last day on which Vital Shares were able to be traded on the NZX Main Board market prior to Vital announcing on 27 May 2025, by way of a trading halt application, the possibility of a full takeover offer for Vital, the closing price for Vital Shares on the NZX Main Board was $0.2750.

23.4 On 21 February 2025, Vital cancelled 190,000 Vital Options for nil consideration as a result of the employee who had held those Vital Options ceasing to be employed by Vital.

23.5 Except as set out in paragraph 23.4, there were, in the six month period prior to 18 June 2025, being the latest practicable working day before the date on which this Target Company Statement is sent to Shareholders, no issuances of equity securities of Vital, changes in the equity securities on issue or distributions that could have affected the market prices referred to in this paragraph 23.

23.6 Other than as set out in this Target Company Statement and the Independent Adviser's Report, there is no other information about the market price of Vital Shares that would reasonably be expected to be material to the making of a decision by Vital Shareholders to accept or reject the Offer.

24. OTHER INFORMATION

Rounding

24.1 All shareholding percentages in this Target Company Statement are rounded to two decimal places unless stated otherwise.

Reliance on information

24.2 In preparing this Target Company Statement, Vital has relied on the completeness and accuracy of the information in the Schedule to the Offer Document and the information provided to it by or on behalf of various persons, including Vital's Directors and Senior Managers, Vital Shareholders holding 5% or more of the Vital Shares, Option Holders holding 5% or more of the Vital Options, and Tait.

Your decision

24.3 You are responsible for making your own decision as to whether to accept the Offer. This Target Company Statement does not take into account your individual investment objectives, financial or tax situation or needs. If you have questions or if you are in doubt as to what you should do in respect of the Offer, you should seek your own professional advice.

Websites

24.4 References in this Target Company Statement to any website are for informational purposes only. To the extent permitted by law, Vital and the Board do not assume responsibility for the contents of any such website.

Forward looking statements

24.5 This Target Company Statement (including the Independent Adviser's Report) contains certain forward looking statements. These statements generally may be identified by the use of forward looking words such as, aim, anticipate, believe, estimate, expect, forecast, foresee, future, intended, likely, may, planned, potential, projection, should and other similar words.

24.6 You should be aware that there are risks (known and unknown), uncertainties, assumptions and other important factors that could cause actual conduct, results, performance or achievements of Vital to be materially different to the future conduct, results, performance or achievements expressed or implied by any forward looking statements.

24.7 Future conduct, results, performance or achievements could be materially different from historical conduct, results, performance or achievements. Such deviations are both normal and to be expected.

24.8 No person, including the members of the Board and the Senior Managers of Vital, gives any warranty, representation or assurance that any conduct, results, performance or achievements expressed or implied by any forward looking statements in this Target Company Statement (including the Independent Adviser's Report) will actually occur.

Currency

24.9 All references in this Target Company Statement to $ are to New Zealand dollars.

25. APPROVAL OF THIS STATEMENT

25.1 Due to James Sclater having unexpected travel commitments over the period when this Target Company Statement was due to be approved by the Board, the Board delegated the authority to approve this Target Company Statement to a committee comprising John McMahon and Susan Freeman-Greene. That committee unanimously approved this Target Company Statement. Prior to that approval, James Sclater confirmed to the committee in writing that he agreed to the Board's recommendation and to the other matters that are attributed to the Board in this Target Company Statement.

26. CERTIFICATE

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise and includes all the information required to be disclosed by Vital under the Takeovers Code.

Signed by:

John McMahon Director and Chair of the Board	Susan Freeman-Greene Director
Jason Bull Chief Executive Officer	Paul Kerr Chief Financial Officer

Schedule One

Trading of Vital equity securities by holders or controllers of 5% or more of Vital equity securities during the previous six months[25]

Holder or controller of 5% or more of Vital equity securities	Aggregate number of Vital equity securities acquired or disposed of	Date / Week commencing of acquisition or disposal	Consideration per Vital equity securities / weighted average consideration per Vital equity security	Designation of Vital equity securities	Acquisition or disposal
Salt Funds Management Limited	808	5 May 2025	$0.2498	Vital Shares	Acquisition
Salt Funds Management Limited	8,290	28 April 2025 to 4 May 2025	$0.243	Vital Shares	Acquisition
Salt Funds Management Limited	20,000	17 April 2025	$0.245	Vital Shares	Acquisition
Salt Funds Management Limited	38,000	7 to 13 April 2025	$0.242	Vital Shares	Acquisition
Salt Funds Management Limited	8,000	16 to 22 December 2024	$0.251	Vital Shares	Acquisition
Salt Funds Management Limited	31,404	12 December 2024	$0.26	Vital Shares	Acquisition
Asset Management Partners Limited	122,136	23 April 2025	$0.2450	Vital Shares	Acquisition
Asset Management Partners Limited	163,476	14 to 20 April 2025	$0.2483	Vital Shares	Acquisition
Asset Management Partners Limited	14,388	7 to 13 April 2025	$0.2300	Vital Shares	Acquisition
Asset Management Partners Limited	37,979	24 to 30 March 2025	$0.2400	Vital Shares	Acquisition
Asset Management Partners Limited	2,574	17 to 23 March 2025	$0.2400	Vital Shares	Acquisition

[25] To 18 June 2025.

Holder or controller of 5% or more of Vital equity securities	Aggregate number of Vital equity securities acquired or disposed of	Date / Week commencing of acquisition or disposal	Consideration per Vital equity securities / weighted average consideration per Vital equity security	Designation of Vital equity securities	Acquisition or disposal
Asset Management Partners Limited	77,462	10 to 16 March 2025	$0.2400	Vital Shares	Acquisition
Asset Management Partners Limited	30,415	3 to 9 March 2025	$0.2400	Vital Shares	Acquisition
Asset Management Partners Limited	66,690	24 February 2025 to 2 March 2025	$0.2495	Vital Shares	Acquisition
Asset Management Partners Limited	36,776	17 to 23 February 2025	$0.2500	Vital Shares	Acquisition
Asset Management Partners Limited	10,018	3 to 7 February 2025	$0.2400	Vital Shares	Acquisition
Asset Management Partners Limited	62,017	27 January 2025 to 2 February 2025	$0.2400	Vital Shares	Acquisition
Asset Management Partners Limited	75,000	24 January 2025	$0.2491	Vital Shares	Acquisition
Asset Management Partners Limited	66,492	16 to 22 December 2024	$0.2496	Vital Shares	Acquisition
Asset Management Partners Limited	13	11 December 2024	$0.2500	Vital Shares	Acquisition
Asset Management Partners Limited	10,600	5 December 2024	$0.2500	Vital Shares	Acquisition

The information in the above table was provided in substantial product holder notices filed by Asset Management Partners Limited or in response to questionnaires circulated by Vital after receipt of Tait's Takeover Notice.

Schedule Two

1. WHAT IS THIS SCHEDULE?

1.1 One potential outcome of the Offer is that Tait may end up holding and controlling between 50% and 90% of the Vital Shares (i.e., if Tait were to waive the 90% minimum acceptance condition and the Offer were to become unconditional). This Schedule outlines certain implications if this were to occur.

2. FUTURE CONTROL

2.1 If Tait becomes the majority Shareholder in Vital as a result of the Offer, Tait will control the composition of the Board (i.e., Tait will be able to pass resolutions to appoint and removal any and all Directors, even if all other Shareholders voted against such resolutions). As a result, will control Vital's post-Offer business strategy through the Board.

2.2 Tait has stated that, if it becomes the majority Shareholder in Vital, it does not have any current intention to make material changes to the business activities, material assets or capital structure (including dividend policy, raising capital and taking on debt) of the Vital group.

2.3 However, Tait has advised that it intends to undertake a detailed review of the Vital group, having regard to all material matters. Tait has stated that, after that review, it will determine its intentions and take such steps and strategies as Tait considers appropriate. Accordingly, it is possible that, after the Offer, Tait could support a change in Vital's business strategy.

2.4 As the nature, detail and timing of a future change in strategy, cannot be known now, the current Board is unable to assess the impact on value and risk profile of any change.

3. DIVIDENDS AND IMPUTATION CREDITS

3.1 The Vital Board does not have a current dividend policy. If Tait acquires between 50% and 90% of the Vital Shares, it may encourage the Board to adopt such a policy. However, there is no guarantee that this will occur, nor is there any guarantee that Vital will pay dividends after completion of the Offer.

3.2 If the Offer is successful, Vital will lose the balance of imputation credits in its imputation credit account. This may reduce Vital's ability to pay dividends to Shareholders in a tax effective manner (i.e. by attaching imputation credits to dividends paid) in the short to medium term.

4. LIQUIDITY

4.1 Share trading liquidity is the ability to buy or sell Vital Shares in reasonable quantities and within a short timeframe without materially affecting the share price.

4.2 Liquidity is affected by the quantity of trades through the NZX Main Board, which is influenced by the number of Vital Shares which are available to trade (often referred to as "free float"). A decrease in free float means that fewer Vital Shares are available to trade, which can reduce liquidity. There is limited liquidity in the market for Vital Shares. For further information about the volume of Vital Shares traded through the NZX Main Board, see section 3.7.1 of the Independent Adviser's Report.

4.3 If the Offer is completed, the free float of Vital Shares (i.e., the Vital Shares available for trading through the market) will decrease as Tait would hold a majority of the Vital Shares. This is likely to result in a decrease in liquidity.

4.4 A decline in liquidity may have a negative influence on the market price of Vital Shares and may limit your ability to sell your Vital Shares after completion of the Offer at a price that you are prepared to accept.

5. FUTURE CONTROL TRANSACTIONS

Tait will determine the future control of Vital

5.1 If Tait becomes the majority Shareholder in Vital, Tait will have significant influence on any future control transaction involving Vital. No change of control transaction (such as a full takeover offer by a third party or a takeover by way of scheme of arrangement promoted by a third party) affecting Vital can be successful unless that transaction is supported by Tait.

Tait may increase its control of Vital

5.2 If Tait becomes the majority Shareholder in Vital under the Offer, after waiting 12 months from the completion of the Offer, Tait is entitled to acquire an additional 5% shareholding in Vital in each 12-month period, by way of on-market and off-market transactions, under the "creep" provisions of the Takeovers Code. There are no pricing restrictions on these transactions.

5.3 Importantly, unless certain limited exceptions apply, Tait could not make any "creeping" acquisition of Vital Shares at any time while Tait was in possession of inside information (in broad terms, non-public price sensitive information) concerning Vital.

5.4 In addition to "creeping" acquisitions, Tait is entitled to make a follow-on takeover offer (or a takeover by scheme of arrangement) at any time after completion of the Offer at any price.

5.5 If Tait increases its holding of Vital Shares to 90% or more, whether as a result of a "creeping" acquisition or another takeover offer, Tait is entitled, within a specified period, to compulsorily acquire the remaining Vital Shares and Vital Options. If Tait chooses not to do so then, within a specified period, remaining holders of Vital Shares and Vital Options can require Tait to purchase those Vital Shares and Vital Options.

5.6 The compulsory acquisition price will depend on the manner in which Tait increased its shareholding to 90% or above. In some cases (for example, if Tait increased its shareholding to 90% or above as a result of "creeping" acquisition), the compulsory acquisition price must be a cash sum certified as fair and reasonable by an independent adviser. If the compulsory acquisition price was determined in this manner, then outstanding Shareholders holding 2% or more of the total number of Vital Shares or 10% or more of the outstanding number of Vital Shares could object and require that the compulsory acquisition price be a fair and reasonable cash price set by a different independent expert.

6. SHAREHOLDER PROTECTIONS

6.1 If Tait becomes the majority Shareholder in Vital and you continue to hold Vital Shares you will have the benefit of various legal protections for minority Shareholders.

6.2 The following paragraphs are intended to be a general (and non-exhaustive) summary of certain of those legal protections. It is not legal advice. If you have any questions about your legal rights as a holder of Vital Shares (whether before or after the Offer), you should seek your own legal advice which is specific to your circumstances.

Ongoing NZX listing

6.3 Many of the Shareholder protections described below arise under the NZX Listing rules. It is possible that Tait could seek for the Board to apply to NZX for delisting of Vital.

6.4 Ultimately, delisting, and the conditions of delisting, are at NZX's discretion. The Board understands that, where a company is delisting from NZX and not moving to another recognised stock exchange (e.g., ASX), NZX usually requires, as a pre-condition to delisting, that the delisting be approved by an ordinary resolution of the minority Shareholders (i.e., Shareholders who hold less than 10% of the Vital Shares).

6.5 Vital's constitution requires the company to comply with the NZX Listing rules for so long as the company is listed by NZX.

7. GOVERNANCE PROTECTIONS

Requirement for New Zealand resident Directors and Independent Directors

7.1 Under the NZX Listing rules, the Board must have at least two Directors who are resident in New Zealand and at least two Independent Directors. As noted in paragraph 2.1 of this Schedule, Tait will be able to determine who the Independent Directors are, as Tait will be able to pass a resolution to appoint or remove any Independent Director without reference to other Shareholders.

7.2 For the purposes of the NZX Listing rules, an Independent Director is a Director who is not an employee of Vital and who does not have any direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the Director's capacity to:

(a) bring an independent view to decisions in relation to Vital;

(b) act in the best interests of Vital; or

(c) represent the interests of Shareholders generally,

including having regard to the factors described in the NZX Corporate Governance Code that may impact director independence, if applicable. The NZX Corporate Governance Code is set out in Appendix 1 to the NZX Listing rules, which are available on NZX's website at: https://www.nzx.com/regulation/nzx-rules-guidance/nzx-listing-rules.

Directors' duties

7.3 Under the Companies Act 1993, all Directors, including any Tait representatives who are appointed as Directors of Vital, owe the same duties to Vital.

7.4 Amongst other duties, all Directors, in their capacity as Directors, must act in good faith and in the best interests of Vital (i.e., rather than in the best interests of Tait or any other particular Shareholder(s)).

Prohibitions on interested Director voting

7.5 Under the NZX Listing rules, Directors must not vote on a Board resolution in respect of a matter on which a Director is interested. A Director will be interested in a matter in various circumstances, including:

(a) if the Director is a party to, or may derive a material financial benefit from, the matter;

(b) if the Director has a material financial interest in another party to the matter; or

(c) if the Director is a director or officer of another party to, or person who may derive a material financial benefit from, the matter.

7.6 The two exceptions to the above rule are that a Director may vote on:

(a) a matter in which a Director is interested if, under the Companies Act, the matter requires Directors to sign a certificate (for example, for the issue of Vital Shares or a solvency certificate for the authorisation of a dividend); or

(b) the approval of Director indemnities granted under the Companies Act.

8. SHAREHOLDER OVERSIGHT

Major transactions

8.1 Under the Companies Act, a "major transaction" involving Vital requires Shareholder approval by special resolution (a 75% majority of the votes actually case on the resolution).

8.2 In broad terms, a major transaction is the sale or purchase of assets having a value in excess of 50% of the pre-transaction market value of Vital's gross assets. Importantly, the major transaction rules are entity specific: a transaction by a subsidiary of Vital will not require major transaction Vital Shareholder approval under the Companies Act.

8.3 If the Board proposes a major transaction and that transaction is approved by Shareholders, those Shareholders who vote all of their Vital Shares against the major transaction have minority buyout rights, being the right to require Vital to acquire their Vital Shares for a fair and reasonable cash price.

8.4 Under the NZX Listing rules, a transaction under which Vital will, in broad terms, acquire or dispose of Vital group assets which involves a gross value above 50% of Vital's average market capitalisation, or which would significant change the nature of Vital's business, requires Shareholder approval by ordinary resolution (a bare majority of the votes actually case on the resolution) unless the transaction is a major transaction, in which case Shareholder approval must be by special resolution.

Related party transactions

8.5 Under the NZX Listing rules, Vital must not enter into a "material transaction" (or related series of transactions) with a "related party" without Shareholder approval by ordinary resolution. The related party cannot vote on this resolution. Tait will be a related party of Vital if it becomes the majority Shareholder.

8.6 "Material transactions" include asset sales or purchases having a value of more than 10% of Vital's average market capitalisation and service arrangements where the annual gross cost to Vital is more than 1% of Vital's average market capitalisation. In addition, the issue of securities having a market value of more than 10% of Vital's average market capitalisation is also a "material transaction".

Annual meetings

8.7 Vital must continue to hold annual meetings of Shareholders.

8.8 Under the NZX Listing rules, Vital must hold each annual meeting in New Zealand, or Australia (if Shareholders can participate in the meeting by audio, audio and visual, and/or electronic means).

9. ANTI-DILUTION PROTECTION FOR MINORITIES

NZX Listing rules restrictions on share issues

9.1 Under the NZX Listing rules, Vital must not issue Vital Shares without Shareholder approval by ordinary resolution unless an exception applies. A Shareholder (e.g., Tait) cannot vote on a resolution to approve the issue of Vital Shares to itself.

9.2 Under the NZX Listing rules, the key exceptions to the Shareholder approval requirements are for:

(a) pro-rata rights issues (including renounceable or accelerated rights issues) and share placement plans;

(b) placements of up to 15% of Vital's share capital in a 12-month period; and

(c) issues under employee share schemes or dividend reinvestment plans.

9.3 Placements of new Vital Shares will be subject to the related party transaction rules summarised in paragraph 8 above as well as the Takeovers Code restrictions described in paragraph 10 below among other legal requirements.

9.4 In addition, if Tait has Board representation (which the Board understands is intended) the NZX Listing rules prohibit a placement of Vital Shares solely to Tait without Shareholder approval.

Governance requirements

9.5 Under the Companies Act, to issue Vital Shares, the Board must resolve, and Directors must certify, that the price for the issue and the terms of the issue are fair and reasonable to Vital and to all existing Shareholders.

10. RESTRICTIONS ON TAIT INCREASING ITS SHAREHOLDING

10.1 Under the Takeovers Code, after completion of the Offer, while Tait remains listed by NZX (or otherwise subject to the Takeovers Code), Tait cannot increase its shareholding in Vital, except by way of one of the following:[26]

(a) another takeover (including by way of a scheme of arrangement);

(b) with prior Shareholder approval by ordinary resolution (on which Tait cannot vote); or

(c) the "creep" rules summarised in paragraphs 5.2 and 5.3 above.

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[26] There are also a number of exemptions that would permit Tait to temporarily increase its shareholding in certain circumstances, provided it reduced that shareholding within a specified time period.

11. SHAREHOLDER INFORMATION

Annual reports

11.1 Under the NZX Listing rules, Vital must prepare, and make available to Shareholders, an annual report. This is also a Companies Act obligation.

11.2 The annual report must include audited consolidated financial statements for Vital and certain other matters.

Continuous disclosure

11.3 Under the NZX Listing rules, Vital must immediately disclose price sensitive information to NZX, subject to certain limited exceptions.

INDEPENDENT ADVISER'S REPORT

IN RELATION TO THE TAKEOVER OFFER FROM

TAIT INTERNATIONAL LIMITED

Grant Samuel confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in the report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

GRANT SAMUEL & ASSOCIATES LIMITED

2 JULY 2025

Executive Summary

1. Introduction

On 19 June 2025 Tait International Limited (**Tait**) sent a formal takeover offer document to Vital Limited (**Vital**) shareholders which remains open for acceptance until 18 July 2025, unless extended in accordance with the Takeovers Code (the **Takeover Offer**). Under the Takeover Offer Tait has offered to acquire 100% of all Vital:

- ordinary shares on issue for cash consideration of $0.45 per share; and
- share options on issue (the **Share Options**) for cash consideration of $0.13 per option.

The conditions of the Takeover Offer include:

- Tait receiving acceptances from shareholders that will result in Tait holding or controlling 90% or more of the voting rights in Vital (the **Minimum Acceptance Condition**). Under the Takeovers Code Tait must first receive acceptances for the Takeover Offer that will result in Tait holding or controlling 50% or more of the voting rights in Vital before it can decide whether to waive the Minimum Acceptance Condition.
- Several other conditions are set out in section 4 of the Takeover Offer sent to Vital shareholders. As standard in takeover offers, some of the conditions are included to protect Tait against any substantial change in the form and operations of Vital or the markets it operates in while the Takeover Offer is open for acceptance. Tait may waive any of these conditions at its discretion.

2. Key Conclusions

- **Grant Samuel has valued the equity in Vital in the range of $18.8 million to $29.5 million, or $0.44 to $0.69 per ordinary share. Grant Samuel's valuation implies an intrinsic value range of $0.12 to $0.37 per Share Option.**
  - The Takeover Offer price of $0.45 per ordinary share and $0.13 per Share Option is slightly above the bottom of Grant Samuel's value range.
  - The Takeover Offer represents a premium of 64% relative to the closing price of $0.275 per share on 26 May 2025 being the trading day prior to the first public announcement made in relation to the Takeover Offer and a premium of 53% to the highest price at which Vital shares have traded in the past two years.[1]
- **Tait is seeking to acquire 100% of the shares in Vital.**
  - If Tait does not waive its Minimum Acceptance Condition and the Takeover Offer becomes unconditional Tait will acquire the remaining securities on issue in Vital it does not already own using the compulsory acquisition provisions of the Takeovers Code.
  - Tait has stated that the Takeover Offer is a strategic move to expand Tait's market position, product offering and reach in New Zealand. Tait believes it is the right owner to support Vital's future plans in a challenged operating environment, which benefits Vital's customers, employees and other stakeholders. If Tait receives acceptances for more than 50% of Vital's ordinary shares it may elect to waive the Minimal Acceptance Condition to gain effective control over the day-to-day operations of Vital at the current offer price. Tait does not have to and has not provided any indication that it is likely to waive any of the conditions of the Takeover Offer.
  - Grant Samuel believes that Tait can realise meaningful synergies from the acquisition of 100% of Vital and may therefore be willing to increase its offer price if it does not receive sufficient acceptances for its Takeover Offer. Tait does not have to and has not provided any indication that it is likely to increase its offer price.

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[1] Excluding share price data for the period from the date Empire Technology Limited gave notice of its intention to make a takeover in August 2024 to the date it subsequently withdrew its notice in September 2024.

- If Tait does not receive acceptances for more than 90% of all Vital ordinary shares on issue and does not waive its Minimum Acceptance Condition or receives acceptances of less than 50% of the shares in Vital, or if there is a breach of another Takeover Offer condition which is not waived by Tait, the Takeover Offer will lapse and no shares will be acquired by Tait and Vital will remain a small, public company listed on the NZSX.
- The Board has varied the terms of issue for the Share Options permitting Option Holders to accept the Takeover Offer if Tait notifies Vital before the Takeover Offer closes that it has received acceptances from shareholders holding or controlling 50% or more of the voting rights in Vital. Importantly, if the 50% acceptance threshold is reached then an Option Holder does not have to wait for the Takeover Offer to be declared unconditional before they can accept the Takeover Offer.
- Option Holders may also be able to exercise the Share Options before the Takeover Offer closes but only after Tait receives acceptances of 50% or more of the shares in Vital and the Takeover Offer goes unconditional. At that point Option Holders can decide if they wish to participate in the Takeover Offer for as long as the Takeover Offer remains open. However, there may only be limited time after the Takeover Offer goes unconditional in which an Option Holder can exercise the Share Options before the Takeover Offer closes.
- It is possible that an Option Holder may not be able to exercise the Share Options before the Takeover Offer closes. Option Holders cannot accept the Takeover Offer after it closes and would have limited time to decide whether to exercise the Share Options before the Takeover Offer is completed (i.e., Tait pays for the last shares accepted into the Takeover Offer). If the Takeover Offer goes unconditional with Tait having received acceptances for more than 50% but less than 90% of the voting rights in Vital (i.e. Tait has elected to waive its Minimum Acceptance Condition) and the Option Holder exercises the Share Options after the Takeover Offer closes, the Option Holder will become an ordinary Vital shareholder.
- Tait has stated it will compulsorily acquire any remaining unexercised Share Options in the event that the Takeover Offer goes unconditional with all the conditions having been satisfied, including the Minimum Acceptance Condition. However, Tait will not be able to compulsorily acquire any remaining unexercised Share Options if the Takeover Offer goes unconditional with Tait having waived its Minimum Acceptance Condition. In this circumstance, if Option Holder has neither accepted the Takeover Offer before it closes nor exercised their Share Options before the Takeover Offer is completed, then the Shares Options will lapse, and the Option Holder will receive no value for them.

3. Other Matters

This is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary. A detailed assessment of the merits of the Takeover Offer is outlined in section 7 of this report. Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Accepting the Takeover Offer is a matter for individual shareholders and Option Holders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders and Option Holders. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to accepting the Takeover Offer. Shareholders and Option Holders should consult their own professional adviser in this regard.

