26 February 2025

1H FY2025 Results

Contents

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We Are Vital To Aotearoa

We have been providing Vital communications for 30 years.

We have been listed on the NZX (VTL) for 20 years.

We own and operate critical digital infrastructure across New Zealand.

We have high quality fibre infrastructure in Auckland and Wellington.

We are the largest commercial provider of nationwide radio in New Zealand – from CBD to the remotest parts of the country.

We enable customers to deliver services critical to our nation – from Government, to Emergency Services, to Civil Defence, to Health, to Utilities, to Transport, to Education, to Logistics, to Agriculture, and much more.

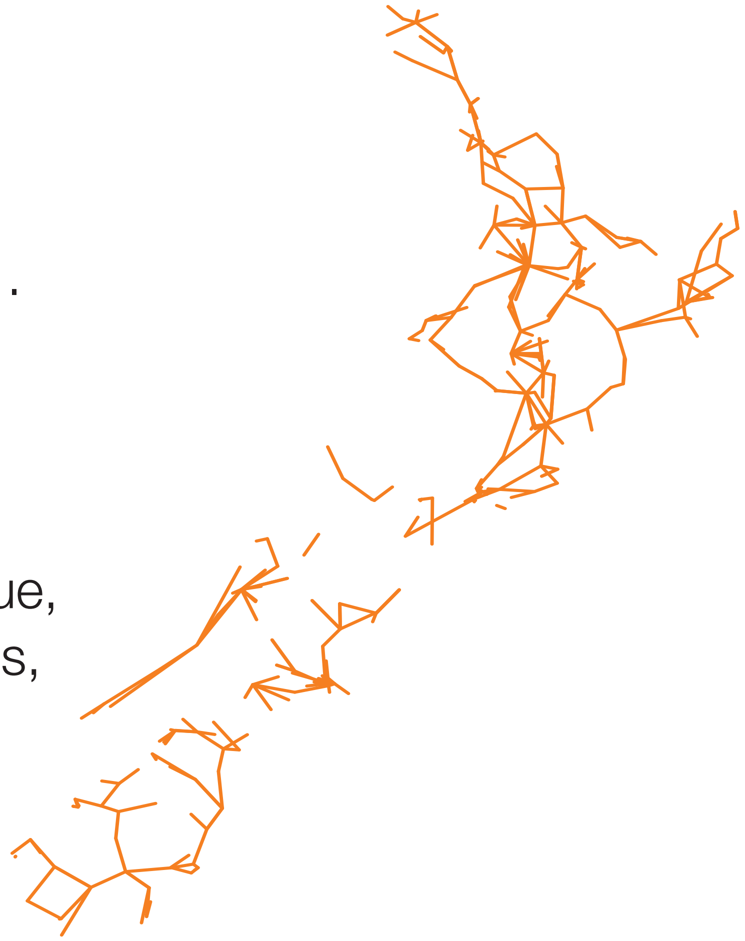
The Operating Environment is Challenged

Macro-economic conditions have been deteriorating, with the six month to 31 December 2024 fall in GDP, exclusive of Covid-19, the largest since 1991.

According to Centrix data, company liquidations are up 39% year on year.

These headwinds are particularly acute in Wellington and the public sector.

With a high exposure to Wellington and public sector this is impacting revenue, with many enterprise customers downsizing or relinquishing fibre connections,



1H25 At A Glance

- Economic conditions putting downward pressure on revenues
- NPAT loss of \$0.54m versus profit of \$0.05m for same prior year period
- Adjusted EBITDA of \$2.4m down 24.2% on same prior year period
- Operating costs up slightly to \$0.22m (2.2%) on same prior year period, reflecting increased cost of new sales
- Wireless channel strategy delivering solid sales results - e.g. Fonterra
- Wired customer wins more than offset by shrinking public sector economy
- Major customer win (Transpower) to benefit earnings from FY26
- Vital gaining leadership position in Utilities managed services
- FY25 guidance on track, albeit economic uncertainty remains high, and may soften to the lower half of the range
- NPS up to +41, eNPS +34

1H25 Financial Snapshot

Summary Financial Performance $000's	1H FY2025	1H FY2024	Percentage Change
Total Revenue	12,904	13,455	-4.1%
Staff costs	4,201	4,046	3.8%
Lease/rent costs [1]	3,066	3,133	-2.2%
Other Selling, General & Admin costs	3,211	3,075	4.4%
EBITDA (Adjusted) [2]	**2,427**	**3,201**	**-24.2%**
EBITDA (Adjusted) margin (%)	18.8%	23.8%	
Depreciation [3]	2,308	2,267	1.8%
EBIT (reported)	**119**	**934**	**-87.3**
Net Interest [4]	706	728	-3.0%
Income Tax	-164	58	n.a.
Net Profit after Tax (Adjusted)	**-423**	**149**	**n.a.**
Lease accounting gain/(loss) (after tax) [5]	-112	-97	n.a.
Net Profit after Tax (Reported)	**-535**	**52**	**n.a.**

1. Lease costs including those otherwise included in Depreciation and Net Interest charges
2. Post lease costs that are otherwise treated as depreciation and interest
3. Excludes IFRS 16 adjustments resulting from changes to lease profiles
4. Excludes interest component of capitalised lease costs (this is in Lease/Rent costs)
5. Adjustments (non-cash) under IFRS 16 for changes to lease terms (net of tax at 28%)