GRANT SAMUEL & ASSOCIATES LIMITED

2 July 2025

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GLOSSARY

TERM	DEFINITION
Adjusted EBIT	Adjusted EBIT is Adjusted EBITDA less depreciation on property, plant and equipment. The deduction for depreciation does not include the amortisation of R.O.U assets as the full lease cost has already been recognised in deriving Adjusted EBITDA.
Adjusted EBITDA	Adjusted EBITDA is a non-GAAP measure that includes the actual lease costs incurred for transmission sites, access to ducting, space in data centres and office space as an operating expense in place of the amortisation of R.O.U assets and interest expense on lease liabilities, which are reported as the expenditure below EBITDA in Vital's audited financial statement in accordance with International Financial Reporting Standard 16 – Leases.
AMP	Asset Management Partners Limited
The Board	Vital's Board of Directors
EBITDA	Earnings Before Interest tax depreciation and the amortisation of intangibles (including R.O.U assets).
LMR	Land Mobile Radio
ESOP	Employee Share Ownership Plan
FENZ	Fire & Emergency New Zealand
FleetLink	Analogue mobile radio network of Vital Limited
FY21 – FY25	The financial years ended 30 June 2021, 2022, 2023, 2024 and 2025
FY26	The financial year ending 30 June 2026
Grant Samuel	Grant Samuel & Associates Limited
GAAP	Generally Accepted Accounting Practice in New Zealand
NGCC	Next Generation Critical Communications Whai Tikanga Pāpāho
NZX	New Zealand Stock Exchange
Option Holders	Senior executives of Vital that hold Share Options
PSN	Public Safety Network
RSPs	Retail Service Providers
R.O.U	Right of Use
Share Options	950,000 options over unissued ordinary shares held under an Employee Share Ownership Plan
St John	Hato Hone St John
TaaS	Telecommunications as a Service
Tait	Tait International Limited
Takeover Offer	The takeover offer document that was sent to Vital shareholders on 19 June 2025 and remains open for acceptance until 18 July 2025, unless extended
TeamTalk	TeamTalk Limited, which was renamed Vital Limited in 2019
UFB	Ultrafast Fibre Broadband
Vital	Vital Limited

1 Overview of the Takeover Offer

1.1 Background

Vital Limited (**Vital**) is a New Zealand company listed on the New Zealand Stock Exchange (**NZX**). It provides nationwide infrastructure and communication services to a variety of customers including the Government, Civil Defence, Emergency Services, Health, Utilities, Public Transport, Education, Logistics & Freight, Agriculture and channel partners operating in New Zealand. Vital owns and operates fibre networks in Auckland and Wellington and is the largest commercial provider of mobile radio in New Zealand, providing linking radio services through microwave to some of the remotest parts of the country.

On 27 May 2025 Tait International Limited (**Tait**) announced its intention to offer to purchase 100% of the fully paid ordinary shares in Vital. On 5 June 2025 Tait gave formal notice of this intention to make an offer under rule 41 of the Takeovers Code.

1.2 Terms and Conditions of the Takeover Offer

The formal takeover offer document was sent to Vital shareholders on 19 June 2025 and remains open for acceptance until 18 July 2025, unless extended in accordance with the Takeovers Code (the **Takeover Offer**).

Under the Takeover Offer Tait has offered to acquire 100% of all:

- Vital shares on issue for cash consideration of $0.45 per Vital share; and
- Vital options on issue (the **Share Options**) for cash consideration of $0.13 per Share Option.

The conditions of the Takeover Offer include:

- Tait receiving acceptances from shareholders that will result in Tait holding or controlling 90% or more of the voting rights in Vital (the **Minimum Acceptance Condition**). Under the Takeovers Code Tait must first receive acceptances for the Takeover Offer that will result in Tait holding or controlling 50% or more of the voting rights in Vital before it can decide whether to waive the Minimum Acceptance Condition.
- Several other conditions are set out in section 4 of the Takeover Offer sent to Vital Shareholders. As standard in takeover offers, some of the conditions included protect Tait against any substantial change in the form and operations of Vital or the markets it operates in while the Takeover Offer is open for acceptance.

Tait may waive any conditions of the Takeover Offer at its discretion. However, if Tait waives the Minimum Acceptance Condition, it cannot waive the condition that it must receive acceptances from shareholders that will result in Tait holding or controlling 50% or more of the voting rights in Vital.

If the conditions of the Takeover Offer are satisfied Vital shareholders that accept the Takeover Offer will receive payment within five working days of the later of:

- the date the Offer becomes unconditional;
- the date on which the Vital shareholder's acceptance is received by Tait; and
- 18 July 2025.

1.3 Requirements of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the New Zealand Stock Exchange Listing Rules and the Companies Amendment Act 1963 requirements governing the conduct of company takeover activity in New Zealand. The Takeovers Code seeks to ensure that all shareholders are treated equally and on the basis of proper disclosure are able to make informed decisions on shareholding transactions that may impact on their own holdings.

Vital is a Code Company for the purposes of the Takeovers Code. Rule 6 of the Takeovers Code, the fundamental rule, states that a person (along with its associates) who holds or controls:

a) less than 20% of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company;

b) 20% or more of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company.

Rule 7 of the Takeovers Code sets out the exceptions to the fundamental rule. Rule 7 states that a person may become the holder or controller of an increased percentage of the voting rights in a code company under the following circumstances:

a) by an acquisition under a full offer;

b) by an acquisition under a partial offer;

c) by an acquisition by the person of voting securities in the code company or in any other body corporate from one or more other persons if the acquisition has been approved by an ordinary resolution of the code company in accordance with the code;

d) by an allotment to the person of voting securities in the code company or in any other body corporate if the allotment has been approved by an ordinary resolution of the code company in accordance with the code;

e) if:

(i). the person holds or controls more than 50%, but less than 90%, of the voting rights in the code company; and

(ii). the resulting percentage held by the person does not exceed by more than 5 the lowest percentage of the total voting rights in the code company held or controlled by the person in the 12-month period ending on, and inclusive of, the date of the increase;

f) if the person already holds or controls 90% or more of the voting rights in the code company.

The Takeovers Code specifies the responsibilities and obligations for both Tait and Vital as bidder and target respectively. Vital's response to the Takeover Offer, known as a target company statement, must contain the information prescribed in the Second Schedule of the Takeovers Code, and is to include or be accompanied by an Independent Adviser's Report (or summary thereof).

Pursuant to Rule 22 of the New Zealand Takeovers Code in Relation to the Takeover Offer, Tait commissioned Campbell MacPherson Limited (**Campbell MacPherson**) to prepare an Independent Report. The Campbell MacPherson report is different to this Independent Adviser's Report prepared by Grant Samuel. The purpose of the Campbell MacPherson report was to compare the consideration and terms offered for the different classes of securities and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes of securities that are the subject of the Takeover Offer. The conclusion of the Campbell MacPherson report is that:

"the terms and consideration offered for the non-voting equity securities (being the Options) are fair and reasonable in comparison to the terms and consideration offered for the voting securities (being the Shares). Campbell MacPherson also concluded that the terms and consideration offered for each tranche of Options are fair and reasonable between the two Option tranches."

We understand that the Campbell MacPherson report will be attached to the target company statement to be sent to Vital shareholders.

1.4 Profile of Tait

Tait is a privately owned, global provider of critical communications solutions. Its principal design, engineering, and manufacturing base is in New Zealand.

Tait's core business involves delivering and supporting reliable communication systems for mission-critical organisations worldwide. Tait serves industries including public safety (police, fire, and emergency services), transportation, utilities, mining, oil & gas, and security sectors. Tait solutions are designed to address industry challenges with an emphasis on worker safety features such as location services, man-down alerts, and intrinsically safe equipment for hazardous environments.

Tait's product portfolio includes digital radio technologies, notably Digital Mobile Radio (**DMR**). These systems offer secure and spectrally efficient voice and data capabilities for demanding operational environments. Beyond radio, Tait also provides broadband solutions that integrate communication technologies, including Land Mobile Radio (**LMR**), LTE, Satellite and Wi-Fi. This convergence provides flexible and secure communications that enhance worker safety and operational efficiency.

Tait also offers a range of services, including professional consulting, system implementation, ongoing support, and training. These services are designed to ensure high system performance, improve asset utilisation, and enhance staff efficiency throughout the lifespan of a communication network.

2 Scope of the Report

2.1 Purpose of the Report

The directors of Vital have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report to comply with the Takeovers Code in respect of the Takeover Offer. Grant Samuel is independent of Vital and Tait. Grant Samuel has no involvement with, or interest in, the outcome of the Takeover Offer.

Rule 21 of the Takeovers Code requires the Independent Adviser to report on the merits of an offer. The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term "merit", it suggests that "merits" include both positives and negatives in respect of a transaction.

A copy of this report will accompany the Target Company Statement to be sent to all Vital shareholders. This report has been prepared for the benefit of Vital shareholders. The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Takeover Offer. This report should be read in conjunction with the Qualifications, Declarations and Consents outlined at Appendix E.

2.2 Basis of Evaluation

Grant Samuel has evaluated the Takeover Offer by reviewing the following factors:

- the estimated value range of Vital and the price of the Takeover Offer when compared to that estimated value range;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Vital shares in the absence of the Takeover Offer;
- any advantages or disadvantages for Vital shareholders of accepting or rejecting the Takeover Offer;
- the current trading conditions for Vital;
- the timing and circumstances surrounding the Takeover Offer;
- the attractions of Vital's business; and
- the risks of Vital's business.

2.3 Approach to Valuation

Grant Samuel has estimated the value range of Vital with reference to its full underlying value. In Grant Samuel's opinion the price to be paid under a full takeover should reflect the full underlying value of the company. The support for this opinion is twofold:

- the Takeovers Code's compulsory acquisition provisions apply when the threshold of 90% of voting rights has been reached. In this instance, the Takeovers Code seeks to avoid issues of premiums or discounts for minority holdings by providing that a class of shares is to be valued as a whole, with each share then being valued on a pro rata basis. In other words, a minority shareholder is to receive its share of the full underlying value. Grant Samuel believes that the appropriate test for fairness under a full or partial takeover offer where the offeror will gain control is the full underlying value, prorated across all shares. The rationale for this opinion is that it would be inconsistent for one group of minority shareholders, those selling under compulsory acquisition, to receive a different price under the same offer from those who accepted the offer earlier; and

- under the Takeovers Code the acquisition of more than 20% of voting rights in a "code" company can only be made under an offer to all shareholders unless the shareholders otherwise give approval. As a result, a controlling shareholding (generally accepted to be no less than 40% of the voting rights) cannot be transferred without the acquirer making an offer on the same terms and conditions to all shareholders (unless shareholders consent). Prior to the introduction of the Takeovers Code some market commentators held the view that where a major shareholder had a controlling shareholding, any control premium attached only to that shareholding. One of the core foundations of the Takeovers Code is that all shareholders be treated equally. In this context, any control premium is now available to all shareholders under a takeover offer (in a scenario where an offeror will gain control), regardless of the size of their shareholding or the size of the offeror's shareholding at the time the offer is made.

Accordingly, Grant Samuel is of the opinion that not only because shares acquired under a compulsory acquisition scenario will receive a price equivalent to full underlying value, but because the control premium is now available to all shareholders, the share price under either a full or partial takeover offer where the offeror will gain control should be within or exceed the prorated full underlying valuation range of the company.

Vital has been valued at fair market value, which is defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary. For the avoidance of doubt, appendices A to E form part of this report.

3 Profile of Vital

3.1 Background and History

Vital's origins date back to the early 1990s. TeamTalk Limited (**TeamTalk**) was incorporated and launched a mobile radio service in 1994 from transmission sites in Auckland and Wellington. In 2001, TeamTalk purchased Telecom NZ's mobile radio business and listed on the NZSX in 2004, issuing 4.6 million new shares to the public at $1.75 per share.

Over the following 10 years TeamTalk made several acquisitions, acquiring:

- the assets of a competing mobile radio network operator, MCS Network Limited (**MCS**) for $1.9 million;
- 100% of the shares in a last-mile telecommunications infrastructure company, Araneo Limited[2] for $1.4 million;
- the Wellington based fibre network business trading as CityLink for $16.8 million; and
- 100% of the shares in a satellite broadband provider, BayCity Communication Limited (trading as **Farmside Group**) for $31.0 million.

TeamTalk's indebtedness increased over time primarily to fund these acquisitions and by 30 June 2013 its secured bank loans totalled $34 million.

Farmside Group underperformed post-acquisition, which in combination with a high debt burden placed financial constraints on all of TeamTalk's operating businesses. Management focussed on sweating the network assets, which naturally impacted performance and TeamTalk's share price dropped from a peak of $3.20 in early 2013 to a low of $0.38 in late 2016.

In February 2017 TeamTalk received a takeover offer at a price of $0.80 per share from Spark. Vital shareholders rejected the Spark offer and the company subsequently sold Farmside Group to Vodafone NZ for $13 million, with the proceeds being used to reduce indebtedness.

Prior to the Spark takeover TeamTalk had begun implementing a new strategic plan with a single purpose of offering vital communications services to customers using its network infrastructure. The strategy was for TeamTalk to become a key provider of telecommunications infrastructure. It raised $8.2 million of additional equity by issuing 13 million new ordinary shares at $0.65 per share in late 2018 and changed its name to Vital in 2019.

Between 2019 and 2022 Vital used the capital raised to partially fund the roll out of the first, nationwide digital LMR network in New Zealand and move approximately 90% of the Wellington fibre network from overhead to underground as well as upgrading nodes and electronics on this network. Vital also upgraded its analogue LMR (**FleetLink**) and participated, at considerable cost (both in terms of time and resources and opportunity cost) and without success, in the Public Safety Network (**PSN**) tender process.

Vital's financial performance began to decline as management attention was drawn away from sales performance to focus on the delivery of its network upgrade projects and the PSN tender. Coinciding with management and governance changes all the major network upgrade projects were completed in mid 2022, which led to a strategic review that identified the need for Vital to refocus its business units on sales performance and achieving greater network utilisation.

Vital began publishing turnaround metrics and implemented:

- a new channel strategy for its Wired Networks business unit, including investment in sales and marketing capability and a refresh of its product offering;
- the move to using wholesale channel partners for its Wireless Networks business unit;

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[2] TeamTalk Limited and Araneo Limited amalgamated into one company, TeamTalk Limited in 2015.

- a network optimisation project focussed on lowering the cost to operate networks, which has resulted in meaningful operational cost savings; and
- projects to remove legacy barriers to on-boarding customers by increasing the level of automation in the sales process.

Since implementing its turnaround strategy Vital has begun to realise benefits from greater utilisation of its digital LMR network and growth in managed services and utilities revenue. It has also achieved some operational improvements, with higher service levels leading to greater customer satisfaction and cultural changes that have led to lower staff turnover. Lower operating costs and capital expenditure have resulted in higher underlying profitability and a reduction in net debt. However, Vital still faces the challenge of arresting the decline in recurring revenue, which for its Wired Networks business unit began as early as 2018.

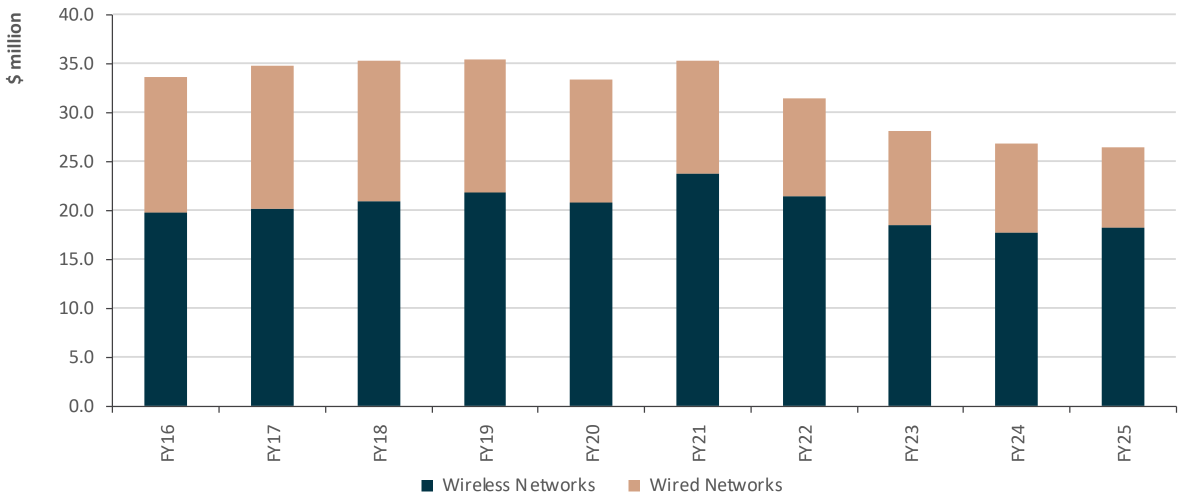
3.2 Business Units

As part of implementing operational improvements Vital undertook an organisational restructure to achieve some economies of scale through the greater use of shared back-office functions (i.e. human resources, finance and administration, marketing etc). While Vital operates as one company, its customer facing, sales and service delivery functions continue as two separate business units providing communications solutions to different segments of the market:

- **Wireless Networks** – Vital is the market leader in commercial mobile radio with the only nationwide analogue and digital networks in New Zealand.
- **Wired Networks** – Vital Data owns and operates approximately 443 kilometres of fibre networks in central Auckland and Wellington.

The chart below illustrates the change in revenue by business unit over the last ten financial years:

VITAL – REVENUE BY BUSINESS UNIT (FY16-FY25)



Vital's total revenue has declined over the last ten years as it earns less recurring income today from providing access to its fibre networks than it did in FY16.[3] The underlying mix of revenue by product for each business unit has also changed and Vital is now achieving sales growth as a result of the investment in network infrastructure, proactive commercial decisions to decommission legacy networks that were no longer commercially viable, the refresh of its product offering and the move to greater use of channel partners over selling direct to end users.

3 Total revenues for the Wired Networks business unit are expected to decline from $13.8 million in FY16 to $8.3 million in FY25. The Wireless Networks business unit reported total revenues of $17.5 million in FY15 compared to a forecast of $18.2 million in FY25.

Vital's business units generate approximately 90% of revenue from providing access solutions to network infrastructure. In addition, Vital generates revenue from the sale and installation of bespoke network solutions for its customers and hardware sales.

VITAL – REVENUE STREAMS

Recurring Network Access revenues	Vital provides access to its wireless and wired networks to enable voice and data traffic. Revenue is recognised as Vital provides the service and includes installation fees charged to enable this access, which is accounted for as deferred income and amortised over the term of the contract for service.
Non-recurring revenue from projects	Vital also earns installation fee income for hardware. This revenue is recognised when the installation is complete, except where the installation is required to enable network access services.
Hardware sales and other non-network income	Vital generates revenue from the sale of the hardware and software needed to build bespoke network solution for a customer. This revenue is recognised on delivery of the product to the customer.

3.3 Financial Performance

The historical financial performance of Vital for the financial years ended 30 June 2021 (**FY21**), 2022 (**FY22**), 2023 (**FY23**) and 2024 (**FY24**) along with a forecast for the financial years ending 30 June 2025 (**FY25**) and 2026 (**FY26**)[4] is summarised below:

VITAL - FINANCIAL PERFORMANCE ($000S)

	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25[5] FORECAST	FY26 FORECAST
Wireless Networks	23,790	21,413	18,465	17,724	18,209	19,850
Wired Networks	11,449	10,043	9,666	9,137	8,275	9,178
Total revenue	**35,239**	**31,456**	**28,131**	**26,861**	**26,484**	**29,028**
Staff costs	(9,117)	(9,268)	(8,057)	(7,998)	(7,960)	(7,699)
Lease/ rent costs	(8,057)	(7,691)	(6,381)	(6,133)	(6,224)	(6,529)
Other selling, general & admin costs	(8,007)	(8,264)	(7,291)	(6,301)	(6,465)	(7,153)
Total operating expenses	**(25,181)**	**(25,223)**	**(21,729)**	**(20,432)**	**(20,649)**	**(21,381)**
Adjusted EBITDA	**10,058**	**6,233**	**6,402**	**6,429**	**5,835**	**7,647**
Depreciation	(7,824)	(6,745)	(4,422)	(4,626)	(4,518)	(4,435)
Adjusted EBIT	**2,234**	**(1,122)**	**1,980**	**1,803**	**1,317**	**3,212**
Net finance costs	(618)	(673)	(1,339)	(1,451)	(1,282)	(1,061)
Non-recurring items	(200)	(17,648)	-	-	-	-
Operating profit before tax	**1,416**	**(19,833)**	**642**	**352**	**35**	**2,151**
Adjustment for IFRS 16 - Leases	(178)	(762)	(645)	(226)	(221)	(35)
Income tax expense	(397)	502	(180)	(99)	(10)	(602)
Reported NPAT	**841**	**(19,093)**	**(183)**	**27**	**(196)**	**1,514**
Total revenue growth	*5.6%*	*(10.7%)*	*(10.6%)*	*(4.5%)*	*(1.4%)*	*9.6%*
Adjusted EBITDA growth	*20.4%*	*-38.0%*	*2.7%*	*0.4%*	*(9.2%)*	*31.0%*
Adjusted EBITDA margin	*28.5%*	*19.8%*	*22.8%*	*23.9%*	*22.0%*	*26.3%*

Source: Vital annual reports and forecast

[4] The forecast assumptions are summarised for each division in sections 4.3 and 5.3.

[5] FY25 actuals were not available at the time the report was finalised.

The following points are relevant when reviewing the preceding table:

- Vital's results in FY21 and FY22 included several items of a one-off nature (notably, executive exit costs and costs associated with the unsuccessful PSN contract tender process) and the impact of more people working from home during the COVID 19 pandemic. Vital also recognised the full impairment of goodwill arising from the acquisitions of CityLink, Araneo and MCS' network assets.
- Revenue in FY21 and FY22 included $5.6 million of non-recurring income from a one-off project to upgrade with the core communications network for Hato Hone St John (**St John**). The project was completed in FY22 and is one of the main reasons for the decline in revenue and EBITDA between FY21 and FY23.
- Recurring revenue for both business units has also been declining since 2020. Vital commenced a turnaround strategy in 2022 that was designed to arrest this decline by building better sales channels and improving operational efficiencies to reduce costs. Reversing the decline in recurring revenue remains a challenge given the current economic environment and, while some gains have been made, high levels of relinquishment of fibre circuits has continued as fibre customers look to reduce expenditure. Management attributed an estimated 70% of the decline in revenue in FY24 to a commercially driven decision to not continue to operate and maintain the KorKor network in 2023, which was owned by Kordia Group Limited (**Kordia**) and managed by Vital.
- Offsetting the decline in recurring and non-recurring revenue, Vital has substantially reduced its operating costs (including rightsizing its workforce) and consequently, achieved modest improvements in Adjusted EBITDA from FY22 to FY24.
- The forecast financial information for FY25 is based on actual results for the ten months ended 30 April 2025 and a forecast for the remaining two months of the financial year ending 30 June 2025. Management's latest forecast shows Vital is expected to achieve the bottom end of the guidance range for FY25 and attribute the weaker performance to challenging market conditions and higher than anticipated relinquishments of customer connections to its Wired Networks.
- The forecast 9.4% drop in revenue from Wired Networks was partially offset by modest forecast revenue growth in revenue from Wireless Networks in FY25, driven by the successful implementation of a new channel strategy. Management believe that Wireless Networks revenue will continue to grow in FY26 as Vital begin billing customers for new networks that are currently being installed.
- Wired Networks revenue is also expected to rebound in FY26 to $9.2 million. This uplift compared to current year result is primarily due to additional non network income from a one-off, low margin project that is due to commence early in the new year.
- Vital incurs approximately $1.9 million p.a. of corporate overheads, which are not allocated to its Wireless Networks and Wired Networks business units in its segment reporting in the financial statements. These corporate overheads include office rent, insurance premiums, NZSX listing costs, director fees, legal fees and accounting and audit fees. In FY25 Vital incurred lower directors' fees, travel and property related expenses, which offset increases in legal fees and accounting and audit fees and insurance premiums, such that overall corporate overheads remained flat. The forecast for FY26 assumes an increase in corporate overheads of approximately 7% driven mainly by expected higher costs across the expense categories listed above.

3.4 Cash Flow

Vital's cash flows from FY21 to FY25 are summarised below:

VITAL - CASH FLOW ($000S)

	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 FORECAST[6]
Adjusted EBITDA	**10,058**	**6,233**	**6,403**	**6,429**	**5,835**
Non-recurring items	(200)	(610)	-	-	-
Income tax paid	(60)	(220)	(39)	41	(60)
Capital expenditure	(9,074)	(6,119)	(3,069)	(2,326)	(2,324)
Movement in deferred income	(2,198)	(567)	285	(744)	(83)
Movement in other working capital items	544	1,124	(1,103)	(1,138)	(738)
Movement in other assets & liabilities	1,473	684	(506)	(618)	(246)
Net operating cash flows	**543**	**1,092**	**1,686**	**2,388**	**2,337**
Interest expense paid	(1,771)	(1,170)	(1,359)	(1,448)	(1,291)
Finance lease interest income received	56	42	84	11	9
Issue of shares under CEO LTI scheme	-	124	-	-	-
Dividends paid	(1,038)	(835)	-	-	-
Net cash generated (used)	**(2,210)**	**(747)**	**411**	**951**	**1,185**

The following points are relevant when reviewing the preceding table:

- Vital invested $37.5 million over the five-year period ended 30 June 2022. This investment included the internal network upgrades and building of the digital LMR network. The capital expenditure required to maintain network assets is currently around $1 million p.a. and more than half of the capital expenditure in FY24 and FY25 was related to projects based on meeting specific customer needs.
- Deferred income is a mix of network access income, which is billed monthly in advance and installation fee income, which is typically received in advance of when Vital recognises the income as revenue. The movement in deferred income since June 2020 reflects a decline in monthly network access revenues that has occurred over the last four years, fluctuations in unearned installation fee income from non-recurring revenue projects and an increase in deferred installation fee income that is being amortised over a term contract for service.
- The movement in other working capital items over the last four years largely reflects a reduction in trade receivables and prepayments in FY21 and FY22 followed by a reduction in trade payables as Vital completed some large capital projects and reduced operating expenditure as part of its turnaround strategy.
- The movement in other assets and liabilities includes changes in the provision for deferred tax and the net book value of Right of Use (**R.O.U**) assets and lease liabilities.

[6] FY25 actuals were not available at the time the report was finalised. The forecast is based on year-to-date trading for the 10-month period ending 30 April 2025 and management's forecast for the remaining two months of FY25.

3.5 Financial Position

The financial position of Vital on 30 June 2022, 2023 and 2024 and the forecast for 30 June 2025 is set out below:

VITAL - FINANCIAL POSITION ($000S)

AS AT 30 JUNE	2022	2023	2024	2025
Debtors and prepayments	4,262	3,750	3,626	3,434
Inventory	1,306	1,342	1,310	1,320
Creditors, accruals and provisions	(6,236)	(4,372)	(3,822)	(2,985)
Deferred income	(2,621)	(3,002)	(2,213)	(2,064)
Net Working Capital	**(3,289)**	**(2,282)**	**(1,099)**	**(295)**
Property, plant and equipment	42,930	41,577	39,784	37,737
R.O.U assets	24,235	19,809	15,896	12,235
R.O.U lease liabilities	(25,279)	(21,329)	(17,739)	(14,396)
Deferred income	(841)	(745)	(790)	(855)
Deferred tax liabilities	(1,242)	(1,476)	(1,366)	(1,050)
Income tax asset	400	766	710	640
Other Assets and Liabilities	**40,203**	**38,602**	**36,495**	**34,311**
Net Operating Assets	**36,914**	**36,320**	**35,396**	**34,015**
Represented by:				
Cash and deposits	(1,297)	(503)	717	628
Finance lease receivable & derivatives	(69)	(35)	(29)	(12)
Overdue receivables	-	-	-	(516)
Sale & leaseback liabilities	2,123	1,374	597	-
Bank loans, other loans and finance leases	14,500	14,000	12,600	12,600
Net Borrowings	**15,247**	**14,836**	**13,885**	**12,700**
Share capital	68,569	68,569	68,569	68,569
Retained earnings and other reserves	(46,902)	(47,085)	(47,058)	(47,253)
Equity attributable to Vital shareholders	**21,667**	**21,484**	**21,511**	**21,315**
Total Funds Employed	**36,914**	**36,320**	**35,396**	**34,015**
Net tangible assets per share[7]	*$0.521*	*$0.517*	*$0.518*	*$0.513*

Source: Vital annual reports and forecast

The following points are relevant when reviewing the preceding table:

- Management have improved debt collection processes and achieved a reduction in the total amount owing by customers where payment is overdue, resulting in a decrease in debtors on 30 June 2024. Management is currently working with a customer to resolve overdue payments that total approximately $0.2 million and expect that this overdue debt will be repaid in the next few months.
- Prepayments comprise mainly prepaid insurance, annual radio spectrum and software license fees and annual rent for co-siting sites for network equipment.
- Vital consistently holds approximately $1.3 million of inventory at any one time. Inventory comprises radio and data units and network componentry. The cost of the stock item is either capitalised if it is used to build or repair network infrastructure or expensed if the equipment is sold or sent to a customer.

[7] Net tangible assets per share is calculated by dividing the Equity attributable to Vital shareholders by the number of shares on issue.

- The reduction in trade creditors since March 2022 is largely a result of lower levels of capital expenditure. There has been no material change in the terms of trade with key suppliers.
- Property, plant and equipment comprises mainly transmission equipment and network hardware. The net book value of transmission equipment and network hardware was approximately $34.6 million on 31 May 2025. In addition, Vital had approximately $2.2 million of assets under construction on 31 May 2025, of which $0.9 million relates to customer driven capital expenditure.
- Vital leases sites and space in various locations to deliver its network footprint. The R.O.U assets arising from these lease arrangements are measured as an amount equal to the lease liability less adjustments for any lease incentive received or estimated restoration costs payable at the end of the lease period.
- The provision for deferred income comprises:
  - network access revenue, which Vital invoices customers monthly in advance;
  - unearned income in relation to installation fees, which are invoiced and paid when the work is done, and which is accounted for as deferred revenue under IFRS 15;
  - annual rental income paid by a small group of customers who collocate equipment on Vital sites; and
  - unearned income in relation to project work for customers, where the revenue has been invoiced but not recognised because the project is not yet complete.
- Overdue receivables include an amount owing by a customer, a portion of which is in dispute and the balance owing by Empire in relation to costs incurred by Vital in response to receiving the notices from Empired of its intention to make takeover offer in August 2024.
- Vital has approximately $5.2 million of accumulated tax losses carried forward, which explains why the company has an income tax asset on its balance sheet.
- In FY22 Vital financed $2.2 million of customer driven capital expenditure under a sale & leaseback arrangement. This debt has been fully repaid.
- Vital recently renewed its banking facilities with Bank of New Zealand until January 2028. Its BNZ bank facilities have a combined limit of $15.6 million, of which $13.2 million was drawn down on 30 June 2025. The combined limit of Vital’s bank facilities with BNZ Bank will reduce by $375k per quarter starting in March 2026.

3.6 Capital Structure and Ownership

Vital has the following securities on issue:

- 41,548,318 ordinary shares; and
- 950,000 options over unissued ordinary shares held under an Employee Share Ownership Plan (**ESOP**).

On 9 June 2025 there were approximately 840 registered shareholders in Vital. The top 20 shareholders accounted for approximately 60% of the ordinary shares on issue:

VITAL - MAJOR SHAREHOLDERS AS AT 9 JUNE 2025

	NUMBER OF SHARES (000)	PERCENTAGE
Asset Management Partners Limited	4,343	10.45%
Ronald James Woodrow	2,037	4.90%
Accident Compensation Corporation*	1,792	4.31%
Brian Winston Jackson	1,715	4.13%
Barry William Payne & Sandra Tui Payne & Tes (1993) Limited	1,586	3.82%
New Zealand Permanent Trustees Limited*	1,557	3.75%
MMC - Queen Street Nominees Limited ACF Salt Long Short Fund*	1,439	3.46%
Andrew John Fleck	1,200	2.89%
ASB Nominees Limited (John McMahon)	1,173	2.82%
Andrew Mark Miller & Eleanor Jane Miller	1,134	2.73%
Maarten Arnold Janssen	1,080	2.60%
New Zealand Depository Nominee	972	2.34%
Donald Ford Franklin	901	2.17%
Faith Palairet & Stephen Palairet	705	1.70%
MMC - Queen Street Nominees Limited ACF Salt Funds Management*	668	1.61%
FNZ Custodians Limited	650	1.56%
Custodial Services Limited	638	1.54%
Selenium Corporation Limited	600	1.44%
Ian Graham Douglas & Anna Kristin Douglas	553	1.33%
Stephen Christopher Montgomery	500	1.20%
Subtotal - top 20 shareholders	**25,243**	**60.75%**
Other shareholders	16,306	39.25%
Total shares on issue	**41,548**	**100.00%**

Source: Vital
** Vital shares are held by NZSCD on behalf of this shareholder*

The following points are relevant when reviewing the preceding table:

- New Zealand Central Securities Depository Limited (**NZCSD**) holds as a bare trustee approximately 14% of all Vital shares on issue on behalf of eight individual shareholders, four of which are listed in the table above.
- Asset Management Partners Limited (**AMP**) began acquiring Vital shares in September 2023, when Vital shares were trading in the range of 18 to 22 cents per share. Excluding NZCSD, it is now the single largest Vital shareholder and on 24 June 2025 AMP accepted the Takeover Offer.

3.7 Share Price Performance

3.7.1 Liquidity

The following table shows the volume of Vital shares traded and the price range over the past 12 months to 23 May 2025 (the last day of trading prior to Vital's application for a trading halt having received notice of Tait's intention to make a Takeover Offer):

VITAL - SHARE PRICE HISTORY

TIME PERIOD	LOW (CENTS)	HIGH (CENTS)	VWAP (CENTS)	VOLUME TRADED
23 May 2025	28.0	28.0	28.0	6,726
1 month	23.0	28.0	26.9	261,352
3 months	23.0	28.0	24.7	870,910
12 months	23.0	34.0	25.4	3,090,635

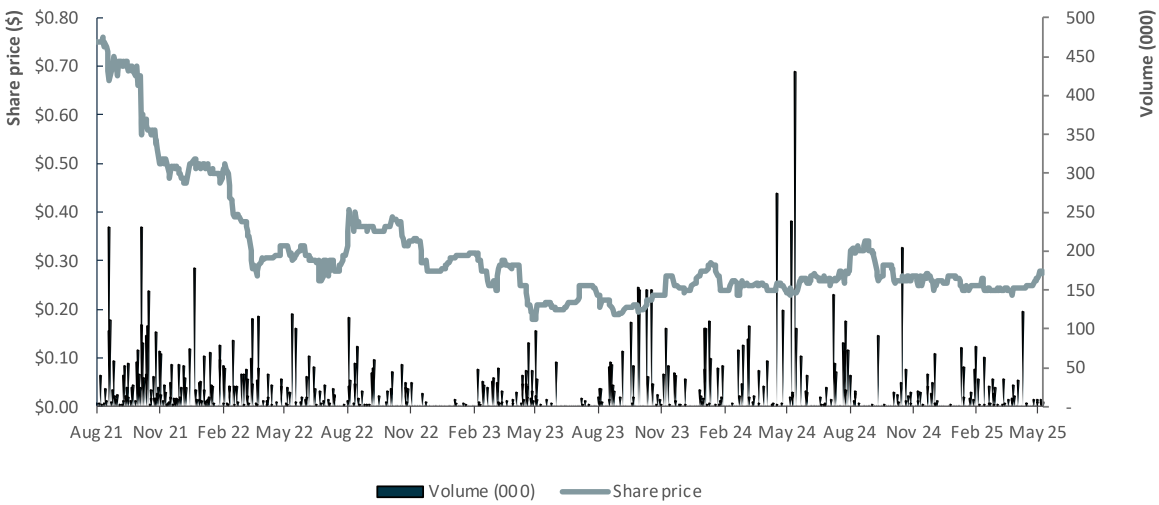
Source: NZX Company Research

There has been a higher volume of shares traded over the last six months with AMP acquiring 1.5 million shares and funds managed by Salt Funds Management acquiring 1.75 million shares from National Nominees New Zealand Limited, Andrew Fleck and other smaller shareholders.

3.7.2 Share Price Performance

The share price and trading volume history of Vital shares is depicted below:

VITAL SHARE PRICE PERFORMANCE FROM AUGUST 2021 TO MAY 2025



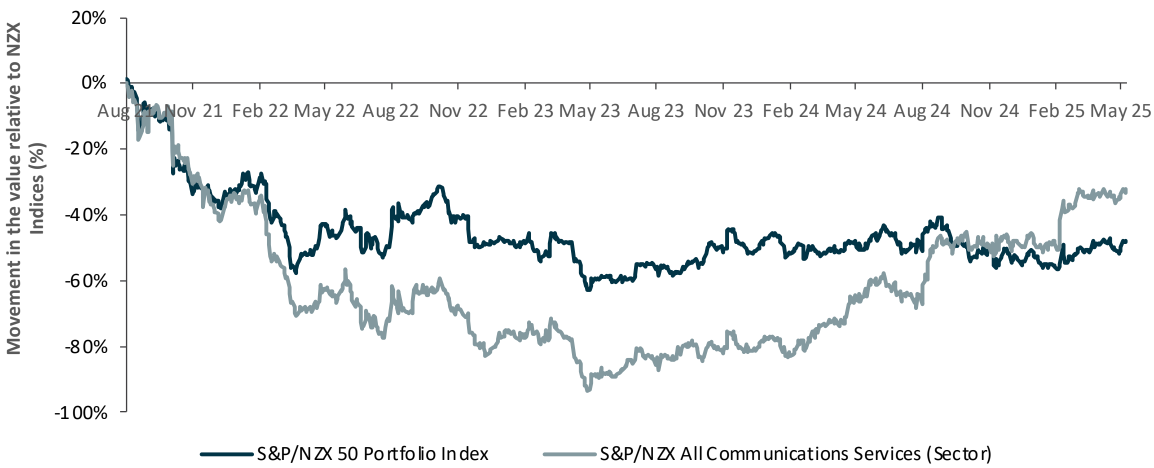
Vital's share price fell from 75 cents in August 2021 to a low of 26 cents in July 2022 after it announced that it had been unsuccessful in the PSN tender process, made a loss for the six months ended 31 December 2021 and CEO, Andrew Miller had resigned.

Vital's share price rose to 39 cents after it released its FY22 results in late August 2022 before dropping to a low of 18 cents in mid 2023. In the last twelve months Vital's shares have traded between a low of 23 cents at the start of the year and a high of 34 cents in September 2024 (which was when Empire issued a partial takeover notice at a price of 37.5 cents).

In August 2024 Vital received a notice of intention to make a partial takeover from Empire at price of $0.375 per share, which resulted in a lift in the share price to $0.34. On 16 September 2024 Empire announced it would not proceed to make the takeover offer and Vital's share returned to trading at prices in the range of $0.23 to $ 0.28 per share.

Vital's share price has underperformed since August 2021 relative to the NZX50 Portfolio and the NZX Communications Services indices, as illustrated by the chart below:

VITAL SHARE PRICE PERFORMANCE VERSUS NZX INDICIES FROM AUGUST 2021 TO MAY 2025



3.8 Share Options

Vital has issued under its employee share ownership plan two tranches of the Share Options to senior executives (the **Option Holders**):

VITAL – SHARE OPTIONS

ISSUE DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE	OPTIONS ON ISSUE
3 March 2023	3 March 2026	3 September 2027	$0.32	760,000
4 March 2024	4 March 2027	3 September 2028	$0.32	190,000
Total				**950,000**

The Share Options can be exercised individually or in total by the Option Holder at any time during the 18-month period between vesting date and the expiry date of the Share Option or earlier:

- if a liquidity event occurs such that 50% or more Vital ordinary shareholders accept a takeover offer and the offer is declared unconditional;
- in the event of a takeover offer where the offeror becomes the Dominant Owner of Vital and issues a notice to compulsorily acquire the securities on issue that it does not already hold or control; or
- in certain other prescribed circumstances at the discretion of Vital's Board of Directors (the **Board**).

All unexercised Share Options lapse if not exercised before the expiry date or in the event of liquidity event, before the transaction is completed or in the event of takeover within 10 days after Vital receives a compulsory acquisition notice from a Dominant Owner.

The Share Options are not transferable unless the terms of issue are varied by the Board permitting the Option Holder to transfer the Share Options to a third party.

Under the terms of issue there is also no entitlement to receive dividends but there are provisions for varying the number of shares or exercise price in the event of change in Vital's capital structure.

4 Wireless Networks

4.1 Mobile Radio in New Zealand

Vital operates in niche segments of the mobile telecommunications market in New Zealand,[8] providing commercial mobile radio services. Mobile radio in New Zealand is broadly segmented by the type of radio system that is used to provide communication services. A **Conventional Radio** system allows the user to manually select the channel to communicate over whereas the channel is automatically assigned to the user of a **Trunked Radio** system.

4.1.1 Conventional Radio

The Conventional Radio segment is significantly larger than the Trunked Radio segment, accounting for approximately 80% of the licensed channels used for LMR in New Zealand. Conventional LMR in New Zealand can be divided into agency-controlled and commercial networks. Several government agencies run Conventional LMR networks over dedicated radio bands, the largest two being the first responder, analogue mobile radio networks used by New Zealand Police and St John.

In 2020 the Government established Next Generation Critical Communications Whai Tikanga Pāpāho (**NGCC**) to be the Government's leading advisor on critical communications for public safety in New Zealand and oversee the development of a new PSN for New Zealand's emergency service organisations.[9] The PSN will comprise a new digital LMR network, new Cellular Roaming and Cellular Priority services using existing 5G cellular mobile infrastructure and the continuation of Personal Alerting services offered today by St John and Fire & Emergency New Zealand (**FENZ**) via established telecommunications networks.

NGCC has commissioned Tait to build and operate a single nationwide secure digital LMR network, which will form part of the PSN and replace the existing analogue networks currently in use today. The new digital LMR network will have more than 500 radio sites and involve handheld radios and mobile vehicle devices. This is a significant infrastructure project that is estimated to cost approximately $1.4 billion over 10 years to build and operate the networks and services and roll out devices to emergency services staff, stations and vehicles.

Conventional LMR networks typically have a smaller footprint (i.e. cover a geographically concentrated or regional area) with dedicated channels for each user. Customers are medium-to-large companies operating in sectors where secure communication between employees in different locations is required. This market segment is highly fragmented, with many regional network providers.

4.1.2 Trunked Radio Market

Trunked Radio systems effectively provide virtual networks for multiple customers on shared infrastructure, delivering a more efficient, lower cost solution with more functionality. These systems work on the basis that users do not all need to use their mobile radio at the same time. For this reason, trunked systems are considered more suitable for customers with larger groups of people who require periodic access to the network.

Channels used by Trunked LMR networks account for approximately 20% of all the available licensed LMR spectrum in New Zealand. Vital uses over 70% of the licensed spectrum for Trunked Radio to provide its FleetLink and Digital Radio services and is the largest market participant in commercial Trunked Radio.

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8 Mobile Telecommunications involve wirelessly sending analogue or digital signals and messages (including data) often over long distances to and from a portable device (e.g. radios, telephones, laptops and tablets) that communicates point-to-point with another end user device via a network of either terrestrial transmission sites or satellite link. While Broadcasters and Mobile Telecommunications network operators often share the use of transmission infrastructure (e.g. transmission towers and masts, satellites) and most Broadcasters today offer over-the-top media services that are streamed via mobile and fixed telecommunications infrastructure using internet-connected devices, Mobile Telecommunications does not include Broadcast Communications.

9 NGCC is a cross-agency entity involving Government agencies the New Zealand Police and FENZ and the now government-funded organisations, St John and Wellington Free Ambulance.

Customers are typically large corporates, transport and construction companies and government departments. Vital is the only company that offers a nationwide network and accordingly its customers are primarily organisations that require nationwide mobile radio solutions. For customers where a regional solution is required Vital faces competition from smaller regional network operators.

4.1.3 Key Trends

In recent years, there has been a trend to greater use of, or the return to Mobile Radio as the preferred communications solution because:

- digital LMR technology also enables field workers to wirelessly connect directly to the customer's data and systems. Real-time applications for control room, safety, location/positioning services and infrastructure management result in increased productivity;
- it is proven to be more reliable for disaster recovery and business continuity planning purposes as cellular mobile networks do not provide the same level of resilience as LMR networks in emergency situations (e.g. a severe weather event or natural disaster); and
- changes to the regulatory environment and the introduction of Environmental, Social and Governance reporting has placed a heightened emphasis on corporates and Government agencies to ensure the health and safety of their employees, customers and wider community.

The more stringent requirements of the new Health and Safety legislation are resulting in companies having a greater interest in value-added Mobile Radio solutions such as lone worker, man down and location services that are available using a digital LMR network.

4.1.4 Market Participants

The table below provides a brief description of some of the other market participants in the New Zealand mobile radio market:

NEW ZEALAND MOBILE RADIO MARKET - OTHER MARKET PARTICIPANTS

COMPANY	DESCRIPTION
Dove Communications	▪ Dove designs, builds and maintains custom LMR systems for customers throughout the central and upper North Island from branches in Auckland, Hamilton and New Plymouth. It is one of Vital's largest wholesale dealers with a number of customers on Vital's digital LMR network, including Fonterra.
Motorola Solutions	▪ Motorola Solutions is a global supplier of mission-critical communications products services and solutions. In New Zealand Motorola Solutions offers digital LMR Tier II solutions. The company supports a consortium of Motorola dealers using Orion Networks and Motorola products.
Orion Networks	▪ The Orion Network solution is based on Motorola's DMR Tier II Connect Plus product. The Orion networks are operated by Genesis in the North Island and TL Parker in the South Island.
Push Wireless	▪ The Push Wireless consortium holds radio licenses for digital regional network in the Wellington region along with Mt Campbell Communications in Nelson.
Tait Communications	▪ Tait Communications is a Christchurch based manufacturing company specialising in providing mobile radio solutions worldwide. Tait has a digital LMR Tier III solution. In New Zealand, it supports a consortium of smaller network services business (including Push Wireless) who build and support regional networks using Tait products. Tait is currently building the PSN for NGCC.
Regional Providers	▪ There are regional radio dealers located throughout New Zealand, some of which design, build and operate their own LMR Networks.

4.2 Business Profile

Vital's Wireless Networks business unit is the market leader in commercial Mobile Radio with the only nationwide LMR network infrastructure in New Zealand. Its digital LMR network allows the user to make one-to-one calls or communicate with a work group. It offers a range of safety features (emergency calling, man-down and lone worker) and links GPS location services, including shipment dispatch and tracking for organisations operating in the New Zealand transport sector.

WIRELESS NETWORK SERVICES

Radio & Voice	**Digital radio (incl., Vital Locate)**	Vital's digital radio network is used by customers for group calling, text messaging, integration with business applications, customisable emergency alerts and GPS tracking. Vital Locate is a cloud-based application that integrates with a wide range of devices, including digital radios, to support your work and help keep workers safe
	FleetLink	Vital's FleetLink network is an analogue land mobile radio network that was upgraded in 2022 and is used by businesses for voice communications with frontline workers in remote areas or mobile workforces (e.g. freight transport).
Internet & Networking	**Microwave Linking**	Vital's carrier-grade ethernet Digital Microwave Radio network delivers resilient microwave links that can be used for data backhaul for internet and communication networks.
Other Services	**Bespoke Networks**	Vital designs and builds customised communication networks for its customers.
	Managed Services	Vital leverages its established Network Operations Centre (**NOC**), which operates 24x7, to offers managed services. The NOC team monitor, respond and resolve issues for the Mobile Radio networks.

Vital invested approximately $10 million over the four years ended 30 June 2022 rolling out the first, nationwide digital LMR network in New Zealand and upgrading its FleetLink network. It also decommissioned its wireless ActionNet network, which was used to provide Trunked Radio services because there was no commercially viable upgrade path. Some customers on the ActionNet network were successfully migrated to Vital's digital LMR network but ultimately the commercial decision to decommission the network meant accepting a reduction in revenues.

Similarly, in 2023 the decision was made to not renew a low margin contract with the largest customer subscribing for Trunked Radio services on Kordia's Motorola trunked LMR network known as KorKor. Vital had operated the KorKor network on Kordia's behalf since 2014. While it continued to contribute approximately $0.9 million p.a. of revenue, over time it had become more costly to operate and maintain. Vital and Kordia reached agreement to discontinue the service, and the network was shutdown.

With its new digital and upgraded analogue networks fully operational, Vital has delivered better customer experience with more functionality. The digital LMR network offers:

- enhanced worker safety;
- more efficient data transfer enabling improved worker productivity;
- improved audio quality[10];
- customisable call types (i.e. calls can be public (one-to-many) or private (one-to-one)), which allow users to communicate more effectively; and
- call priority levels (i.e. normal calls, priority calls and emergency calls) provide increased levels of access to the radio network.

[10] Digital radio filters out ambient noise for clearer voice communication than cellular mobile phones.

Vital' digital LMR network offers greater capacity with additional services, including text messaging, job dispatch, integration with back-office systems, voice recording and gateways between mobile radio and smartphone applications. It is built on a resilient fibre backbone with established ethernet backhaul links from the transmission sites to core switching nodes.

The investment in wireless network infrastructure has also:

- removed the need to spend business-as-usual capital expenditure on ageing assets, consequently annual capital expenditure has dropped to less than $2 million p.a.; and
- reduced on-site costs and maintenance as networks and services have consolidated, resulting in an improvement in EBITDA margin.

Management estimates the capital cost to replace Vital's LMR networks would be approximately $25 to $30 million. Vital's Wireless network infrastructure provides coverage across approximately 645,000 square kilometres in New Zealand. It would be difficult to replicate because:

- gaining access to add more communications equipment to existing transmission sites or build a new transmission tower is challenging in the current regulatory and economic environment. Vital has established digital microwave links at 274 locations nationwide; and
- there is only limited radio spectrum available in New Zealand for land mobile radio use and most, if not all, is in use by existing network operators or controlled by a party under a license. Vital has the requisite national and regional licenses to use the radio spectrum it needs to provide telecommunications services.

Vital currently owns and operates an analogue nationwide LMR network for St John and an analogue LMR network covering the northern region of the North Island for FENZ. It has owned elements of the LMR network and managed the national ambulance and emergency radio communications network for St John since 2001. Today, the St John network comprises 170 sites across New Zealand and enables mobile radio communications between 200 ambulance stations and over 700 vehicles.

At some point St John and FENZ are expected to move to the new digital LMR network that Tait is building as part of the PSN for NGCC over the next 2-4 years. However, the timing of when the new digital LMR network will be fully operational is uncertain as it is a large, complex project and only limited progress has been made to date.[11] Consequently, St John recently extended its contract with Vital out to March 2027 and requested the inclusion of a further right of renewal until March 2029. Management believes based on industry insight that given the continued slippage in the timetable to build the new LMR network the likelihood that St John will renew the contract in March 2027 is increasing.

There is a limited number of people in New Zealand with the requisite skills and experience in Mobile Radio to deliver the anticipated demand for the resource that is needed to build and operate the new digital LMR network over the near term. NGCC has engaged Vital to perform site audits and Vital is well positioned should the opportunity arise to do works for NGCC or Tait to assist with the build and operation of the LMR element of the PSN.

[11] Tait has built a small pilot network in the Canterbury region comprising 8 sites. The PSN is expected to have over 500 transmission sites when it is complete although it is understood the proposed design is currently being reviewed following Kordia's exit from the joint venture.

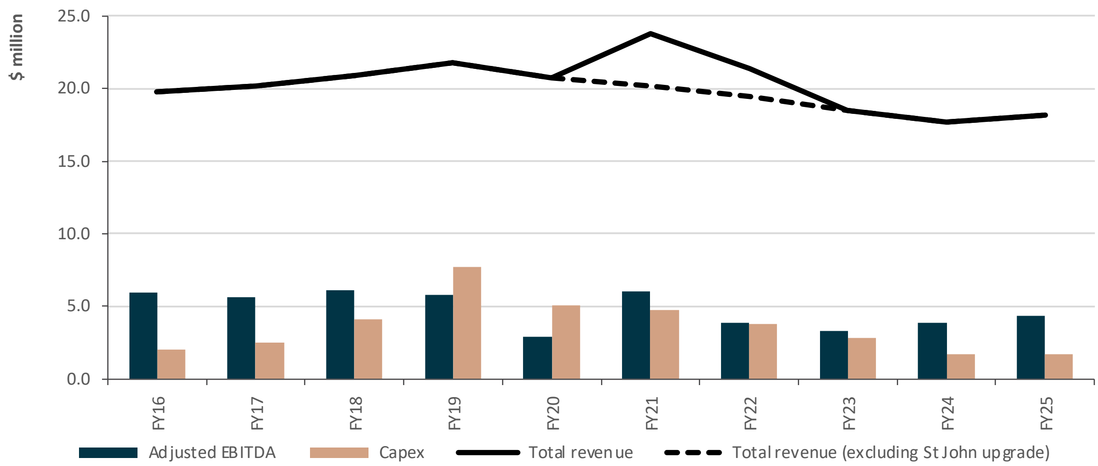
4.3 Financial Performance

The table and chart below summarise the historical financial performance of Vital's Wireless Networks business unit, together with a forecast for FY25 and FY26:

WIRELESS NETWORKS - FINANCIAL PERFORMANCE ($000S)

	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 FORECAST	FY26 FORECAST
Wireless revenue	18,851	18,203	17,581	16,838	16,789	18,448
Installation, hardware & other revenue	5,239	3,210	884	886	1,420	1,402
Total revenue	**23,790**	**21,413**	**18,465**	**17,724**	**18,209**	**19,850**
Total operating expenses	(17,725)	(17,535)	(15,146)	(13,864)	(13,880)	(13,644)
Adjusted EBITDA	**6,065**	**3,878**	**3,319**	**3,860**	**4,329**	**6,206**
Depreciation	(6,220)	(4,936)	(2,649)	(2,836)	(2,729)	(2,754)
Adjusted EBIT	**(155)**	**(1,058)**	**670**	**1,024**	**1,600**	**3,452**
Capital expenditure	**4,718**	**3,821**	**2,848**	**1,683**	**1,709**	**2,266**
Total revenue growth	*14.5%*	*(10.0%)*	*(13.8%)*	*(4.0%)*	*2.7%*	*9.0%*
Adjusted EBITDA growth	*106.8%*	*(36.1%)*	*(14.4%)*	*16.3%*	*12.1%*	*43.4%*
Adjusted EBITDA margin	*25.5%*	*18.1%*	*18.0%*	*21.8%*	*23.8%*	*31.3%*

WIRELESS NETWORKS (2016-2025)



Source: Vital annual reports and forecast

Approximately 85% of revenue comes from providing access to Wireless Networks and is recurring in nature. The chart and table above show that total revenue for Vital's Wireless Networks business unit peaked at $23.8 million in FY21. The spike in total revenue was a direct result of the installation and hardware sales relating to the core network upgrade for St John. Excluding this one-off income, it is evident that recurring revenues from Wireless Networks services, notably Trunked Radio had been in decline since FY20.

In 2022 Vital implemented a new strategy to address the high level of churn in the customer base of its Wireless Networks business unit. This involved:

- partnering with a targeted dealer network to widen the sales channel;
- focussing on optimising the cost to serve radio customers; and
- growing direct revenues from managed services, targeting new customers in the utilities market.

Vital's investment in network infrastructure and, more recently improvements in its service levels have enabled Vital to achieve a 21% increase in its recurring revenues over the last five years from bespoke, local radio networks (including managed services) for larger customers, notably in the Utilities sector. This revenue growth has partially offset declining recurring revenues in Trunked Radio and wireless broadband.

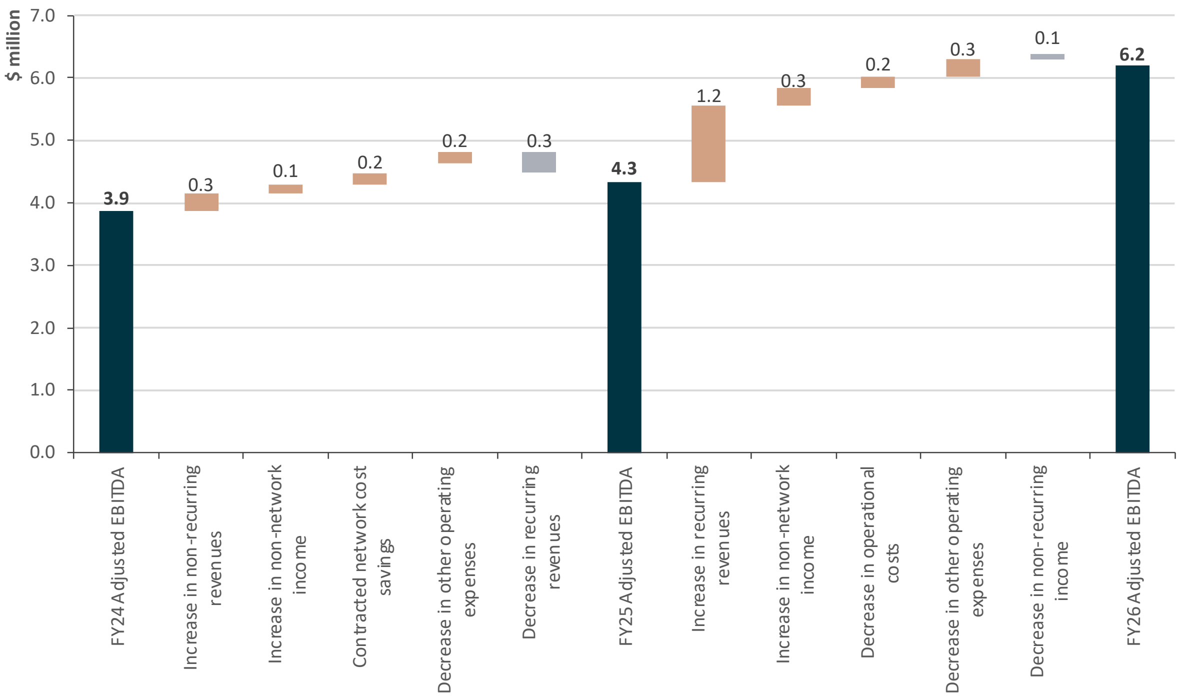
Despite revenue growth in some areas, overall total recurring revenue in FY24 was lower than the previous year primarily because of the loss of $0.7 million of revenue following the decision to not operate the KorKor network and the loss of $0.2 million of revenue from the MIQ contract with MBIE, which came to an end during FY23.

A key element of the strategy to counter declining revenues from Trunked Radio and Wireless broadband services has been to move to greater use of wholesale channel partners, which Vital has done with some success including winning Fonterra back from One New Zealand in conjunction with Dove Communications and Logic Wireless. Wholesale wireless network users have increased by 130% since June 2023 to over 2,100 wireless connections in May 2025.

Vital has achieved some momentum in the energy and utilities sector, with several new projects for Lodestone, Powerco and Transpower to install new wireless networks. Vital typically earns non-recurring revenue from the design and installation of a new network (including hardware sales) at the outset of the contract that is followed in subsequent periods by recurring revenue for operating and maintaining the network.

The following chart explains the forecast increase in adjusted EBITDA for the Wireless Networks business unit from FY24A to FY26F:

WIRELESS NETWORKS - FORECAST INCREASE IN ADJUSTED EBITDA



The following points are relevant when reviewing the chart on the previous page:

- ***Increase in revenue from new non-recurring projects***. The previous chart shows the forecast uplift in EBITDA from three large, new projects. Two of these projects are with existing customers and are already underway and a third is a long term contract with Transpower, that is expected to benefit earnings in FY26. Management has assumed that Vital will generate materially the same amount of revenue from installations for smaller, one-off projects in FY25 as it has done in two previous years.
- ***Decrease in recurring revenues in FY25 before rebounding in FY26***. Trunked Radio customers on legacy local networks have continued to churn, which combined with delays in new network builds has resulted in a reduction in Vital's recurring revenue from Wireless Networks in FY25. The outlook for FY26 is a substantial increase in recurring revenue as Vital starts billing customers for the new networks that have either been built or work in progress and the full year impact of the growth in revenues from wholesale connections.
- ***Network cost savings.*** In 2021 Vital shut down its regional and intercity fibre backhaul network service and migrated traffic to Spark's Optical Transport Network (**OTN**), which provided greater resiliency with dual ring path connections, increased capacity and faster data transfer speeds between Auckland and Wellington. Vital recently renewed its OTN contract with Spark, which will result in a reduction in network costs in FY25. These network cost savings have been apportioned between Vital's two business units based on an estimate of usage of the OTN.
- ***Reduction in direct operational costs.*** Lowering its cost to serve has involved focussing on optimising the network footprint, rationalising the sites occupied by network infrastructure and applying a disciplined commercial evaluation of the network infrastructure rather than building to maintain coverage area and scale capacity based on historical usage. Network rationalisation and site optimisation has driven significant reductions in operational costs. Network maintenance costs have also reduced significantly following the investment and upgrade of networks and decommissioning of legacy networks.
- ***Reduction in operating expenses.*** The reduction in operating expenses in FY25 and FY26 is mainly driven by lower labour related costs following organisational restructures that occurred in FY24 and FY25.

5 Wired Networks

5.1 Fixed Telecommunications in Auckland and Wellington

The Fixed Telecommunications market in Auckland and Wellington has matured over the last decade as market participants have rolled out ultrafast fibre broadband (**UFB**), 5G mobile and IoT networks. Network development has progressed from building out coverage areas to growing network connections and the level of network build activity is now in decline as market penetration increases.

In addition to Vital's fibre and LMR networks there are a number of other fixed wired and wireless telecommunications networks[12] within the Auckland and Wellington metropolitan areas, including:

- a ubiquitous copper wire network and widely deployed fibre optic networks owned and operated by Chorus covering the greater Auckland and Wellington regions;
- an extensive fibre network owned by the local electricity lines company, Vector that spans most of the Auckland region;
- a hybrid fibre-coaxial cable network owned by One New Zealand that covers the greater Wellington region and Kapiti Coast;
- cellular mobile networks owned by each of 2Degrees, Spark and One New Zealand, which are used for fixed wireless telecommunications;
- low power, wide area IoT networks owned by Spark, ThinXtra and One New Zealand that enable wireless machine to machine communications across the Auckland and Wellington regions; and
- several small regional wireless radio networks owned by small wireless internet service providers to offer fixed wireless broadband services.

In March 2023 Chorus issued a stop sell notice for copper-based phone and internet services to its retail service providers (**RSPs**) and started the process of decommissioning the copper network, which is expected to be completed in 2025. Customers on the copper network are being migrated by retail service providers to alternative services using the fibre optic, fixed wireless and mobile networks that are available in the area.

Telecommunications services in Auckland and Wellington are being provided by many retail service providers, Telcos and Managed Services companies. Market participants do not often own all the telecommunications infrastructure required to deliver the services they provide to customers. Consequently, there is a well-developed wholesale market that provides access to the other networks that is needed to deliver services.

Fibre networks offer more capacity, greater reliability and faster speeds in comparison to wireless and copper alternatives, but the end user needs to be located within the footprint of the network. A technician is also needed to install fibre to the premises and the optical network terminal within the premises for all new network connections. Both are barriers to on boarding new connections.

While Vital competes primarily with Chorus to be the preferred provider for wholesale fibre access services, the RSP, Telcos and Managed Services companies buying these services also have a choice between alternative technologies and different fixed broadband solutions delivered over wired and wireless networks to fit the differing needs of their customers.

The UFB fibre network covering central Auckland and Wellington was completed some time ago and over the last few years Chorus has focussed its marketing effort on growing the number of fibre connections. This has led to greater market penetration of fibre-based products and a more mature, stable wholesale fibre access

[12] Fixed wired telecommunications involves connecting end users by means of a cable or copper wire (i.e. a fixed line) between devices at two fixed locations. Fixed wireless telecommunications involves wirelessly sending signals or messages between devices in two fixed locations (e.g. building to building or building to a transmission tower). A fixed wireless telecommunications network may enable portability within a local area (e.g. you can move a fixed wireless modem within the building provided it is within range to be able to wirelessly send / receive a signal to/ from the same fixed location without interference).

market. While the migration to cloud based services and wider use of data intensive applications (e.g. AI powered applications and systems like ChatGPT) will continue to drive demand for bandwidth on fibre networks, the current outlook is for relatively low levels of revenue growth.

5.2 Business Profile

Vital's Wired Networks business unit was originally known as CityLink. CityLink was established in 1995 to provide fibre optic communications in the Wellington CBD. In 2006 Vital acquired a controlling interest in CityLink and provided the business with access to capital to accelerate its network rollout in Wellington and to begin building a new fibre network in central Auckland. In 2019 TeamTalk changed its name to Vital, and its Wired Networks business unit was rebranded "*The Vital Fibre Network*".

Today, Vital's Wired Networks business unit has a core service offering of:

WIRED NETWORK SERVICES

Wholesale Fibre	Vital offers a wholesale layer 2 fibre with 3 access levels ranging from Vital Access 2, an entry level, best effort service to Vital Access 4, which provides the user with a 100% committed information rate service.
FibreLink Dark Fibre	Customers lease the right to use an unlit (dark) strand of fibre from point to point. Vital does not provide any other service and the customer is free to make use of the fibre link by connecting its own network equipment.
Exchange & Data Centres	Vital operates the Auckland and Wellington Peering exchanges. These are used by ISPs and by other private networks (e.g. content distributors, research and education institutions, etc) to interconnect networks. Vital's data centres in Auckland and Wellington also offer co-location and hosting services.

Vital offers both Wholesale and Direct fibre access services. Wholesale services are where Vital provides fibre access to a wholesale partner (e.g. other telecommunications companies, ICT partners and RSPs) who on-sell a broadband service to the end user. Direct services are where Vital sells dark fibre or layer 2 fibre access directly to the end user. Vital's Wired Networks business unit earns approximately 70% of its revenue providing wholesale access to its fibre networks.

In 2018 Vital signed a commercial deal with Powerco, giving it the exclusive right to use Powerco's underground distribution network in Wellington for carrying fibre optic cable. In 2019, it began undergrounding an estimated 90% of the Wellington fibre network from the Trolley Bus overhead infrastructure to Powerco's underground ducts. The undergrounding project cost approximately $7 million and involved the re-architecture of sections of the network to a multi-hub, star configuration which gave Vital the improved speed of deployment and the ability to offer a greater range of services.

Today, Vital's Wired Networks business unit has approximately 440 kilometres of fibre cables connecting approximately 600 buildings across central Auckland and central Wellington.

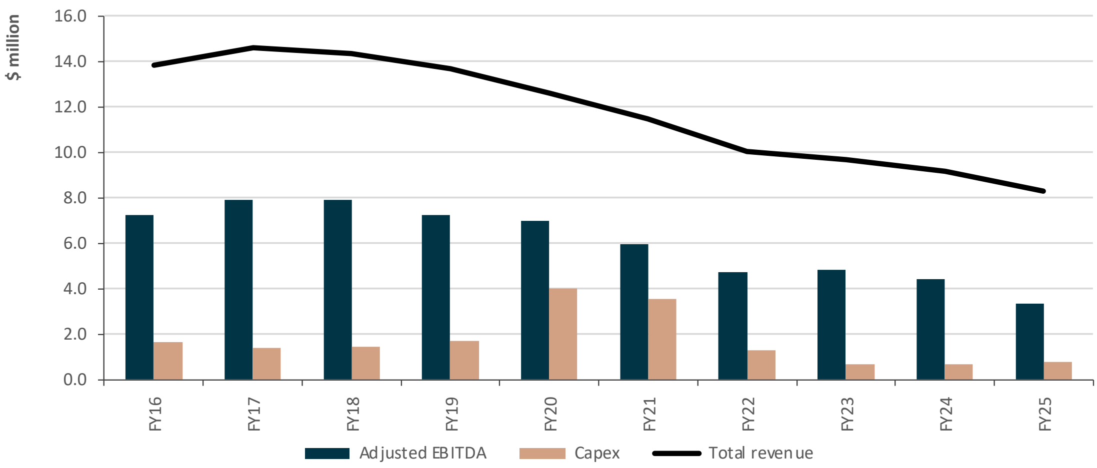
5.3 Financial Performance

The table and chart below summarise the historical financial performance of Vital's Wired Networks business unit, together with a forecast for FY25 and FY26:

WIRED NETWORKS - FINANCIAL PERFORMANCE ($000S)

	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 FORECAST	FY26 FORECAST
Wired revenue	11,131	9,788	9,254	8,948	8,119	9,026
Installation, hardware & other revenue	318	255	412	189	156	152
Total revenue	**11,449**	**10,043**	**9,666**	**9,137**	**8,275**	**9,178**
Total operating expenses	(5,498)	(5,300)	(4,822)	(4,707)	(4,918)	(5,760)
Adjusted EBITDA	**5,951**	**4,743**	**4,844**	**4,430**	**3,357**	**3,418**
Depreciation	(1,604)	(1,809)	(1,768)	(1,789)	(1,789)	(1,681)
Adjusted EBIT	**4,347**	**2,934**	**3,076**	**2,641**	**1,568**	**1,737**
Capital expenditure	**3,557**	**1,305**	**645**	**645**	**745**	**711**
Total revenue growth	*(9.0%)*	*(12.3%)*	*(3.8%)*	*(5.5%)*	*(9.4%)*	*10.9%*
Adjusted EBITDA growth	*(14.4%)*	*(20.3%)*	*2.1%*	*(8.5%)*	*(24.2%)*	*1.8%*
Adjusted EBITDA margin	*52.0%*	*47.2%*	*50.1%*	*48.5%*	*40.6%*	*37.2%*

WIRED NETWORKS (2016-2025)



Source: Vital annual reports and management accounts

Approximately 95% of all revenue for Vital's Wired Networks business unit comes from providing network access and colocation services and is recurring in nature.

Revenues from layer 2 fibre access Wholesale and Direct services accounted for approximately 50% of all recurring revenues for Vital's Wired Networks business unit. This revenue stream has more than halved in the last ten years. The decline was, in part driven by competitors offering network access solutions at lower prices (i.e. effectively lowering the market price for layer 2 fibre access). However, the decline in revenue has also been attributed to high levels of customer churn because Vital had an uncompetitive product offering and lower wholesale sales because it was actively competing with its channel partners with its direct services.

In 2022 Vital implemented the following initiatives to improve its sales performance:

- a new sales strategy, focussing on using channel partners to market its fibre access to small-to-medium enterprises and only selling direct if the customer was a large enterprise or the customer required a bespoke solution;
- refreshing its product offering to better align its network access solutions to market requirements; and
- investing in sales and marketing capability.

Vital has rebuilt its website to enable enterprise customers and channel partners to view the network availability at any address where it either has fibre deployed or its network can connect to in Auckland or Wellington. This in combination with API capability for sales channel partners has removed a significant roadblock for its wholesale resellers to on board new customers. The feedback from channel partners has been positive and the number of site visits is growing but there has not been any material improvement in sales since the Partner Portal went live in August 2023 due to the weak economic conditions.

The decline in recurring revenue has not been the same for all Wired Networks services. Revenues from dark fibre circuits only fell between FY20 and FY22 before increasing in FY23. Management attribute the turnaround between FY22 and FY23 to improving customer relationships, new products and competitive pricing. However, while Vital's net promoter score with customers continued to improve, weakening economic conditions has led to a rise in the relinquishment of both wholesale and dark fibre circuits. Management advised that it does not believe Vital is losing customers to competitors and the reduction in network usage was being driven by customers implementing cost saving measures.

This negative trend continued through FY25 and has led to a material (approximately 15%) drop in recurring revenue since FY23. The volume of relinquishments appears to have reached the cyclical high and are starting to decline, which has led to a small net increase in fibre access connections since March 2025 as Vital continues to sign up new customers.

Vital has been an approved supplier on the All of Government panel for Telecommunications as a Service (**TaaS**) since its inception. Revenue from TaaS services is expected to account for approximately 9% of total recurring revenues from Wired Networks services in FY25. Taas Revenues had been increasing broadly in line with inflation between FY19 and FY22 before starting to decline, which management attribute in part to the change of government and pressure on government agencies to reduce spending. The government is now phasing out the TaaS framework and services will come to end in November 2026.

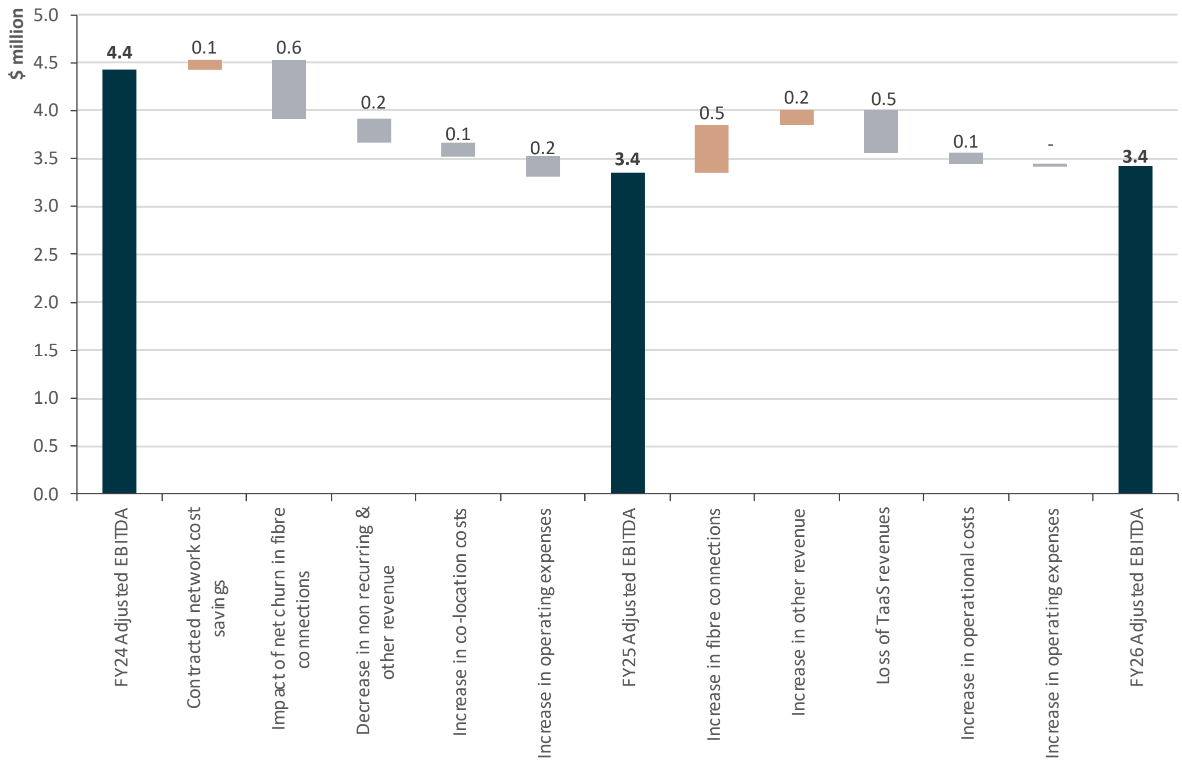
Revenues from colocation services have declined in recent years, primarily because Vital's services were uncompetitively priced. There is reasonable demand for rack space in tier 2 data centres and Vital currently has surplus capacity. Having refreshed its service offering and pricing, management are actively looking to sell the spare capacity, but this is proving challenging in the current environment.

Historically, Vital has generated revenue of approximately $1 million p.a. from providing ancillary services, including WiFi and corporate satellite services. Since FY21, revenue from ancillary services has declined rapidly to less than $0.5 million p.a. as customers have moved to alternative technologies and other service providers.

With the undergrounding of parts of the fibre network in Wellington complete, capital expenditure the foreseeable future is limited to spending what is required to maintain the network. Consequently, Vital's Wired Network business unit is currently generating strong positive cashflows.

The following chart explains the forecast increase in adjusted EBITDA for the Wired Networks business unit from FY24A to FY26F:

WIRED NETWORKS - FORECAST CHANGE IN ADJUSTED EBITDA



The following points are relevant when reviewing the chart above:

- ***Net increase in revenue from fibre connections in FY26***. Management believes that the benefits of an improved customer proposition, website upgrade and new API capability for channel partners will lead to a return to meaningful growth as market conditions improve. The forecast for FY26 also assumes that existing TaaS customers will migrate to Vital wholesale and dark fibre circuits and includes an uplift in revenue from new dark fibre circuits currently being installed for two existing customers.
- ***Net increase in revenue from co-location services***. Management have assumed Vital fills surplus capacity at data centres in FY26, resulting in a material increase in revenue from co-location services. Vital has already secured a material amount of the forecast uplift in co-location revenues from two customers and has a pipeline of other potential customers that it is engaging with via channel partners.
- ***Change in non-recurring and other income***. Non-network income for Vital's Wired Networks business unit was unusually high in FY24. This income stream declined in FY25 to levels more consistent with the average for the three years ended 30 June 2024. Non network income is expected to be materially higher in FY26 as Vital is contracted to manage a one off, low margin project for a customer.
- ***Net increase in operational costs***. Operational costs have increased with inflation in FY25. The forecast for FY26 assumes inflation at a rate of 2% p.a.

6 Valuation of Vital

6.1 Preferred Methodology

Grant Samuel's valuation of Vital has been estimated on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined at Appendix C.

Grant Samuel has placed reliance on the capitalisation of earnings methodology in determining a value range for Vital. This is primarily due to:

- a capitalisation of earnings is likely to be the primary methodology that would be adopted by a purchaser when acquiring businesses like Vital when taking into consideration the size of Vital and its forecast earnings. Vital's current financial performance is a reasonable proxy for the future maintainable earnings. This assumes that:
  - the Wireless Networks business unit achieves the required revenue growth to replace the loss of income when St John and FENZ migrate away to the new digital LMR network being built as part of the PSN; and
  - the earnings of the Wired Networks business unit will remain stable.
- the availability of information that can be analysed to determine an applicable multiple range.

A discounted cash flow valuation is often used to cross check against the capitalisation of earnings methodology. Discounted cash flow analysis relies on a detailed forecast of future earnings and cash flows. The company does not prepare a long-term forecast, so this exercise has not been undertaken.

6.2 Summary

Grant Samuel has valued Vital in the range $18.8 million to $29.5 million which corresponds to a value of $0.44 to $0.69 per share. The valuation is summarised below:

VITAL - VALUATION SUMMARY ($000)

	LOW	HIGH
Enterprise value	**31,250**	**42,000**
Net bank debt as at 30 June 2025	(13,228)	(13,228)
Cash from share options being exercised	304	304
Other assets & liabilities	449	449
Value of equity	**18,775**	**29,525**
Fully diluted shares on issue (000)	42,498	42,498
Value per share	**$0.44**	**$0.69**

The valuation represents the estimated full underlying value of Vital assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Vital shares to trade on the NZSX in the absence of a takeover offer or proposal similar in nature to the Takeover Offer.

An enterprise value range of $31.3 million to $42.0 million has been attributed to Vital's business operations. This valuation range is an overall judgement having regard to:

- the earnings multiples implied by transactions involving mobile radio and fibre network businesses internationally; and
- the sharemarket ratings of listed telecommunications businesses in Australasia.

Section 6.3 outlines the multiples implied by Grant Samuel's valuation including the transaction and sharemarket evidence.

The valuation also reflects the strengths and weaknesses of Vital and considers the following factors:

- Vital is an essential service provider to entities who require resilient communication networks. It has been designing, building and operating critical communication infrastructure for over 30 years and has established a diverse customer base including Government agencies, Emergency Services, Civil Defence agencies and entities operating in the Agriculture, Education, Energy and Utilities, Health and Transport and Logistics sectors.
- Vital has invested heavily in its core digital wireless and wired network infrastructure between 2018 and 2022. Consequently, Vital's capital expenditure over the last three years has been materially lower than its depreciation expense. Vital will continue to benefit from the investment made in network assets for some time to come, which will translate to higher net cash flows from operations.
- Vital's largest customer is St John. St John's has extended its contract to June 2027 but at some point beyond that date, St John will move across to the PSN. The St John contract includes a right of renewal for two years to March 2029 and it is quite possible that St John will have to exercise this right of renewal depending on the amount of time required for the PSN to become fully operational. Grant Samuel has assumed for valuation purposes that the St John contract ends in FY27 to derive the low value for Vital shares and that the contract ends in FY29 to derive the high value for Vital shares.
- Vital's strategy is to replace the lost revenues from St John with new customers providing essential services. Its current financial performance shows that Vital has achieved genuine momentum in the energy and utilities sector and is also growing wireless networks revenue through its wholesale channel partners. Management forecasts show Vital achieving the required earnings growth over the next two

to three years to replace the loss of net income from the St John's network when that contract comes to an end.

- With existing, well established fibre networks in Auckland and Wellington it is highly unlikely another market participant will build a new fixed communications network. Vital has a competitive product offering for dark and wholesale fibre and its net promoter score with customers continues to improve. Relinquishments appear to have passed the cyclical high point and more recently Vital has seen a return to modest growth in fibre connections. Accordingly, management forecasts show Vital's Wired Networks business unit maintaining its current level of earnings over the next two to three years.
- Vital has now completed an organisational restructure and has a stable operating model. While management will continue monitoring operational costs to ensure the networks are operating efficiently, there are no plans to achieve further cost saving initiatives.

6.2.1 Net debt for valuation purposes

Grant Samuel has adopted net debt for valuation purposes at $13.2 million as summarised below:

VITAL – NET DEBT FOR VALUATION PURPOSES

	$000
Bank overdraft	628
Bank loans	12,600
Net debt for valuation purposes as at 30 June 2025	**13,228**

6.2.2 Other assets

The table below provides a breakdown of the value ascribed to other assets and liabilities included in the valuation of Vital:

VITAL – BREAKDOWN OF OTHER ASSETS

	$000
Present value of tax losses carried forward	1,306
Finance lease and overdue receivables	434
Unearned Installation Fee income	(1,291)
Net debt for valuation purposes	**449**

Vital has $5.2 million of tax losses[13] carried forward, which are expected to be utilised in the foreseeable future. Consequently, Vital will continue to pay very little income tax over the next 3 to 5 years. Grant Samuel has estimated the present value of the tax losses carried forward by adopting management forecasts for accounting profit before tax as a proxy for assessable net income for income tax purpose to calculate a value for the benefit of being able to offset future assessable income against the losses carried forward.

Empire has not reimbursed Vital for the costs that Vital incurred in relation to Empire's failed takeover offer. The Takeovers Panel ordered Empire to pay the full amount owing to Vital, but the matter remains in dispute. While it is uncertain when Empire will reimburse Vital, Grant Samuel has assumed that for valuation purposes the amount owing by Empire is fully collectable. The overdue receivables balance also includes an amount for the monies that are expected to be collected from a customer once the parties settle their dispute.

Grant Samuel has treated unearned installation fee income as a debt like item on the basis that this revenue is being recognised in the earnings for valuation purposes.

[13] $5.2 million of tax losses, which will reduce forecast tax payments by approximately $1.45 million.

6.2.3 Synergies

Valuation practice allows for the recognition of cost savings (and other synergies) that would theoretically be achievable across multiple acquirers but excludes any synergies that are unique to a particular buyer. An acquirer of Vital would be able to achieve savings in overheads relating to the costs of operating as a public listed entity. Grant Samuel has excluded an estimated $250k of costs associated with Vital's NZSX listing including a proportion of Directors fees, licences and registrations, NZSX fees, investor communication costs.

Grant Samuel has ascribed no value to the prospect that Vital could assist Tait to deliver the PSN or provide ongoing managed services for the new LMR network, effectively treating this a synergy benefit that is unique to Tait.

6.3 Earnings Multiple Analysis

6.3.1 Implied multiples

The Enterprise Valuation of range of $31.3 million to $42.0 million implies the following multiples:

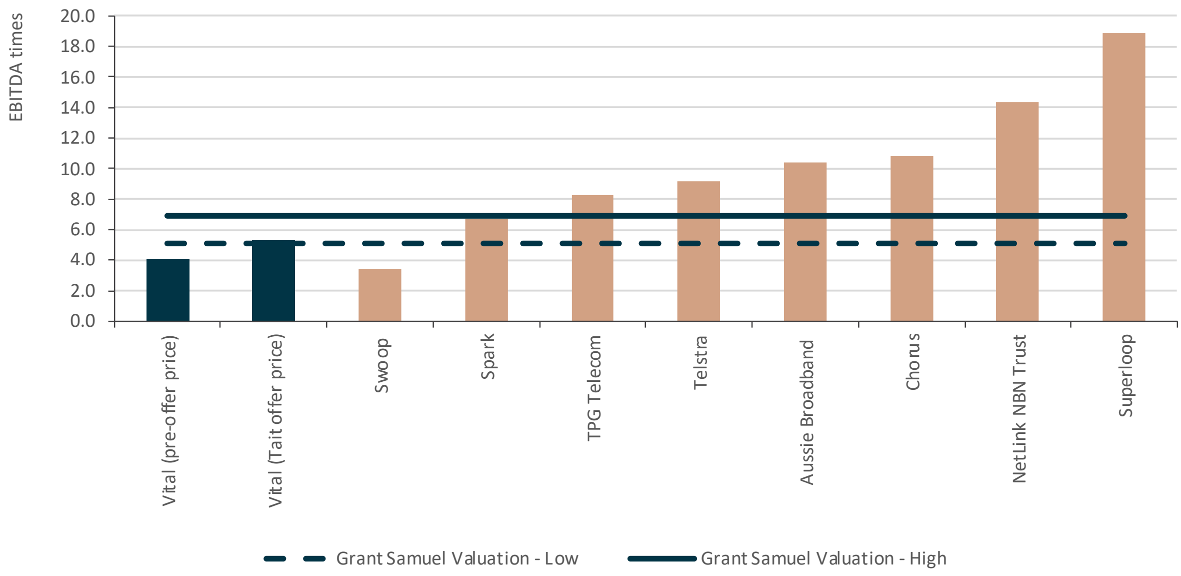
VITAL – IMPLIED VALUATION MULTIPLES

DATE	VARIABLE ($000S)	RANGE OF PARAMETERS)	
		LOW	HIGH
Multiple of Adjusted EBITDA (times)			
Year ended 30 June 2024	6,679	4.7	6.3
Year ended 30 June 2025	6,085	5.1	6.9
Year ending 30 June 2026	7,897	4.0	5.3
Multiple of Adjusted EBIT (times)			
Year ended 30 June 2024	2,053	15.2	20.5
Year ended 30 June 2025	1,567	19.9	26.8
Year ending 30 June 2026	3,379	9.2	12.4
Multiple of Adjusted EBITDA less Capex (times)			
Year ended 30 June 2024	3,843	8.1	10.9
Year ended 30 June 2025	3,631	8.6	11.6
Year ending 30 June 2026	4,920	6.4	8.5

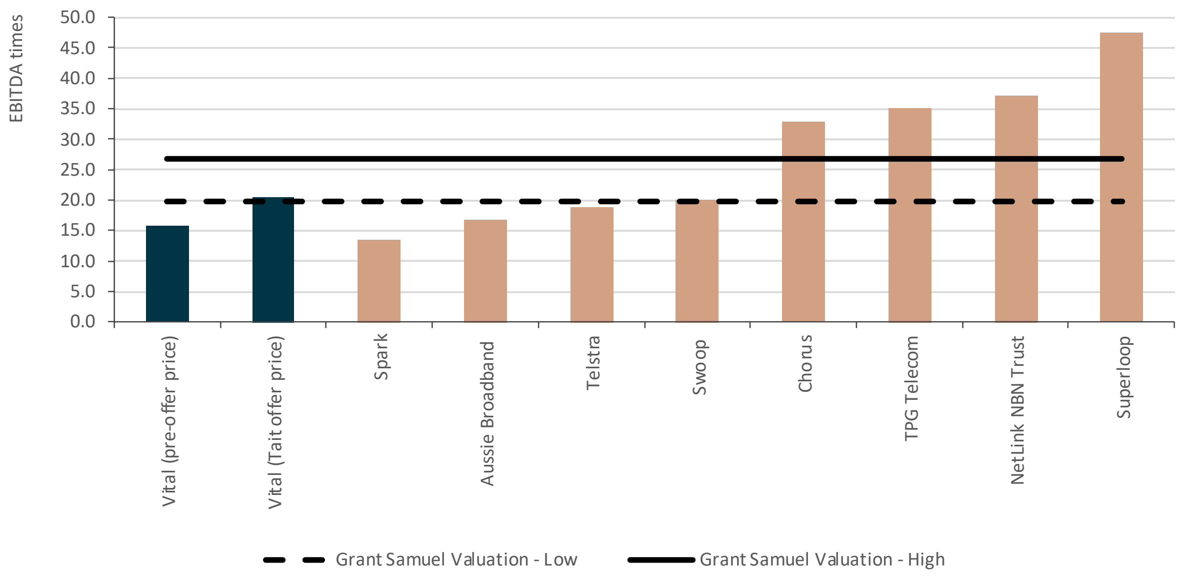
An explanation regarding interpreting the above multiples is included at Appendix D.

The following graphs shows the adjusted EBITDA and EBIT multiples implied by Vital share price before the Takeover Offer, the Tait Offer Price, Grant Samuel's valuation range and comparable listed companies:

IMPLIED MULTIPLES OF ADJUSTED EBITDA FOR VITAL VERSUS LISTED COMPARABLE COMPANIES[14]



IMPLIED MULTIPLES OF ADJUSTED EBIT FOR VITAL VERSUS LISTED COMPARABLE COMPANIES



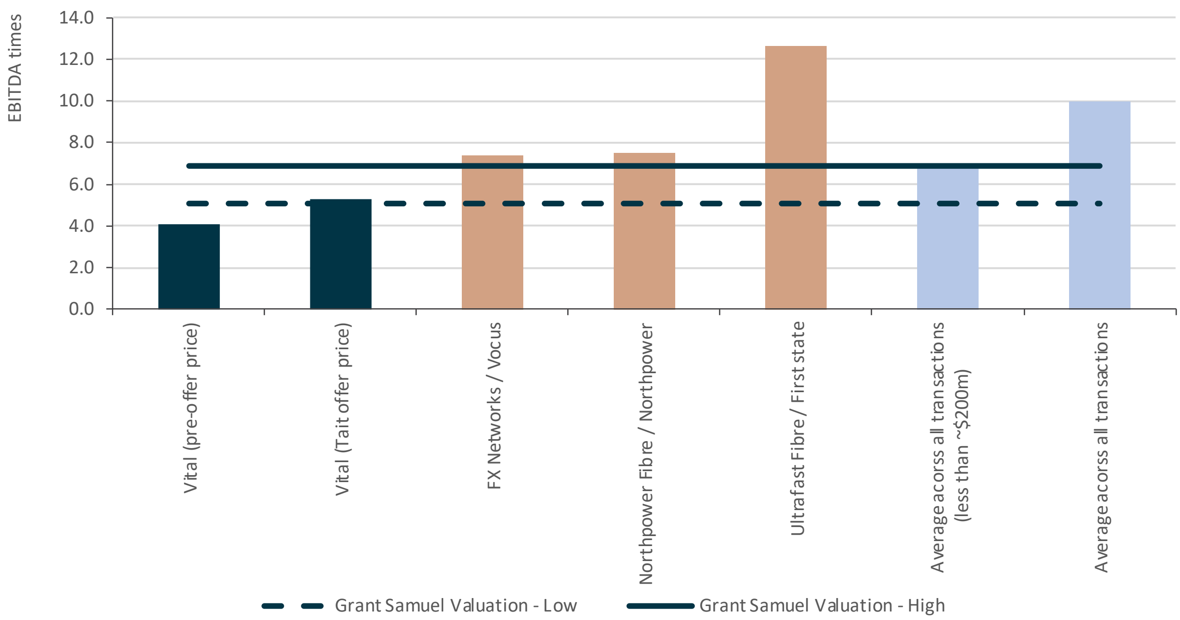
The implied EBIT multiples of the valuation are aligned with the implied multiples of the sharemarket ratings of comparable companies. Vital's depreciation and amortisation is inflated due to the significant investment undertaken over the last 5+ years and the level of this investment relative to its EBITDA. This inflates the implied multiples of the valuation.

14 Swoop references the historical multiple as the forecast multiple is not available due to limited broker coverage. The forecast multiples are based on the financial year ending 30 June 2025, except for TPG which is 31 December 2025 and NetLink NBN Trust which is 31 March 2025.

There have been several transactions involving fibre network businesses in New Zealand and internationally. These businesses are significantly larger than Vital's fibre business. Recent transactions in New Zealand are limited but include the acquisition of the remaining shareholding in Northpower Fibre by Northpower, the sale of Ultrafast Fibre to First State Investments and the acquisition of FX Networks by Vocus.

The following graph shows the forecast adjusted EBITDA multiples for the selected transaction evidence and the multiples of forecast adjusted EBITDA implied by Vital's share price before the Takeover Offer and at the Tait Offer Price, when compared with the multiples implied by Grant Samuel's valuation range.

IMPLIED MULTIPLES OF ADJUSTED EBITDA FOR VITAL VERSUS TRANSACTION EVIDENCE[15]



The implied multiples are below the multiples implied by the share prices of comparable listed companies and recent transaction evidence. This discount to the comparable evidence reflects:

- that the majority of the comparable evidence include companies that are significantly larger than Vital. In general, larger companies tend to transact at higher valuation multiples reflecting a range of factors. This is reflected in the difference between the average implied EBITDA multiples across all transactions of 10 times versus the average across transactions involving companies valued below $200 million (6.9 times);
- the comparable evidence which includes Chorus and NetLink NBN which are regulated companies with a dominant market position. Grant Samuel would expect a business like Vital to trade at a material discount to Chorus and NetLink NBN.
- the growth outlook for Vital when compared to some of the comparable companies in Australia like Superloop and Australian Broadband. Vital operates in a niche area of New Zealand's telecommunications market and its growth opportunities are limited. Vital is closer in comparison to ASX listed Swoop, which is relatively small and historically has focused on fixed wireless solutions including services to remote towns including networks for vital services. Swoop's share price is currently trading at five-year lows due to its recent financial performance and high leverage.

[15] Where available, Grant Samuel has used the forecast multiples as these better reflect the future cash flows for the transaction evidence.

The implied multiples of the valuation are aligned with Spark. Grant Samuel would expect Vital to trade at a discount to Spark. Spark's valuation is at a five-year low. If there was a takeover offer for Spark Grant Samuel would expect the price to be at a significant premium to the current share price. See section 6.3.2 for more commentary.

6.3.2 Sharemarket Evidence

The following table sets out the implied adjusted EBITDA and EBIT multiples for a range of listed comparable companies in Australasia:

SHAREMARKET RATINGS OF SELECTED LISTED TELECOMMUNICATION COMPANIES

ENTITY	MARKET CAPITALISATION (NZ$ MILLIONS)	ADJUSTED EBITDA MULTIPLE (TIMES)[16]		ADJUSTED EBIT MULTIPLE (TIMES)[17]	
		HISTORICAL	FORECAST	HISTORICAL	FORECAST
Vital (pre-offer price)	**11**	**3.7**	**4.1**	**12.0**	**15.7**
Vital (Tait offer price)	**19**	**4.8**	**5.3**	**15.6**	**20.5**
INTEGRATED CARRIERS					
Spark	4,364	6.0	6.7	10.4	13.6
Telstra	59,803	10.5	9.1	24.4	18.9
TPG Telecom	10,645	9.8	8.2	n/a	35.1
Aussie Broadband	1,254	12.1	10.4	21.5	16.9
Superloop	1,646	31.8	18.9	n.a.	47.4
Swoop	21	3.4	n.a.	20.2	n.a.
WHOLESALE ONLY CARRIERS					
Chorus	3,688	10.8	10.8	32.3	32.9
NetLink NBN Trust	4,403	14.1	14.3	34.3	37.1
Average		***12.3***	***11.2***	***17.9***	***28.8***
Median		***10.7***	***10.4***	***20.9***	***32.9***

Source: Grant Samuel analysis. Capital IQ. Broker reports

When observing the table above the following points should be noted:

- The multiples are based on closing share prices as at 19 June 2025. The share prices and therefore the multiples, do not include a premium for control. Shares in a listed company normally trade at a discount to the underlying value of the company as a whole.
- Spark's share price has declined by approximately 45% over the last 12 months and is currently at five-year lows. Spark's share price has been impacted by a combination of disappointing financial results, elevated debt levels, several forecast earnings downgrades and macroeconomic headwinds. Spark has sold assets (e.g. its stake in the tower business Connexa) and it has been restructuring to reduce costs, but aggressive share buybacks reduced capital and resulted in high debt levels. Given its earnings outlook to retain its A- credit rating, it is likely that Spark will need to reduce debt and have some form of capital raise to fund its datacentre strategy, undertake further asset sales and/or amend its dividend policy.
- Telstra is trading at five-year highs since February after the company announced that it was increasing dividends and exceeded analyst's expectations. Telstra also announced that despite the increase in mobile pricing in 2024, Telstra has continued to add mobile subscribers to its network for both prepaid

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[16] Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by adjusted EBITDA. Adjusted EBITDA includes depreciation and interest expense relating to ROU assets.

[17] Represents gross capitalisation divided by adjusted EBIT.

and postpaid customers and an A$800 million investment in 5G upgrades and advanced its "Connected Future 30" strategy, emphasising high-speed, AI-capable networks and digital infrastructure.

- TPG Telecom's share price is currently impacted by the sale of its fibre network to Vocus Group for approximately $5.25 billion. The transaction was approved by the Australian Competition and Consumer Commission in March 2025. The transaction is expected to settle is the second half of 2025.
- Over the past six months, Aussie Broadband's share price has increased by approximately 15%, supported by stronger than expected financial results for the half year ended 31 December 2024, which exceeded analysts' expectations. The company also upgraded its full-year FY25 EBITDA guidance, indicating continued growth. Key strategic initiatives—including the expansion of its fibre network and the successful integration of Symbio, which contributed approximately A$12 million in EBITDA, has further reinforced investor confidence.
- Superloop's share price has increased by almost 100% over the last 12 months due to strong financial results, strategic acquisitions and growing investor confidence. Superloop's earnings for H1 FY25 exceeded expectations, and it brought forward its expected breakeven year from 2026 to 2025, signalling improved financial performance. Superloop acquired Uecomm in December 2024 and has continued to invest in fibre and backhaul to strengthen its position in the enterprise and wholesale markets. This has underpinned Superloop's strong market performance over the past few months.
- Swoop's share price is currently trading at five-year lows, having declined approximately ~45% over the last 12 months. While the company has delivered revenue growth, its EBITDA and EBIT have declined, raising concerns about operational efficiency. Coupled with a net debt position of around A$15–20 million, this has led to investor concerns about Swoop's ability to meet its financial obligations and sustain future growth. Additionally, as a small-cap operator in a highly competitive Australian telecommunications market, Swoop faces significant pressure from larger, more established companies.
- Chorus' share price has shown resilience over the past 12 months increasing by approximately 10%. Chorus' position as a significant regulated infrastructure provider in New Zealand is reflected in the relative stability in its share price when compared to Spark's trading performance over the same period.
- NetLink NBN Trust is a regulated business built on long-term contracts, providing stable and predictable cash flows. As a result, NetLink NBN Trust is considered a defensive investment, offering steady dividend yields to shareholders.
- The companies selected have varying financial year ends. The data presented above is the most recent annual historical result plus the subsequent forecast year.
- There are considerable differences between the operations and scale of the comparable companies when compared with Vital. In addition, care needs to be exercised when comparing multiples of New Zealand companies with internationally listed companies. Differences in regulatory environments, share market and broader economic conditions, taxation systems and accounting standards hinder comparisons.
- A description of each of the companies above is set out in Appendix B.

6.3.3 Transaction Evidence

The following table sets out the EBITDA and EBIT multiples implied by selected transactions:

RECENT TRANSACTION EVIDENCE

DATE	TARGET	ACQUIRER	IMPLIED ENTERPRISE VALUE (MILLIONS)	EBITDA MULTIPLE[18] (TIMES)		EBIT MULTIPLE[19] (TIMES)	
				HISTORICAL	FORECAST	HISTORICAL	FORECAST
Mobile Radio and Wireless Networks							
Nov 2017	GX2 Technology	Superloop	A$10.0	5.0	n.a.	12.3	n.a.
Dec 2016	Big Air	Superloop	A$244	10.3	n.a.	n.a.	n.a.
Dec 2016	Sepura	Hytera Communications	£152	11.0	n.a.	14.6	n.a.
May 2015	Teltronic	Sepura	£127	12.9	n.a.	15.1	n.a.
Sep 2011	ASTRID	Belgian Government	EUR143	8.4	7.5	n.m.	n.m.
Fibre Networks and other integrated telecommunications							
Pending	TPG Telecom	Vocus	A$5,250	10.4	n.a.	25.3	n.a.
May 2025	TasmaNet	CommsGroup	A$10	3.1	n.a.	n.a.	n.a.
Aug 2023	Speed Fibre	Cordiant Digital	EUR 192	8.3	n.a.	n.a.	n.a.
Nov 2022	VostroNet	Superloop	A$35	7.5	n.a.	n.a.	n.a.
Jun 2021	Vocus	Macquarie Infrastructure	A$4590	14.5	11.8	39.4	23.6
Apr 2021	Northpower Fibre	Northpower	NZ$68	10.8	7.5	18.3	11.3
Dec 2020	Telstra Velocity Fibre	Uniti	A$140	6.7	n.a.	n.a.	n.a.
Nov 2020	Opticomm	Uniti Group	A$676	18.0	17.0	21.6	21.4
Mar 2020	Ultrafast Fibre	First State Investments	NZ$854	16.1	12.6	35.2	34.4
Nov 2019	OPENetworks	Uniti Group	$27.50	11.0	6.9	n.a.	n.a.
Oct 2019	LBNCo	Uniti Group	$A100	12.2	9.9	n.a.	n.a.
Jul 2017	Lightower	Crown Castle	US$7,156	16.7	13.5	n.a.	n.a.
Jun 2017	Infracom Italia	Fondi Italiani	EUR131	6.0	n.a.	n.a.	n.a.
Feb 2017	Lumos Networks	EQT Infrastructure	US$950	10.3	8.7	26.5	22.3
Jun 2016	Nextgen Networks	Vocus	A$700	11.3	10.7	23.3	21.0
Dec 2014	Amcom - Communications	Vocus	A$678	14.5	13.6	19.2	18.8
Jul 2014	Pacnet	Telstra	US$697	6.3	n.a.	n.a.	n.a.
Jul 2014	FX Networks	Vocus	NZ$115	8.5	7.4	24.1	17.6
Dec 2013	AAPT	TPG Telecom	A$450	8.2	6.4	n.a.	15.0
Mar 2013	Leighton Holdings - Telecommunications	Ontario Teachers' Pension Plan	A$824	n.a.	6.4[20]	n.a.	8.1
Average				**10.3**	**10.0**	**22.9**	**19.4**
Median				**10.4**	**9.3**	**22.5**	**19.9**

Source: Grant Samuel analysis of media reports, company announcements, annual reports and presentations. Capital IQ.

18 Represents implied enterprise value divided by EBITDA.
19 Represents implied enterprise value divided by EBIT.
20 Mid-point of estimate.

The following comments are relevant when reviewing the table above:

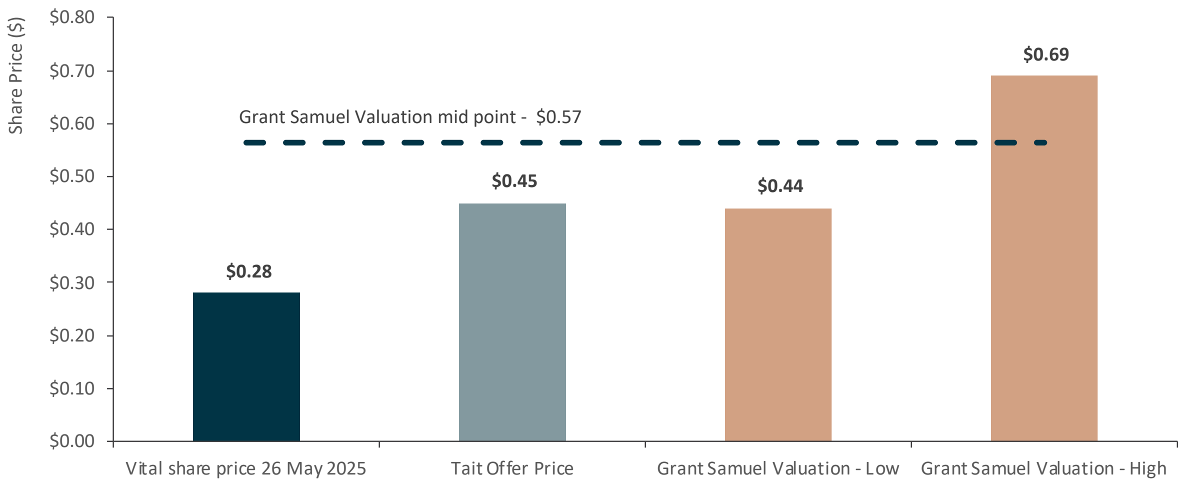
- Descriptions of the transactions included above are provided in Appendix A. Each transaction has its own unique set of circumstances. As such it is often very difficult to identify trends or draw any meaningful conclusions.
- In February 2025, Superloop acquired Uecomm Pty Ltd, a subsidiary of Optus Networks Pty Limited, for A$17.5 million. The acquisition significantly expands Superloop's fibre network across major Australian metropolitan areas, including Sydney, Melbourne, Brisbane, and the Gold Coast. The deal added over 2,000 kilometres of high-capacity fibre infrastructure and approximately 1,900 connected buildings. The transaction is expected to be EBITDA neutral in the first 12 months. There is insufficient publicly disclosed financial data to derive implied earnings multiples for the transaction.
- In 2023 Telstra acquired Dense Air's Australian operations for A$42 million which was focused on focused on deploying small cell infrastructure to enhance mobile network coverage and capacity in urban areas. The acquisition provided Telstra with access to Dense Air's 2600 MHz spectrum, which is valuable for expanding 4G and 5G services. There is insufficient publicly disclosed financial data to derive implied earnings multiples for the transaction.
- There have only been a limited number of transactions involving mobile radio businesses where there was sufficient detail disclosed to calculate implied earnings multiples. The most recent transaction is from 2016, involving the sale of Sepura to Hytera Communications.

7 Merits of the Takeover Offer

7.1 The Value of the Takeover Offer

- ***Grant Samuel's assessment of the value of Vital.*** In Grant Samuel's opinion the <u>full underlying value</u> of Vital shares is in the range of $0.44 to $0.69 per share as set out in Section 6. The full underlying value is the price a person or entity would be expected to pay to acquire the company as a whole and, accordingly, includes a premium for control. The Offer price is $0.45 per share and is slightly above the bottom of Grant Samuel's value range:

GRANT SAMUEL VALUATION RANGE VERSUS THE OFFER PRICE ($)



- ***the premium implied by the Takeover Offer.*** The Takeover Offer represents a premium of 64% relative to the closing price of $0.275 per share on 26 May 2025 being the trading day prior to the first public announcement made in relation to the Takeover Offer and a premium of 53% to the highest price at which Vital shares have traded in the past two years, excluding trading for the period in August and September 2024 after Empire gave notice of its intention to make a takeover and then subsequently withdrew its notice; and
- ***comparable company and comparable transaction data.*** The Takeover Offer implies multiples of 5.3 and 4.1 times the FY25 and FY26 Adjusted EBITDA respectively. The forecast EBITDA multiple implied by the Takeover Offer is below the multiples inferred from market evidence and is likely to reflect an expectation that Tait will deliver a fully operational LMR network on time and Vital's contract with St John will end in 2027 and that Vital only earns a modest amount of income from the PSN going forward by undertaking network audits for NGCC.

7.2 Potential Outcomes of the Takeover Offer

Overview

Tait is seeking to acquire 100% of the shares in Vital. The Takeover Offer has several conditions, including the Minimum Acceptance Condition that Tait receives sufficient acceptances to take its shareholding in Vital to 90% or more of Vital ordinary shares. If all the conditions is satisfied and there is no breach of any of the other conditions the Takeover Offer will become unconditional and:

- Tait has stated that it intends to acquire the remaining shares in Vital using the compulsory acquisition provisions of the Takeovers Code. These provisions give Tait the right to compulsorily acquire the remaining Vital shares on issue when it receives acceptances from Vital shareholders for 90% or more of the voting rights in Vital; and

- Vital will be de-listed from the NZSX and become a wholly owned subsidiary of Tait.

Tait receives acceptances of more than 50% of the ordinary shares on offer but less than 90% of Vital

The implications of Tait receiving sufficient acceptances to take its shareholding in Vital to more than 50% but less than 90% by the date on which the Takeover Offer closes (as extended) are as follows:

- if Tait chooses not to waive the Minimum Acceptance Condition, Tait will not acquire any shares in Vital and Vital will remain a small public company listed on the NZSX;
- Tait has reserved the right to waive the Minimum Acceptance Condition and accept a lower percentage shareholding in Vital, provided that percentage of acceptances exceed 50% of the voting rights in Vital as required by the Takeovers Code for all full takeover offers. If Tait chooses to waive the Minimum Acceptance Condition and declares the Takeover Offer unconditional then:
  - Tait must acquire all Vital shares accepted into the Offer;
  - Vital will continue to be listed on the NZSX with Tait as a cornerstone majority shareholder with a shareholding of more than 50% but less than 90%;
  - Tait will have effective control over the day-to-day operations of Vital. Tait has stated that the Takeover Offer is a strategic move to expand Tait's market position, product offering and reach in New Zealand, and that it is confident that Tait is the right owner to support Vital's future plans in a challenged operating environment, which benefits Vital's customers, employees and other stakeholders. Remaining minority shareholders will have limited influence over the day-to-day operations of Vital;
  - Tait will be entitled to appoint new directors to the board of Vital and it is highly likely that it would ensure control over Vital;
  - by virtue of its majority shareholding Tait would control the outcome of any ordinary resolution put to shareholders;
  - once Tait has control of Vital it can determine such matters as dividend policy, capital expenditure and funding mix. These may have an impact on the earnings of the business. At a shareholding of more than 50% but less than 90% Tait may prevent a dividend being paid preferring profits to be re-invested in expanding the business;
  - if Tait acquires a shareholding of 75% or more it will be able to control the outcome of special resolutions such as those required to change the constitution or approve a major transaction;
  - it is highly likely that shares in Vital will trade below the Offer price of $0.45. Even in the absence of a substantial shareholding being acquired by Tait, Vital shares are relatively thinly traded. This may suppress the Vital share price. The closer Tait gets to holding 90% of Vital ordinary shares on issue the lower the number of Vital ordinary shares that can be traded freely on the NZSX, which will mean lower liquidity for the remaining holders of Vital ordinary shares; and
  - if the Offer is declared unconditional at a shareholding of more than 50% but less than 90%, Tait cannot acquire any further shares in Vital for a period of twelve months without making another formal takeover offer for all or some of the remaining shares in the company, or without shareholder approval. However, from twelve months after the Takeover Offer closes, Tait will be able to utilise the "creep" provisions of the Takeovers Code to purchase up to a 5% of the Vital shares on issue per annum.
- If the Minimum Acceptance Condition is met or waived within the five working days before the end of the initial offer period, the offer period is automatically extended by 10 working days from the date the condition is met or waived.
- the Takeovers Code permits Tait to extend its Takeover Offer close date to 12 September 2025. If Tait chooses to waive the Minimum Acceptance Condition the Takeover Offer close date can be extended

for a further 40 working days (to a closing date after 12 September 2025) to allow further time for Tait to try and reach its 90% target. This has the effect of Tait being able to delay the close of its Takeover Offer for a period of approximately five months, during which time no other takeover offers are likely to be forthcoming; and

- Vital shareholders who choose not to accept the Takeover Offer have either decided they want to retain their investment in Vital for the longer term or are expecting that Tait will make another offer at a higher price. There is no certainty regarding the ongoing performance of Vital or that a subsequent offer from Tait will be forthcoming if it does not acquire 100% of Vital. The risks and benefits associated with an investment in Vital are outlined at Section 7.4 below.

Tait does not have to and has not provided any indication that is likely to waive any of the conditions of the Takeover Offer.

If Tait receives acceptances of less than 50% of the shares in Vital, or if there is a breach of a Takeover Offer condition which is not waived by Tait, the Takeover Offer will lapse, and no shares will be acquired by Tait. Vital will remain a small public company listed on the NZSX. The strengths, weaknesses, risks and benefits of Vital are summarised in sections 6.2 and 7.5 below.

7.3 Factors affecting the outcome of the Takeover Offer

Likelihood of Tait Increasing its Offer Price or Extending the Offer Close Date

There are two permissible variations to the key terms of the Takeover Offer:

- Tait may choose to extend its Offer period. The Takeover Offer is due to close on 18 July 2025. Under the rules of the Takeovers Code the latest date to which the Takeover Offer may be extended to is 60 working days after the date on which the Offer opens, in this case 12 September 2025 (although, as noted in Section 7.2 above, the closing date may be after 12 September 2025 in certain limited circumstances).
- Tait may choose to increase its offer price. If Tait increases its offer price while the Takeover Offer is still open the increased price will be available to all Vital shareholders even if they have already accepted the $0.45 per share. This will not apply if Tait makes a further takeover offer at a higher price after the Takeover Offer has closed, in which case the higher price would only be available to shareholders that did not accept the $0.45 per share. Grant Samuel believes that Tait can realise meaningful synergies from the acquisition of 100% of Vital and may therefore be willing to increase its offer price if it does not receive acceptances for more than 50.01% of all Vital shares on issue. Tait does not have to and has not provided any indication that is likely to increase its offer price.

Likelihood of Alternative Offers

- The Takeover Offer was announced on 27 May 2025. To date no alternative offers have been forthcoming but it is more than likely a competing bidder would wait for the company to issue this Target Company Statement before tabling a higher bid for Vital.
- if the Takeover Offer completes with Tait owning between 50% and 90% of Vital ordinary shares Vital will be significantly less appealing as a takeover target. Any party wishing to make a partial offer for over 20% of Vital would require the approval of Vital's shareholders by way of an ordinary resolution which would require Tait's support. Any subsequent takeover offer for 100% of Vital would require Tait to sell its shareholding in Vital to the new offeror for the full takeover offer to be successful.

Other factors

- Tait does not own any Vital shares, and it does not have any Lock Up agreements with existing shareholders. On 24 June 2025 AMP, the largest shareholder in Vital holding 10.8% of the shares on issue accepted the Takeover Offer.
- There will be time between when the Takeover Offer is made and the dispatch of the Target Company Statement. Vital has advised shareholders to not take any action until they receive the Target Company Statement, which is normal practice in these circumstances. Tait has indicated that the Takeover Offer will close on 18 July 2025 although it can extend the period. There is no need for Vital shareholders to accept the Takeover Offer immediately (i.e. when Takeover Offer is made). Shareholders who do accept the Takeover Offer cannot withdraw their acceptance. Shareholders who accept the Takeover Offer early will receive the higher price offered, should Tait subsequently elect to increase the offer price under the current Takeover Offer.
- A low level of acceptances by Vital shareholders leading up to the date when the Takeover Offer closes may encourage Tait to consider increasing the offer price. There is no certainty that Tait will do so. If Tait elects to waive its Minimum Acceptance Condition and the Takeover Offer goes unconditional, it will acquire all the shares offered in acceptance of its Takeover Offer.

7.4 Share Options

Grant Samuel's assessment of the value of the Share Options in the event of a takeover

The Offer price for the Share Options is $0.13 per option, which is the equivalent of the intrinsic value that the Option Holder would realise if the options were exercised and then ordinary shares held were accepted into the Takeover Offer.[21] Grant Samuel's value range for Vital shares implies an intrinsic value range for the Share Options of $0.12 to $0.37 per share. The Offer price for the Share Options is within this range.

If Tait elects to increase its Offer Price for the shares it is likely to also increase the offer price for the Share Options for it to remain fair and reasonable between the classes.

Accepting the Takeover Offer for the Share Options

The Takeover Offer includes an offer to acquire all the Share Options on issue and an Option Holder may prefer to accept to the Takeover Offer rather than pay the exercise price required to exercise their Share Options.

The Share Options are not transferable unless the terms of issue are varied by the Board. The Board has decided to permit the Option Holders to transfer the Share Options to Tait by accepting the Takeover Offer if Tait notifies Vital prior to the Takeover Offer closing that it has received acceptances from shareholders holding or controlling 50% or more of the voting rights in Vital. Importantly, if the 50% acceptance threshold is reached then an Option Holder does not have to wait for the Takeover Offer to be declared unconditional before they can accept the Takeover Offer. This enables the Option Holder to decide whether to accept the Takeover Offer for the Share Options, without first exercising the Share Options.

Option Holders have a right to exercise the Share Options in some circumstances

The Share Options can be exercised if Tait receives acceptances from shareholders holding or controlling 50% or more of the voting rights in Vital and the Takeover Offer has become unconditional prior to the offer closing because Tait has waived its Minimum Acceptance Condition. In this circumstance an Option Holder can elect at their discretion to:

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21 The Offer Price for ordinary Vital shares of $0.45 per share less the exercise price of the Share Options of $0.32 per share.

- exercise their Share Options prior to the completion of the Takeover Offer and then accept the Takeover Offer as an ordinary shareholder prior to the offer closing, provided that Vital issues the Option Holder the ordinary shares in time for the Option Holder to accept the Takeover Offer.[22] There may only be limited time after the Takeover Offer goes unconditional in which an Option Holder can exercise the Share Options before the Takeover Offer closes. If the ordinary shares are not issued in time and the Takeover Offer closes with Tait owning less than 90% of Vital's ordinary shares on issue, then the Option Holder will remain an ordinary shareholder of Vital. The Option Holder may therefore prefer to accept the Takeover Offer for the Share Options given the Board has varied the terms of issue for the Share Options permitting them to do so when Tait notifies Vital it has received acceptances from shareholders holding or controlling 50% or more of the voting rights in Vital; or
- exercise their Share Options and not accept the Takeover Offer and remain an ordinary shareholder of Vital, except where Tait subsequently becomes the Dominant Owner of Vital. Tait has stated it will compulsorily acquire in accordance with the Takeovers Code the remaining Vital securities it does not already own when it becomes the Dominant Owner of Vital. The risks and benefits associated with an investment in Vital are outlined at Section 7.5 below; or
- not exercise their Share Options prior to the completion of the Takeover Offer and the Share Options will then lapse with the Option Holder will receiving no value for them and Tait owning less than 90% of all the Vital ordinary shares on issue.

If Tait does not waive the Minimum Acceptance Condition and the Takeover Offer goes unconditional prior to the offer closing, Option Holders can exercise the Share Options and the ordinary shares issued by Vital will then be compulsorily acquired by Tait.

Tait has period of 10 working days after the Takeover Offer closes in which it can declare the Takeover Offer unconditional, including by waiving the Minimum Acceptance Condition. It is therefore possible that Option Holders may not be able to exercise the Share Options before the Takeover Offer closes. Option Holders would then need to choose whether to exercise the Share Options, in circumstances where they cannot accept the Takeover Offer, before the Takeover Offer is completed (i.e., Tait pays for the last shares accepted into the Takeover Offer). If they do not do so, then their Share Options would lapse.

We have been advised that the Board's interpretation of the terms of the ESOP is that if Tait becomes the Dominant Owner of Vital as a result of acquiring 90% or more of the Vital shares under the Takeover Offer and the Takeover Offer becomes unconditional after the Takeover Offer closes, Option Holders may exercise their Share Options within 10 days after Tait gives an Acquisition Notice stating that it will compulsorily acquire the remaining equity securities in Vital. The resulting shares that are issued by Vital will then be compulsorily acquired by Tait at the offer price for Vital ordinary shares. Importantly, if Option Holders do not exercise their Share Options in this 10-day period, the Share Options will lapse, and Option Holders will receive no value for them.

7.5 Potential Risks and Benefits

As with any equity investment there are risks associated with the market in which the company operates. The risks associated with an investment in Vital include:

- It is expected that once the new nationwide digital LMR network is fully built and functioning St John and FENZ will move across from their legacy communications networks to the PSN. Vital operates and maintains these legacy networks for St John and FENZ and St John is Vital's largest customer. The contract with St John has a right of renewal for a further two years at the end of its current term. If the St John contract is not renewed, then this revenue stream will cease in March 2027.

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[22] Under the deeds that set out their terms of issue, if a Share Option is exercised, settlement (i.e. payment for, and issue of, ordinary shares) occurs five business days after exercise. It is, however, possible that Vital and the relevant Option Holder could agree to an earlier settlement.

- Vital has had some success to date winning new contracts with customers in the energy and utilities sector and management forecasts show that Vital's revenue from operating and maintaining local wireless networks and providing managed services to other wireless network owners is expected to grow over the next few years. The degree to which Vital can replace the lost income from the St John contract with additional recurring revenue from other customers in the intervening period remains a significant risk.
- Vital's recurring revenue from Trunked Radio and Wireless Broadband services has been declining since FY19. It has implemented a wholesale channel strategy to turn around this downward trend and has had some success growing the number of wholesale connections to its nationwide wireless networks. Management believe that the growing number of wholesale network connections will result in revenues from trunk radio and wireless broadband services starting to grow in FY26. There remains risk that Vital will not be achieve this projected revenue growth.
- Recurring revenue for Vital's Wired Networks business unit may continue to decline if the high levels of relinquishments of fibre connections continues. Management have advised that:
  - Vital has a competitive product offering and is not losing market share to its competitors;
  - most of the relinquishments in the last two years have related to customers implementing cost saving initiatives in response to the economic downturn and tighter fiscal and monetary conditions; and
  - the peak in relinquishments have passed.

  It is reasonable therefore to assume that Vital can maintain its earnings from its Wired Networks business unit with the potential for some revenue growth as the economy moves through the recovery phase of the current economic cycle. There remains the risk that it takes longer for Vital to experience any uplift in performance from improving market conditions and instead experiences a further decline in revenue from Wired Networks over the near term.
- The resiliency of Vital's network infrastructure is critical for its customers who rely on Vital providing a reliable and effective means of communication when other forms of communication are not functioning. Threats such as cyberattacks and natural disasters pose a risk to Vital's infrastructure and may negatively impact Vital's revenue streams and reputation.
- Starlink entered the New Zealand market in 2021 and has been growing its Satellite internet services. While Starlink does not currently offer a competitive product to Vital's land mobile radio solution, it is still building out its network and there remains the risk that once this completed it will expand its service offering and start competing directly with Vital to provide a communication solution to remote locations.

The benefits and opportunities associated with an investment in Vital include:

- Market participants in the electricity sector are investing heavily to build more renewable generation capacity at locations through New Zealand. The level of investment is unprecedented and being driven by an industry wide commitment to achieve net zero emissions by 2050. Investment in more geographically dispersed generation capacity presents new opportunities for Vital to offer cost effective, secure and reliable communications solutions to remote locations. Vital has had some success to date and can reference strong credentials, including having deployed solutions for Lodestone, Powerco and Transpower;
- Vital is the leading provider of LMR services in New Zealand and is uniquely placed to assist Tait to build, operate and maintain this new LMR network. With proven industry knowledge and relationships Vital is well positioned to pull together the appropriate skills and experience needed to build and operate the digital LMR component of the PSN. To date Vital has not earnt much income from the PSN, only providing a limited number of site audits for NGCC. Winning a contract to operate and maintain the

LMR network for Tait for the next 10 years would, on its own, likely replace the lost revenue when the St John contract ends; and

- Vital undertook a strategic review in mid 2022 that led to implementing a turnaround strategy aimed at realising benefits from greater utilisations of its networks and operational improvements. Over the last three years Vital has repositioned its service offering in the market, completed an organisational restructure in several phases, achieved improvements in services levels and customer satisfaction and made cultural changes to improve morale and reduce staff turnover. Having completed all its planned initiatives to deliver operational improvements Vital should now start to see some benefit from the changes that have been made.

7.6 Acceptance or Rejection of the Takeover Offer

Acceptance or rejection of the Takeover Offer is a matter for individual shareholders and Option Holders is based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders and Option Holders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

GRANT SAMUEL & ASSOCIATES LIMITED

2 July 2025

APPENDIX A – RECENT TRANSACTION EVIDENCE

A brief description of each of the transactions listed in Section 6.3.3 is outlined below:

Transactions involving Fibre Networks Businesses and other integrated telecommunications

TPG Telecom (fibre and fixed EGW assets) / Vocus

On 14 October 2024 TPG announced that it has entered into a binding agreement to sell its fibre network infrastructure assets and Enterprise, Government and Wholesale (**EGW**) fixed business, to Vocus for an enterprise value of A$5,250 million including a potential $250 million contingent value payment. TPG also entered into a 15-year Transmission and Wholesale Fibre Access Agreement with Vocus under which Vocus will provide network services to TPG for a fee of $130 million per annum. The purchase price implied a multiple of 10.4 times historical EBITDA.

TasmaNet / CommsGroup

On 26 May 2025, Comms Group signed a binding agreement to acquire the business and assets of TasmaNet for A$10 million. The assets of TasmaNet included a fixed wireless (non-NBN) broadband network and a fibre optic network in Tasmania. TasmaNet provided communication and managed IT services to the Tasmanian Government and local businesses. TasmaNet is a subsidiary of ASX listed Field Solutions which was placed into receivership in February 2025.

Speed Fibre / Cordiant Digital

On 24 August 2024, Cordiant Digital Infrastructure LLP entered into an agreement to acquire Speed Fibre Group from the Irish Infrastructure fund for an enterprise value of EUR 190.5 million. Speed Fibre operates ~5,400km of owned and leased fibre and wireless backhaul across Ireland. While primarily a backbone provider, Speed Fibre's subsidiary, Magnet Plus, provides connections and service to approximately 10,000 businesses and retail customers in Ireland. Speed Fibre generated revenues of EUR 80 million and EBITDA of EUR23 million in 2022. The purchase price implied a multiple of 8.3 times historical EBITDA.

VostroNet / Superloop

In 2022, Superloop acquired VostroNet for A$35 million to strengthen and expand its footprint in the Australian broadband market. VostroNet, a high-performance internet service provider known for its proprietary fibre network and innovative deployment model, primarily services multi-dwelling units, student accommodation, and large residential developments. Consideration for the acquisition was A$35 million, comprising A$24.5 million in cash and A$10.5 million in Superloop shares. The vendors of VostroNet were also entitled to 'earn out' payments (capped at A$15 million in cash), subject to meeting certain take-up targets related to contracted sites and obtaining $2.1 million of run-rate synergies (assumed to be realised within 24 months of completion). The implied EBITDA multiple before and after synergies is approximately 7.5 times EBITDA.

Vocus Group / Macquarie Infrastructure and Real Assets

Macquarie Infrastructure and Real Assets and Aware Super acquired Vocus Group for $4.6 billion in 2021. Vocus is a vertically integrated telecommunications provider offering fibre, ethernet, internet, data centre, energy, and unified communications services across Australia and New Zealand. At the time of the transaction its core business is the Network Services division, which owned and operated a 30,000-kilometre national fibre network that connects all capital cities (excluding Hobart) and most regional centres in both countries. Vocus operates the second largest private fibre network in Australia, behind Telstra.

Northpower Fibre / Crown Infrastructure Holdings

On 1 April 2021, Northpower announced that it had agreed to purchase Crown Infrastructure Partners' remaining 12.4% stake in Northpower Fibre, the venture formed to deliver the UFB initiative to 33,000 homes and businesses across the Whangarei and Kaipara region. The purchase price for the remaining stake was $8.8 million, implying an equity value for 100% of approximately $71 million. The purchase price implied multiples of 10.8 times historical EBITDA and 18.3 times historical EBIT.

Telstra Velocity / Uniti

In 2020 Uniti Group agreed to acquire Telstra's Fibre-to-the-Premises (**FTTP**) network assets for A$140 million, specifically in the Velocity Estates and South Brisbane Exchange regions. The acquisition marks a significant move for Uniti, allowing the company to expand its broadband service offerings and enhance its footprint in the Australian telecommunications market. The consideration represented an implied EBITDA multiple of 6.7 times. The EBITDA is effectively underwritten by Telstra for a period of time. Telstra agreed to pay a licence fee of A$21.6 million p.a. for the continued use of fibre assets acquired until migration of customer services is completed with the licence fee to reduce on a proportionate basis as migration occurs. EBITDA contribution anticipated to be no less than Licence Fee after migration completion. Telstra also agreed to become an RSP on Uniti's network (current and future) outside the NBN fixed line footprint.

OptiComm / Uniti

Uniti Group acquired OptiComm for approximately A$700 million in 2020. OptiComm is a licensed carrier and wholesale network infrastructure operator in Australia. The company specializes in designing, building, operating, and maintaining fixed-line, fibre-based telecommunications networks serving new residential, commercial, and retail developments. The transaction implied an historical and forecast EBTIDA multiple of 18.0 and 17.0 times respectively.

Ultrafast Fibre / First State Investments

On 11 May 2020, global investment manager First State Investments announced that it would buy Ultrafast Fibre Limited (**UFF**) for NZ$854 million from electricity distributors WEL Networks Limited and Waipa Networks Limited. Hamilton based UFF's network accounts for ~14% of the entire national UFB network. First States other investments in New Zealand includes First Gas, which it acquired from Vector in 2016 and Quantem Bulk Liquid Storage & Handling, which operates in New Zealand and Australia. The purchase price implied a multiple of 16.1 times UFF's historical EBITDA for the year ended 30 June 2024.

OPENetworks / Uniti

In 2019, Uniti announced it had entered into a binding agreement to acquire 100% of OPENetworks for A$27.5 million. OPENetworks is a builder and wholesale operator of private FTTP fibre networks, predominantly delivering high-speed data services to multi-dwelling units. At the time of the acquisition, it had around 6,000 active wholesale connections, with an additional 11,000 premises contracted pending connection. Based on Uniti management's estimates, OPENetworks forecast FY20 proforma EBITDA is approximately $2.5 million and is expected to increase to above $4 million in FY21, as the sizable, contracted ports pipeline converts to active ports over the near term. The transaction implied an EBITDA multiple of 11.0 times or approximately 6.9 times when considering the forecast contracted pipeline.

LBNCo / Uniti

In 2019, Uniti announced it would acquire 100% of LBNCo for A$100 million. LBNCo was a wholesale fibre network operator focused on FTTP services to multi-dwelling units and broadacre estates. At acquisition, it had infrastructure covering 65,000 premises across 418 sites, with 22,000 more contracted. The transaction implied an historical and forecast EBITDA multiple of 12.2 times or 9.9 times respectively.

Lightower / Crown Castle

On 18 July 2017, Crown Castle International Corp entered into an agreement to acquire LTS Group Holdings LLC (**Lightower**) for an enterprise value of approximately US$7.2 billion. This purchase price represented a multiple of 13.5 times expected adjusted EBITDA during the first full year of ownership. Lightower owns or has the rights to approximately 32,000 route miles of fibre located primarily in the metropolitan markets in the Northeast of the USA including Boston, New York and Philadelphia. Following the transaction, Crown Castle will have rights to approximately 60,000 route miles of fibre, approximately doubling its fibre network.

Infracom Italia / Fondi Italiani

On 19 June 2017, multiple Italian funds acquired a 94.12% stake in Infracom Italia for an amount of EUR57.8 million. Infracom Italia had EBITDA of 22 million and net financial debt of EUR 70 million. The transaction implied a multiple of 6.0 times historical EBITDA. Infracom operates an optical fibre network in Verona, Italy.

Lumos Networks / EQT Infrastructure

On 20 February 2017, Lumos Networks Corp (**Lumos Networks**), a fibre-based service provider in the Mid-Atlantic region of the USA announced that it had entered into an agreement to be acquired by EQT Infrastructure, for an enterprise value of approximately US$950 million. At the time of the acquisition, Lumos had a fibre network with ~9,200 route miles and ~475,000 total fibre strand miles. The purchase price implied multiples of 10.3 times historical EBITDA and 8.7 times forecast EBITDA.

Nextgen Networks / Vocus

On 29 June 2016, Vocus Communications Limited (**Vocus**) announced that it would acquire Nextgen Networks for A$700 million and two development projects from the Nextgen Group for upfront consideration of US$80 million (A$107 million) plus deferred consideration of up to US$40 million (A$54 million). The acquisition of Nextgen Networks implied a multiple of approximately 10.7 times forecast FY16 normalised EBITDA (before synergies) and 7.3 times including expected synergies. Nextgen Networks has a 17,000km fibre backhaul network connecting Australia's mainland capital cities and major regional centres.

Amcom Communications Limited / Vocus Communications Limited

On 17 December 2014, Vocus and Amcom Communications Limited (**Amcom**) announced that they had entered into a scheme implementation agreement under which Vocus would acquire the 90% of Amcom that it did not already own. The consideration under the scheme is 0.4614 Vocus shares for each Amcom share. Based on the Vocus share price on 24 October 2014 (the last trading day prior to announcement of Vocus' initial approach to Amcom), this exchange ratio represents a value of $2.45 per Amcom share. Following completion of the transaction, former Amcom shareholders, in aggregate, held approximately 54% of the combined entity.

Amcom is a telecommunications and IT company that provides data, internet and unified communications services, cloud solutions and managed services primarily to the business segment. Amcom's business is based in Perth, Adelaide and Darwin where it owned approximately 2,300 kilometres of fibre network, seven data centres, deploys two unified communications platforms and provides a range of IT services. In November 2014, Amcom announced a significant expansion of its business on the east coast of Australia. This included the acquisition of 180 kilometres of fibre asset in Melbourne, Sydney and Brisbane from Megaport for $15 million, execution of a 15-year fibre access agreement with Sydney based network and infrastructure owner, FirstPath, and the rollout of Ethernet in the First Mile infrastructure in 30 exchanges in Melbourne, Sydney and Brisbane. Amcom considered that this expansion would be earnings accretive in FY16 and had the potential to contribute up to 20% of earnings in FY17.

The terms of this transaction reflect premiums in the order of 30% over pre-announcement Amcom share prices. The multiples implied by the transaction are relatively high due to:

- the positive outlook for growth over the period to FY17 (the implied prospective multiples for FY16 are 12 times EBITDA and 16 times EBIT);
- Amcom primarily servicing the business segment, deriving higher margins (relative to consumer segment businesses); and
- the extent of synergy benefits available in the transaction. Vocus announced that cost savings in the order of $13-15 million per annum were likely to be achieved by the end of FY17 and that there was the potential for significant revenue synergies. Allowing for $14 million in cost savings (midpoint of estimate) reduces the prospective implied multiples to around 9.5-10.5 times EBITDA and 12-13.5 times EBIT.

It should also be noted that the multiples implied by the acquisition of Amcom reflect its range of activities and are therefore blended. In this context, Amcom's telecommunications business segment accounted for 58% of revenue and 83% of EBITDA (before corporate expenses) in FY14.

Pacnet Limited / Telstra Corporation Limited

On 23 December 2014, Telstra announced that it would acquire Asian telecommunication services provider Pacnet Limited (**Pacnet**) for US$697 million. Pacnet provides connectivity, managed services and data centre services to carriers, multi-national corporations and governments in the Asia-Pacific region. It owns a network of 29 interconnected data centres in 17 cities and Asia's largest privately owned submarine optical fibre cable network with 21 cable landing stations in China, Hong Kong, Japan, the Philippines, Singapore, South Korea and Taiwan. It also controls two of the five fibre pairs on the Unity Trans-Pacific submarine cable network connecting Japan to the United States. The acquisition also includes interests in a China joint venture, PBS, which is licensed to operate a domestic Internet Protocol Virtual Private Network and provide data centre services in most major provinces of China. Pacnet is headquartered in both Singapore and Hong Kong with approximately 815 employees across 25 offices. The acquisition is an important part of Telstra's offshore growth strategy and Telstra expects synergies of A$65 million per annum (or around US$45 million). As Pacnet was privately owned, financial information on the business is limited.

FX Networks Limited / Vocus Communications Limited

On 2 July 2014, Vocus announced the acquisition of FX Networks Limited (**FX Networks**) for NZ$115.8 million in cash and Vocus scrip. FX Networks owns and operates an intercity optical fibre network in New Zealand consisting of over 4,000 kilometres of ducted fibre cable covering both North and South Islands. It is one of only three inter-city network providers in New Zealand (behind Spark and One NZ) and provides data backhaul and dark fibre services for telecommunications providers, networking and internet for enterprise and government and design and construction of fibre infrastructure for third parties. Its network is connected to 17 major data centres and 26 of 33 UFB areas.

AAPT / TPG

On 9 December 2013, TPG Telecom announced the acquisition of Telecom New Zealand Australia Pty Limited (known as **AAPT**) for $450 million. AAPT offers voice, internet, data and cloud services for business and wholesale customers in Australia. It owns extensive telecommunications infrastructure including 11,000 kilometres of intercity fibre across six states and territories, fibre access to 1,500 premises, 15 data centres and widespread mid-band Ethernet capability. The acquisition augments TPG Telecom's network and provides increased building coverage, additional data centre space and National Broadband Network (**NBN**) point of interconnect coverage.

Telecommunication assets of Leighton Holdings Limited / Ontario Teachers' Pension Plan

On 28 March 2013, Leighton Holdings Limited (**Leighton**) announced that it had reached agreement with Ontario Teachers' Pension Plan for the sale of 70.1% of its non-core telecommunications assets (consisting of Nextgen Networks, Metronode and Infoplex) for $885 million (subject to adjustments including net debt and working capital). Netxgen Networks owns and operates a 17,000 kilometre optical fibre network across mainland Australia linking capital cities and regional and remote areas. Metronode is a developer, owner and operator of data centres and Infoplex is a provider of private cloud services (hosting and management services) to medium-sized and large business and government customers.

Information in relation to the Leighton telecommunication assets and the transaction is limited. The multiples in the table are based on information in the annual report of Leighton Holdings Limited for FY13, which implies an enterprise value on completion of $824 million (lower than the announced $885 million). The earnings used to calculate the multiples are based on broker estimates. Furthermore, as the assets were sold into a joint venture arrangement with Leighton retaining a 29.9% interest, it is unclear whether the transaction reflects the fair value for 100% of the assets. Accordingly, these multiples for this transaction should be treated with caution.

Transactions involving Mobile Radio Network businesses

GX2 Technology / Superloop

In 2017 Superloop acquired GX2 Technology for $10 million. GX2 was a leading provider of managed connectivity services for major hotels, student accommodation sites and schools in 5 countries, designing, installing and supporting high performance WiFi network solutions for its customers. At the time of the acquisition GX2 was able to service over 50,000 guests for over 200 customers in 350 sites around the world. GX2 generated revenue from installation, ongoing management fees and hardware sales of over A$9.2 million and EBITDA of approximately A$2.0 million for the 2017 financial year. The implied EBITDA multiple of the transaction is approximately 5.0 times EBITDA.

Big Air / Superloop

In 2016 Superloop acquired Big Air for approximately A$244 million. As consideration Superloop offered shareholders either Superloop shares or a mix of Superloop shares and cash. The consideration offered implied EBITDA multiples of 10.3-10.9 times pre synergies and 8.7-9.2 times post pro forma synergies. BigAir owned and operated one of Australia's largest metropolitan fixed wireless broadband network and it also provides cloud and managed services solutions to mid-sized corporates.

Sepura / Hytera Communications

On 16 December 2016, Sepura PLC announced that it had entered into an agreement for Sepura to be acquired by Hytera Communications Corporation Limited (**Hytera**) for a value of approximately GBP152million. Hytera is a leading provider of Professional Mobile Radio (**PMR**) communication solutions across more than 120 countries. Sepura is a leading provider of critical communications solutions for the PMR market with a focus on the Terrestrial Trunked Radio (**TETRA**) standard. Sepura designs, develops and supplies digital radio solutions, complementary accessories, support tools and devices that are used by a wide range of public safety and commercial organisations. Trading during the 12 months prior to the offer had been challenging for Sepura with underperformance of its DMR business, delayed refresh cycles and uncertainty over the Emergency Services Network in the UK, among other factors.

Teltronic / Sepura

On 1 May 2015, Sepura PLC entered into an agreement to acquire Teltronic, S.A.U. (**Teltronic**) for EUR 127.5 million. Teltronic provides wireless voice and data communications solutions for customers in the public safety, transportation and utility sectors. Teltronic operates in over 50 countries serving customers based primarily in Latin America, North America and the EMEA region. Teltronic generated revenue of EUR 62.9 million and adjusted EBIT of EUR8.4 million for the year ended 31 December 2014. Teltronic’s business diversified Sepura’s geographical reach, growing its footprint into Latin America. The purchase price implied multiples of 12.9 times historical EBITDA and 15.1 times historical EBIT.

ASTRID / Belgian Government

On 16 September 2011 the Belgian Government agreed to acquire a 39% stake in ASTRID SA (**ASTRID**) from Holding Communal NV for EUR 56 million. Under the terms of the transaction EUR 40 million was paid and an additional EUR 16 million transferred. ASTRID develops, manages and maintains mobile radio communications, paging and dispatching networks and control rooms for emergency and security services in Belgium. The ASTRID network was built by Nokia. The company also provides dispatching, local control room solutions and other related services including mobile and broadband data, GPS, automatic personal location. ASTRID generated EBITDA of EUR 14.1 million for its financial year ended 31 December 2010 EBITDA of EUR 15.7 million for its financial year ended 31 December 2011. The purchase price implies multiples of 8.4 times historical 2011 EBITDA and 7.5 times forward EBITDA.

APPENDIX B – COMPARABLE LISTED COMPANIES

A brief description of each of the companies listed in Section 6.3.2 is outlined below:

Integrated Carriers:

Aussie Broadband

Aussie Broadband is a telecommunications services provider comprising the Aussie Broadband and Symbio businesses. Aussie Broadband collectively supplies more than one million services, operates 2 Tier-1 Voice providers in Australia, and owns fibre infrastructure. Aussie Broadband is the fifth-largest provider of broadband services in Australia with continuing growth in the residential segment. Aussie Broadband provides a broad suite of Data, Voice, and Managed Solutions to Business, Enterprise and Government customers. Aussie Broadband also provides wholesale services to other telecommunications companies and managed service providers.

Spark

Spark New Zealand Limited (**Spark**) (formerly Telecom Corporation of New Zealand Limited (Telecom NZ) was formed in 1987 from the telecommunications division of the New Zealand Post Office. In 2011, as a pre-requisite for participation in the New Zealand government's Ultra-Fast Broadband (**UFB**) initiative, Telecom was required to structurally separate its retail business (now known as Spark) from the network services operator (now known as Chorus Limited (**Chorus**) which was demerged in November 2011. For the year ended 30 June 2024, Spark generated underlying EBITDA (post IFRS 16) of NZ$1.16 billion on revenues of NZ$3.76 billion. Spark generates approximately 60% of its revenues from mobile, broadband and voice services, with the remaining 40% of revenue generated from IT products and services, procurement, data centre, technology and other products and services. Spark has significant network assets including a nationwide mobile network, subsea fibre cables, rural networks (with One NZ and 2 degrees), datacentres and international and national backhaul.

Superloop

Superloop is an Australian telecommunications company that operates across consumer, business, and wholesale markets, offering a wide array of services including NBN broadband, fixed wireless, dark fibre, enterprise ethernet, subsea cable capacity, and voice solutions. Superloop is as one of Australia's fastest-growing challenger telcos. In FY24 it added approximately 87,000 customers, driving a ~30% increase in revenue to A$416 million. Superloop has grown through strategic acquisitions—such as Apex Networks (2015), BigAir (2016), Exetel (2021), Acurus and VostroNet (2022), and Uecomm (late 2024)—expanding both its infrastructure assets and customer base.

Swoop

Swoop is an Australian telecommunications company providing a range of internet and voice services across residential, business, and wholesale markets. Swoop is a specialist in the deployment of fixed wireless networks and other networks (fibre builds and NBN services) to reach regional and urban areas. Swoop operates a wholesale transit service used by other ISPs, alongside retail broadband and voice offerings, including a Mobile Virtual Network Operator (Moose Mobile) that runs on the Optus network.

Telstra

Telstra Group Limited (**Telstra**) is Australia's largest telecommunications and technology company, providing a comprehensive range of communications services across fixed, mobile, broadband, and enterprise sectors. Telstra holds a dominant position in the Australian mobile market, with extensive 4G and 5G coverage across urban and regional areas. Telstra also offers fixed-line and National Broadband Network (**NBN**) services and is a major provider of enterprise IT and managed network solutions across Australia and Asia. Telstra provides approximately 22.5 million retail mobile services and 3.4 million retail bundle and data services. For the financial year ended 30 June 2024, Telstra generated underlying EBITDA (post IFRS 16) of A$8.2 billion on A$22.9 billion of revenues. Telstra generates approximately 90% of its revenues in Australia.

TPG Telecom

TPG Telecom is an integrated telecommunications service provider to residential households, small and medium enterprises, government, large corporate enterprises and wholesale customers. It offers broadband products, telephony services, mobile services and business networking solutions. TPG Telecom owns and operates end-to-end network infrastructure including an extensive metropolitan and intercity fibre network (over 28,000 kilometres. TPG also owns and operates significant telecommunications infrastructure. This includes a national fixed-line broadband network, extensive fibre backhaul, and one of Australia's three mobile networks.

Wholesale Only Carriers:

Chorus

Chorus is New Zealand's largest fixed-line infrastructure provider, operating a nationwide network of fibre-optic and legacy copper connections. Spun out from Telecom in 2011, Chorus was selected by the Crown to deliver the UFB rollout, building and maintaining the fibre network that passes over 1.3 million premises in New Zealand. In addition to fibre, Chorus retains and manages active copper lines, supporting ADSL, VDSL and voice services, while gradually winding down the copper network toward a full transition by 2030. Chorus operates exclusively in the wholesale market, offering open-access access to its fibre and copper networks to roughly retail service providers, including major ISPs. The majority of Chorus's revenue is generated from regulated by the New Zealand Commerce Commission under the Telecommunications Act 2001. The outlook for the telecommunications sector is highly dependent on both the regulatory environment and technological change. Shifts in either factor can significantly affect barriers to entry and the level of competition. Regulatory settings are particularly important, as they determine the maximum allowable revenues that Chorus can earn from its fibre business. These revenues are not guaranteed, and growing competition from 5G wireless broadband may reduce wholesale broadband market share and/or limit the extent to which wholesale prices can be increased.

NetLink NBN Trust

NetLink NBN Trust is a Singapore-based infrastructure trust that owns and operates the country's fibre optic network. It is the key provider of high-speed broadband infrastructure, connecting homes, businesses, and government buildings to the National Broadband Network. NetLink NBN primarily generates revenue by leasing its fibre infrastructure to retail service providers, enabling them to offer broadband services to end-users. It operates under the regulatory oversight of Singapore's Infocomm Media Development Authority, which sets pricing and service guidelines to ensure fair access to its network.

APPENDIX C – VALUATION METHODOLOGY DESCRIPTIONS

Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult, but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether any amortisation of intangible assets relates to ongoing cash costs. EBITA avoids the distortions of goodwill amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. While averages or medians can be determined it is not appropriate to simply apply such measures to the business being valued. The range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers to form a judgement as to where on the spectrum it appropriately belongs.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations, there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to consider differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples, and the application of judgement becomes critical. Moreover, it is necessary to consider the attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology allows the valuer to explicitly assess the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessity involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices. It should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in Vital's case.

APPENDIX D – INTERPRETATION OF MULTIPLES

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business – its strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and share market conditions at the time, and
  - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to consider differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings, but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;

- while EBITDA multiples are commonly used benchmarks, they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy, and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

APPENDIX E – QUALIFICATIONS, DECLARATIONS AND CONSENTS

1. Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Peter Jackson, BCom, CA, Christopher Smith, BCom, PGDipFin, MAppFin and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

2. Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of Vital. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Vital. However, in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all the matters which an audit, extensive examination or "due diligence" investigation might disclose.

The time constraints imposed by the Takeovers Code are tight. This timeframe restricts the ability to undertake a detailed investigation of Vital. In any event, an analysis of the merits of the offer is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of Vital. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Vital. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenues, expenditures, profits and cash flows of Vital prepared by the management of Vital. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for Vital. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Vital is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any, and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of Vital, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of Vital, other than as publicly disclosed.

3. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Takeover Offer. Grant Samuel expressly disclaims any liability to any Vital security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Target Company Statement issued by Vital and has not verified or approved any of the contents of the Target Company Statement. Grant Samuel does not accept any responsibility for the contents of the Target Company Statement (except for this report).

4. Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with Vital or Tait that could affect its ability to provide an unbiased opinion in relation to the Takeover Offer. Grant Samuel had no part in the formulation of the Takeover Offer. Its only role has been the preparation of this report. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Samuel will receive no other benefit for the preparation of this report. Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

5. Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Vital and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Vital and contained within this report is sufficient to enable Vital security holders to understand all relevant factors and make an informed decision in respect of the Takeover Offer. The following information was used and relied upon in preparing this report:

5.1. Publicly Available Information

- Annual and interim reports issued by Vital;
- NZSX announcements;
- other information on the telecommunications sector and publicly listed companies, including annual reports, interim financial results, industry studies, brokers reports and information regarding the prospective financial performance of those companies.

5.2 Non-Public Information

- Vital Board papers;
- Vital forecasts for the years ending 30 June 2025, 30 June 2026 and 30 June 2027;
- Detailed historical and forecast balance sheet information;
- Share registry and share price data; and
- Other confidential information, including information on the PSN opportunity, specific projects and customer contracts and a breakdown of revenue by customer for FY23, FY24 and FY25 YTD.

6. Declarations

Vital has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. Vital has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Vital are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of Vital. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7. Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Target Company Statement to be sent to security holders of Vital. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

TAIT INTERNATIONAL LIMITED
INDEPENDENT ADVISER'S REPORT

Prepared Pursuant to Rule 22 of the New Zealand Takeovers Code in Relation to a Full Takeover Offer for Vital Limited

5 June 2025

Purpose of the Report

- This report is not a report on the merits of the Offer.
- This report has been commissioned by the offeror, Tait International Limited.
- The purpose of this report is solely to compare the consideration and terms offered for the different classes of securities and to certify as to the fairness and reasonableness of that consideration and terms as between the different classes of securities.
- A separate Independent Adviser's Report on the merits of the Offer, commissioned by the directors of Vital Limited, must accompany Vital Limited's target company statement.
- The Offer should be read in conjunction with this report and the separate Independent Adviser's Report on the merits of the Offer.

Statement of Independence

Campbell MacPherson Limited confirms that it:

- Has no conflict of interest that could affect its ability to provide an unbiased report; and,
- Has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Campbell MacPherson Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

CAMPBELL MACPHERSON LTD

CORPORATE ADVISORS

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GLOSSARY

$	New Zealand Dollars
Campbell MacPherson	Campbell MacPherson Limited
Code	The Takeovers Code
ESOP	Vital's Employee Share Option Plan
NZSX	NZX equity market operated by NZX Limited
Offer	The full takeover offer by Tait for all of the equity securities of Vital that Tait does not already own.
Offer Document	Offer Document issued by Tait
Options	Vital's employee share options
Report	This Independent Adviser's Report
Shares	Vital's ordinary shares
Tait	Tait International Limited
Vital	Vital Limited

1 INTRODUCTION AND SUMMARY OF OUR ASSESSMENT

1.1 Background

Tait International Limited (**Tait**) has announced that it intends to make a full takeover offer (the **Offer**) for all of the equity securities on issue in Vital Limited (**Vital**), which includes:

- 41,548,318 fully paid ordinary shares (**Shares**) which are listed on the NZX equity market (**NZSX**) operated by NZX Limited; and
- 950,000 options (**Options**) which have been issued to selected senior employees of Vital pursuant to Vital's employee share option plan (**ESOP**). These Options have been issued in two tranches, each with differing vesting dates / expiry dates, as summarised in Section 2.4 of this Report. The Options are non-voting equity securities and are not listed.

Tait does not currently hold or control any Shares or Options in Vital.

1.2 Tait's Offer

The consideration to be offered by Tait for each of the different classes of Vital equity securities is as follows:

- **Shares**: A cash payment of $0.45 per Share.
- **Options**: A cash payment of $0.13 per Option.
  - We note that the Offer price for the Options is based on the underlying Offer price for the Shares ($0.45) less the exercise price for the Options ($0.32), therefore representing the intrinsic value of the Options in the context of the Offer ($0.13).

The Offer is subject to the following key conditions:

- **Minimum 90% acceptance of the Offer**: Tait receiving acceptances in respect of the Shares which would confer on it 90% or more of the voting rights in Vital, i.e. Tait would become a "Dominant Owner" of Vital in accordance with the Takeovers Code (the **Code**).
- **Other conditions**: As set out in Section 4.2 of the Offer Document.

The above conditions may be waived by Tait.

- **Greater than 50% acceptance of the Offer**: The Offer is conditional on acceptances being received which confer on Tait more than 50% of the voting rights in Vital. This condition cannot be waived in accordance with the Code.
- **Share option condition**: The Offer to acquire the Options is conditional on the terms of issue of the Options being varied to permit the transfer of the Options to Tait.
  - Other than via the mechanism below, the Options are not transferable unless their terms of issue are varied to permit the Options to be transferred to Tait.
  - Tait has advised that if the terms of issue of the Options are not varied and Tait becomes the Dominant Owner of Vital Shares (i.e. Tait receives acceptances of 90% or more in relation to the Shares), then Tait intends to issue an acquisition notice to all outstanding security holders (including any outstanding Option holders). If the outstanding Option holders do not return the signed instrument of transfer enclosed with the acquisition notice (i.e. agree to sell their Options to Tait once Tait becomes the Dominant Owner) or exercise their Options within 10 days of the date on which Vital receives the acquisition notice, then the Options will lapse. In accordance with the Code, selling the Options to Tait once it becomes the Dominant Owner would not require any variation to the existing terms of issue of the Options.

- Vital has indicated that any decision to vary the terms of issue of the Options, enabling their transfer to Tait as part of the Offer, will be made following full consideration of Tait's formal Offer.

If the Options are permitted to be exercised, and are exercised before the Offer closes, then the Option holders are entitled to participate in the Offer by way of selling the Shares they receive from exercising their Options (on the same terms as all other Shares).

1.3 Takeovers Code Requirements

Vital is listed on the NZSX and is a "Code Company" as defined by the Code. The takeover process contemplated by Tait must therefore comply with the provisions set out in the Code.

In the case of the proposed Offer by Tait, the Code requires that:

- The consideration and terms offered for the Options must be fair and reasonable compared to the consideration and terms offered for the Shares; and
- The consideration and terms offered for each tranche of the Options must be fair and reasonable as between the various tranches of Options.

An assessment of the above requirements by an independent adviser is required under Rule 22 of the Code (i.e. this **Report**). This Report is not required to consider the merits of the Offer. As such, we have not opined on whether the Offer price for the Shares ($0.45 per Share) is fair and reasonable. Our role is to determine whether the Offer price for the Options is fair and reasonable in comparison to the amount offered for the Shares and as between each tranche of the Options.

Further details on the requirements of the Code are set out in Section 2.2 of this Report.

1.4 Summary of Our Assessment

This assessment is underpinned by our analysis of the assessed value of the Options in the context of the Offer relative to the consideration offered for the Options. An important element of this analysis is the implied value of the Shares under the Offer, as the value of the Options is dependent on the value of the Shares. Our assessed Option valuation therefore assumes the Shares are worth $0.45 each (as per the Offer).

Our assessment of the value of the Options is set out in the table below, together with the Offer price for the Options. Further details on how this value has been assessed is set out in Section 2.6 of this Report.

Options - Offer Price and Assessed Value [1]		
	Offer Price	**Assessed Value**
Value per Security	$0.13	$0.13

1. Before any investor tax.

We summarise our assessment as follows:

- The Offer price for the Options is equal to our assessed value of each Option. We therefore conclude that the Offer price for the Options is fair relative to the Offer price for the Shares.
- Our assessed value of the Options is the same across the two tranches on issue, reflecting the intrinsic value of each tranche of Options (noting the exercise price is the same across each tranche). We therefore conclude that the Offer price for the Options is fair between the various tranches of Options.

- The Offer to both Shareholders and Option holders is a cash offer, and the Offer to each security holder is largely subject to the same terms and conditions (to the extent that these conditions can be controlled by Tait – noting that the "Share Option Condition" reflects the binding terms of the ESOP and satisfaction of this condition will be determined by Vital, not Tait). We therefore conclude that the terms of the Offer are fair between security classes.

We conclude, that in our opinion, the terms and consideration offered for the non-voting equity securities (being the Options) are fair and reasonable in comparison to the terms and consideration offered for the voting securities (being the Shares). We also conclude that the terms and consideration offered for each tranche of Options are fair and reasonable between the two Option tranches.

2 EVALUATION OF THE OFFER BETWEEN CLASSES OF EQUITY SECURITIES

2.1 Offer Participants

Vital is a New Zealand company listed on the NZSX. It operates a network operations centre that monitors telecommunications networks across New Zealand. Vital also owns and manages a nationwide digital radio network and a fibre network in Wellington City and parts of Auckland's Central Business District. In addition, Vital owns data centres in Auckland and Wellington and two peering exchanges in New Zealand.

Tait is a private Christchurch based company which provides critical communications solutions to global markets. Tait has designed, manufactured and supported communications networks and terminals for public safety, transportation and utility customers for more than 50 years. Tait provides its customers with rugged, highly reliable mobile radio solutions and is increasingly linking that communication expertise with a range of broadband technologies.

Tait has announced that it intends to make a full takeover offer for all of the equity securities on issue in Vital, as summarised in Section 1.2 of this Report. This includes the Options.

2.2 Takeovers Code Requirements

Vital is a "Code Company" as defined by the Code. The takeover process contemplated by Tait must therefore comply with the provisions set out in the Code.

Pursuant to Rule 8(2) of the Code, a full offer must include offers in respect of all the securities in each class of equity securities, whether voting or non-voting, of the target company (other than those that are already held by the offeror).

Furthermore, Rule 8(4) of the Code requires that if non-voting securities are included in a full offer, the consideration and terms offered for non-voting securities must be fair and reasonable in comparison with the consideration and terms offered for voting securities and as between classes of non-voting securities.

In the case of the Offer:

- The consideration and terms offered for the Options must be fair and reasonable compared to the consideration and terms offered for the Shares; and
- The consideration and terms offered for each tranche of the Options must be fair and reasonable between the various tranches of Options.

Each tranche of Options constitutes a separate class of equity securities for the purposes of the Code.

Rule 22 of the Code requires that an independent adviser's report must certify that the above requirements have been met. This Report has been prepared to meet the requirements of Rule 22. The appointment of Campbell MacPherson Limited (**Campbell MacPherson**) by Tait to prepare this Report was approved by the Takeovers Panel on 27 May 2025. This Report is not required to consider the merits of the Offer.

2.3 Basis of Evaluation

There is no legal definition of the terms "fair" and "reasonable" in New Zealand in either the Code or in any statute dealing with securities or commercial law. In the absence of an explicit definition of fair and reasonable, guidance can be taken from:

- The Takeovers Panel guidance note on the role of Independent Advisers;
- The ordinary meaning of the terms fair and reasonable; and
- Overseas precedents, noting that the Australian Securities and Investments Commission has issued a Regulatory Guide regarding the content of expert reports whereby:
  - An offer is deemed to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer.
  - An offer is deemed to be "reasonable" if it is fair.
  - An offer might also be "reasonable" if, despite being "not fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Our assessment of whether the consideration offered for the Options is fair and reasonable in comparison to the Offer price for the Shares, and as between the various tranches of Options, is based on the following framework:

- Comparison of the consideration offered for the Options compared to our assessment of the underlying value of the Options in the context of the Offer.
  - An important element of this analysis is the implied value of the Shares under the Offer. That is, the Offer price per Share ($0.45) provides the relevant benchmark for assessing the relative value of the Options, as the value of the Options is dependent on the value of the Shares, being the asset which is acquired from exercising each Option. Our assessed Option valuation therefore assumes the Shares are worth $0.45 per Share. We have not sought to determine whether the Offer price for the Shares is fair and reasonable, which is beyond the requirements of this Report.
  - We have also considered the terms of the ESOP and the rights of the Option holders, particularly under a takeover offer scenario.
- Considering the terms of the Offer as they apply to each class of equity securities.

2.4 Key Terms of the Vital Options

Vital has issued two tranches of Options to selected senior employees pursuant to its ESOP. In aggregate 1,140,00O Options have been issued. However, 190,000 Options have since lapsed under the terms of the ESOP, leaving 950,000 Options on issue as at 3 June2025.

The terms and conditions of the two tranches of Options are the same, except for the issue date, the vesting date and the expiry date. A summary of the Options on issue as at 3 June 2025, as well as key terms and conditions are set out below.

Vital Options on Issus as at 3 June 2025					
Tranche	Issue Date	Vesting Date	Expiry Date	Exercise Price	Number on Issue[1]
1	3 Mar 2023	3 Mar 2026	3 Sep 2027	$0.32	760,000
2	4 Mar 2024	4 Mar 2027	3 Sep 2028	$0.32	190,000
Total					950,000

1. Based on publicly available information as at 3 June 2025.

Vital Options – Key Terms	
Vesting	3 years from the date of issue.
Exercise Price	$0.32 (subject to the variations of capital clause below).
Exercise Period	The Options can be exercised: ➢ Over an 18 month period from the vesting date. ➢ In the event of a takeover where the offeror becomes a Dominant Owner (holding or controlling of 90% or more of the voting rights), within 10 days after Vital receives an acquisition notice from the offeror to compulsorily acquire the securities it does not already hold. ➢ If a Liquidity Event occurs (as defined in the Option Deed), during the period from the date on which the Liquidity Event occurs to the date that the relevant transaction is completed. Vital has confirmed that acceptances of 50% or more under a takeover scenario (such as the Offer) which is declared unconditional would constitute a Liquidity Event. ➢ In certain other prescribed circumstances at the discretion of the Vital Board. Exercise notices may not be issued by an Option holder if the exercise of those Options will result in a breach of subpart 2 (insider trading) of Part 5 of the Financial Markets Conduct Act 2013 or result in any liability pursuant to that Act.
Shares per Option	Each Option entitles the holder to acquire one Share upon exercise (subject to the variations of capital clause below).
Individual vs Total Exercise	Options held may be exercised individually or in total by the delivery of an Exercise Notice at one or more times during the Exercise Period.
Payment Terms	The Options were issued for nil consideration. Upon exercise, the Option holders must pay the exercise price.
Transferability	The Options may not be traded or transferred. As set out above, a condition of the Offer is that terms of issue of the Options are varied to permit the transfer of the Options to Tait.
Dividends and Other Rights	Options shall not be entitled to dividends, nor shall the employee have any other rights attributable to shareholders (e.g. voting rights).
Variations of Capital	In the event of a variation to Vital's capital structure (e.g. bonus issues, rights issues or a capital restructure), provision is made for either an adjustment to the number of Shares to be issued for each Option upon exercise, or an adjustment to the exercise price. Vital has confirmed that no events have occurred which would trigger a change to the exercise price or the number of Shares to be issued upon exercise of the Options.
Lapse of Options	All unexercised Options lapse: ➢ On expiry of the relevant Exercise Period. ➢ In the event of a takeover where the offeror becomes a Dominant Owner (i.e. holding or controlling 90% or more of the voting rights), the Options will lapse if not exercised within 10 days after Vital receives an acquisition notice from the offeror to compulsorily acquire the securities it does not already hold.

	➢ In the event of a Liquidity Event, the Options will lapse if not exercised before the relevant transaction is completed. ➢ If the Option holder ceases to be employed by Vital (except in certain circumstances).
Tax	If Vital is required by law to pay on behalf of the employee, any taxes arising as a result of the exercise of any Options, Vital shall have the right to either require the employee to pay to it the amount of any taxes in respect of the issue of Shares or to withhold and sell an appropriate number of Shares for payment of taxes.

2.5 Consideration of the Offer Terms

In addition to considering the Offer price for the Options relative to our assessed value of the Options, we have also considered the other key terms of the Offer as they apply to each class of equity securities.

The Offer to each class of equity security holders is largely subject to the same terms and conditions, for example:

- ➢ The consideration offered for each class of securities is in cash.
- ➢ Tait is seeking to acquire 100% of each class of the Vital securities.

The key condition that could result in differing outcomes for the shareholders relative to the Option holders is the "share option condition" set out in Section 1.2 of this Report, which relates to the terms of issue of the Options being varied to permit the transfer of those Options to Tait.

If this variation is not approved, then the holders of the Options will not be permitted to transfer the Options to Tait (and can therefore not participate in the Offer as Option holders), unless Tait becomes a Dominant Owner of Vital (i.e. holding or controlling 90% or more of the voting rights). Noting that Tait has indicated it will issue an acquisition notice to all outstanding security holders in accordance with the Code if it becomes a Dominant Owner. If the outstanding Option holders do not return the signed instrument of transfer enclosed with the acquisition notice (i.e. agree to sell their Options to Tait once Tait becomes the Dominant Owner) or exercise their Options within 10 days of the date on which Vital receives the acquisition notice, then the Options will lapse. Under this scenario the Options can be acquired / transferred without a variation to the terms of issue of those Options.

As such, if approval to vary the terms of issue of the Options is not obtained, and Tait does not receive acceptances of 90% or more, a scenario could result whereby the shareholders are able to accept the Offer, but Option holders are not (other than as discussed below). However, in our opinion, Vital is unlikely to want to disadvantage certain security holders in the context of the Offer by way of withholding approval to vary the terms of issue of the Options.

We highlight that the scenario outlined above is not a result of the terms of the Offer stipulated by Tait, but rather the terms of the ESOP put in place by Vital at the time. As such, we do not believe this should be considered negatively in the context of the fairness and reasonableness of the Offer (i.e. a matter which Tait has no control over), noting that the Option holders are senior managers and were aware of the transferability terms and conditions when they signed up to the ESOP.

An alternative way for the Option holders to participate in the Offer in the event that approval is not obtained to enable the transfer of the Options, is by way of exercising their Options (if permitted) and then accepting the Offer by way of selling the Shares they receive upon exercising their Options to Tait. The circumstances which would enable early exercise of the Options (as per the ESOP terms and conditions and set out in Section 2.4 of this Report) include:

- Tait issuing an acquisition notice to compulsory acquire the Vital securities it does not already own if it becomes a Dominant Owner. We note that selling the Options directly to Tait (rather than exercising the Options) would also be permitted under this scenario, but only if the outstanding Option holders return the signed instrument of transfer enclosed with the acquisition notice within 10 days of the date on which Vital receives the acquisition notice.
- The Liquidity Event clause being triggered by the Offer, whereby Tait secures acceptances of 50% or more, waives its 90% acceptance condition and declares the Offer unconditional prior to the Offer closing.
  - Under this scenario, we have assumed that Tait would act reasonably, such that Option holders are not disadvantaged in their ability to exercise their Options and sell the associated Shares as part of the Offer, noting Tait's objective is to maximise the level of acceptances it receives. This includes ensuring sufficient time for the Option holders to exercise their Options and sell their resulting Shares into the Offer before the Offer closes (e.g. by declaring the Offer unconditional prior to the Offer closing, as opposed to after the Offer has closed, noting the Options cannot be exercised until the Offer has been declared unconditional).

Pursuant to the terms of the Offer, the Offer will not procced if Tait is unable to secure acceptances of more than 50% of the voting rights in Vital.

The Option holders must be conscious of the lapsing dates / conditions of the Options (as set out in Section 2.4 of this Report), relative to the timing of considering / accepting any Offer to acquire the Options, or exercising the Options (to ensure the Options do not lapse and become worthless).

Under a scenario where the Option holders are unable to accept the Offer to purchase their Options, which we believe to be unlikely, we expect (and have assumed that) the Option holders will be able to participate in the Offer by exercising their Options, and selling the resulting new Shares to Tait. However, if Option holders are unable to participate in the Offer by way of selling the Shares they receive upon exercising their Options, which we believe to be unlikely (e.g. due to timing constraints), then the Option holders would continue to hold the Shares they will receive upon exercising their Options. These Shares have an assumed value of $0.45 per Share in the context of the Offer, as set out below. This unlikely scenario would be a result of the terms of the ESOP, as opposed to the terms of the Offer stipulated by Tait.

The Option holders will be unable to continue to hold the Options if the Offer becomes unconditional and is completed. Under this scenario the Options must either be acquired or exercised, or they lapse.

2.6 Valuation of the Options

We have assessed the value of the Options based on the economic value the Option holders would receive by way of exercising their Options in the context of the Offer. A valuation of the Options under this scenario is relatively straight forward on the basis that the ESOP terms set out the rights and obligation of the relevant parties under a takeover offer scenario.

Pursuant to the terms of the ESOP, the Options become immediately exercisable in the context of a takeover offer if:

- The offeror becomes the Dominant Owner of the voting securities (i.e. 90% or more), and issues and acquisition notice to compulsorily acquire the outstanding equity securities.
  - We highlight that achieving acceptances of 90% or more of the voting securities is a condition of the Offer. As such, if this condition is not waived by Tait, and the takeover is completed, this scenario would occur. However, the Offer indicates that this condition may be waived by Tait.
- The offeror secures acceptances of 50% or more and the offer is declared unconditional by Tait (triggering a liquidity event under the term of the ESOP).
  - If Tait is unable to meet its minimum acceptance condition of 90% or more, as long as it achieves acceptances of 50% of more, and declares the Offer unconditional, immediate exercise of the Options would be permitted. As set out above, we have assumed that Tait would act reasonably under this scenario, and allow sufficient time for the Option holders to exercise their Options and sell their resulting Shares into the Offer (particularly if approval to vary the terms of issue of the Options is not obtained). We note that declaring the Offer unconditional after the Offer has closed would mean that the Option holders would not be able to sell the Shares they receive from exercising their Options as part of the Offer, as the Options cannot be exercised until the Offer has been declared unconditional.
  - If acceptances of 50% are not achieved, early exercise of the Options would not be permitted. However, if this 50% threshold is not met, the Offer will not proceed in any event (noting the minimum acceptance condition of more than 50% of the Vital voting rights, which cannot be waived).

Under a scenario where early exercise is permitted (as set out above), if the Options are not exercised within the prescribed timeframe (as set out in Section 2.4 of this Report), they will lapse and therefore have nil value, unless any Offer to purchase the Options is permitted and accepted in advance of the Options lapsing. We have assumed that Option holders will act rationally to ensure they receive maximum value for their Options (which could include exercising their Options to avoid the risk of the Options lapsing; or accepting any Offer to acquire the Options, if permitted).

If the Options are exercised in the context of the Offer, the value of the payoff which would be received by the Option holders (prior to any tax deductions) would be the difference between the exercise price and the Offer price for the Shares (i.e. the intrinsic value of the Options), which is fixed. Therefore, the use of a theoretical option valuation model is not applicable.

The Options all have an exercise price of $0.32 per Share, and are therefore “in the money” relative to the Offer price for the Shares of $0.45. In the absence of accepting the Offer, Option holders would choose to exercise their Options, resulting in a net value gain of $0.13 per Option (on a pre-tax basis).

Option Payoff / Intrinsic Value	
Value of the Share Received Upon Exercise (i.e. the Offer price per Share)	$0.45
Exercise Price	$0.32
Value / Payoff per Option (Pre-Tax)	**$0.13**

Therefore, our assessed value of the Options (on a pre-tax basis) is equal to the intrinsic value based on immediate exercise (i.e. $0.13). This valuation applies to all tranches of the

Options given the exercise price is the same between the various tranches of Options (i.e. $0.32).

The above analysis assumes:

- That the Shares are worth $0.45 each (as per the Offer).
- That the provisions of the variations of capital clauses under the terms of the ESOP have not been triggered, and therefore there has been no adjustment to either the number of Shares to be issued per Option, or the exercise price.
- The Options become immediately exercisable in the context of the Offer, and Option holders are afforded sufficient time to exercise their Options and sell the resulting new Shares into the Offer. We note that our valuation date reflects the date when the Options become immediately exercisable.
- That there are no restrictions on the Option holders being able to exercise their Options (if they choose to) in the event that the early / immediate exercise provisions apply (i.e. no blackout period).
- The Offer only proceeds if minimum acceptances of more than 50% are achieved.
- Option holders will act rationally to ensure they receive maximum value for their Options in the context of the Offer.

We highlight the potential tax implications of accepting the Offer to purchase the Options (if permitted) vs exercising the Options and accepting the Offer for the associated Shares (if permitted) will need to be considered by each individual Option holder. The compensation net of any applicable taxes may differ under each scenario. Our analysis is on a pre-tax basis. We have not sought to consider the tax implications of exercising the Options, or the tax position of the individual Option holders. However, in the event that the value of the payoff from exercising the Options was taxable, the net pay-off would be less than our assessed value.

3 APPENDIX I. INFORMATION, RELIANCE ON INFORMATION, DISCLAIMER & INDEMNITY

3.1 Sources of Information

The statements and opinions expressed in this Report are based on the following main sources of information:

- Vital's Share Option Deed.
- Correspondence from Vital's legal advisers in relation to Vital's ESOP and Share Option Deed.
- Vital's annual report for the year ended 30 June 2024 and interim report for the 6 months ended 31 December 2024.
- A copy of Tait's draft Takeover Notice and Offer Document (as at 3 June 2025).

During the course of preparing this Report, we have had discussions with and / or received information from Tait's transaction and legal advisers.

The Directors of Tait have confirmed that we have been provided, for the purpose of this Report, with all information relevant to the Offer that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

3.2 Reliance on Information

In preparing this Report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Tait and/or its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this Report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Tait or Vital. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

3.3 Disclaimer

We have prepared this Report with care and diligence and the statements in this Report are given in good faith and in the belief, on reasonable grounds, that such statements are true and correct.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of this Report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the Report or assumptions reasonably taken as implicit.

Campbell MacPherson has used the provided information on the basis that it is true and accurate in material respects and not misleading by reason of omission or otherwise. Neither Campbell MacPherson nor its Directors or employees, accept any responsibility or liability for any such information being inaccurate, incomplete, unreliable or not soundly based or for any errors in the analysis or statements and opinions provided in this report resulting directly or indirectly from any circumstances upon which this report is based proving unjustified.

We have no obligation to advise any person of any change in circumstances which comes to our attention after the date of this Report or to review, revise or update our Report.

We have had no involvement in the preparation of the Takeover Notice or Offer Document issued by Tait and have not verified or approved the contents of the Takeover Notice or Offer Document. We do not accept any responsibility for the contents of the Takeover Notice or Offer Document, except for this Report.

3.4 Indemnity

Tait has agreed that, to the maximum extent permitted by law, it will indemnify Campbell MacPherson and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this Report, including all claims, proceedings, damages, expenses, etc suffered or incurred by Campbell MacPherson. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law.

Tait has also agreed to indemnify Campbell MacPherson and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Campbell MacPherson or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Campbell MacPherson shall reimburse such costs.

4 APPENDIX II. QUALIFICATIONS, INDEPENDENCE, DECLARATIONS & CONSENTS

4.1 Qualifications

Campbell MacPherson Limited

Campbell MacPherson is a private New Zealand-owned investment bank and corporate finance advisory firm. It advises on mergers and acquisitions, debt and equity capital-raising and prepares independent corporate advisory reports, valuation reports and strategic advice to a wide range of private and public New Zealand companies, local bodies and other organisations. Further information on Campbell MacPherson can be found on our website www.campbellmacpherson.com.

The persons in Campbell MacPherson responsible for issuing this Report are Alistair Ward, Stephen Burns, and Brad Caldwell. These individuals are experienced corporate finance practitioners with relevant expertise in preparing a report of this nature.

Summary profiles on each individual are provided below.

Alistair Ward *B.Com (Hons), M INST D, AFNZIM*
Alistair is an Executive Director of Campbell MacPherson Limited and co-founded the firm in 2002 with Stephen Burns. He has advised many companies, business leaders and owners on issues relating to corporate governance and strategy, mergers, acquisitions and capital raising.

Alistair holds a Bachelor of Commerce degree (Honours) from the University of Otago and is a chartered member of the New Zealand Institute of Directors.

Stephen Burns *B.Sc, B.M.S., Dip.Com (Accounting), C.A, CM Inst D.*
Stephen together with Alistair Ward formed Campbell MacPherson in 2002. Stephen was formerly a senior executive with the ANZ Banking Group in New Zealand and prior to that was Director - Debt Securities for Auckland investment bank, Northington Partners.

Stephen has over 25 years blue-chip experience in corporate and investment banking in New Zealand and the United Kingdom, covering property, corporate and structured finance roles. As a Principal of Campbell MacPherson, he has considerable experience in mergers and acquisitions, corporate valuation and all aspects of debt and equity financing, including management/leveraged buyouts, general corporate and project and development funding.

Stephen is a Chartered Accountant and is affiliated to a number of other professional bodies, including being a Chartered Director of the Institute of Directors in New Zealand (Inc).

Brad Caldwell *B.Com, M.Bus*
Brad joined Campbell MacPherson in 2010 and now has over 15 years of corporate advisory and investment banking experience. His areas of expertise include mergers and acquisitions, corporate valuations, financial modelling, banking reviews, strategic analysis and independent reports prepared in accordance with the NZX Listing Rules and Takeovers Code.

Brad is a graduate of the University of Otago where he completed a Bachelor of Commerce, majoring in finance, followed by a Masters in Business, majoring in finance.

4.2 Independence

Campbell MacPherson does not have at the date of this Report, and has not had, any shareholding in or other relationship with Tait or Vital that could affect our ability to provide an unbiased opinion in relation to this Report.

Campbell MacPherson has not had any part in the formulation of the Offer nor any aspects thereof. Our sole involvement has been the preparation of this Report.

Campbell MacPherson will receive a fixed fee for the preparation of this Report. This fee is not contingent on the conclusions of this Report. We will receive no other benefit from the preparation of this Report.

4.3 Declarations

Advance drafts of this Report were provided to the Tait Directors for their comments as to factual accuracy as opposed to opinions, which are the sole responsibility of Campbell MacPherson. Changes made to the Report as a result of circulation of the drafts have not changed the methodology or conclusions reached by Campbell MacPherson. Our terms of reference for this engagement did not contain any term which materially restricted the scope of this Report.

4.4 Consents

We consent to the issuing of this Report in the form and context in which it is to be included in the Takeover Notice and Offer Document to be sent to Vital's security holders. Neither the whole nor any part of this Report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Glossary

TERM	DEFINITION
Board	The Board of Directors of Vital
Director	A director of Vital
Fairness Between Classes Report	The report prepared by Campbell MacPherson Limited under rule 22 of the Takeovers Code, set out in Appendix Two
Independent Adviser	Grant Samuel & Associates Limited
Independent Adviser's Report	The report prepared by the Independent Adviser on the merits of the Offer under rule 21 of the Takeovers Code, set out in Appendix One
Offer	The full takeover offer made by Tait under the Takeovers Code for all of the equity securities in Vital, being the Vital Shares and the Options
Offer Document	Tait's Offer Document dated 19 June 2025 which sets out the full terms and conditions of the Offer
Offer Price	As applicable, $0.45 cash in respect of each Vital Share and $0.13 cash in respect of each Vital Option
Option Holder	Means a holder of Vital Options
Senior Manager	A senior manager (in terms of the Takeovers Code) of Vital, being Jason Bull (CEO) and Paul Kerr (CFO)
Tait	Tait International Limited
Takeover Notice	Means Tait's formal notice, under rule 42 of the Takeovers Code, of its intention to make a full takeover offer for all of the equity securities in Vital, dated 5 June 2025
Vital	Vital Limited
Vital Options	Options to acquire Vital Shares at an exercise price of $0.32 per Vital Share issued under Vital's Employee Share Option Plan
Vital Shares or Shares	The fully paid ordinary shares in Vital

TERM	DEFINITION
Vital Shareholder or Shareholder	A holder of Vital Shares

Directory

Board of Directors	John Stephen McMahon (Independent Chair) Susan Freeman-Greene (Independent Director) James Matheson Sclater (Independent Director)
Independent Adviser	Grant Samuel & Associates Limited
Legal Adviser	Harmos Horton Lusk
Financial Adviser	Cameron Partners
Share Registry	MUFG Pension & Market Services
Registered Office	Level 6 25-27 Cambridge Terrace Te Aro Wellington 6011 New Zealand
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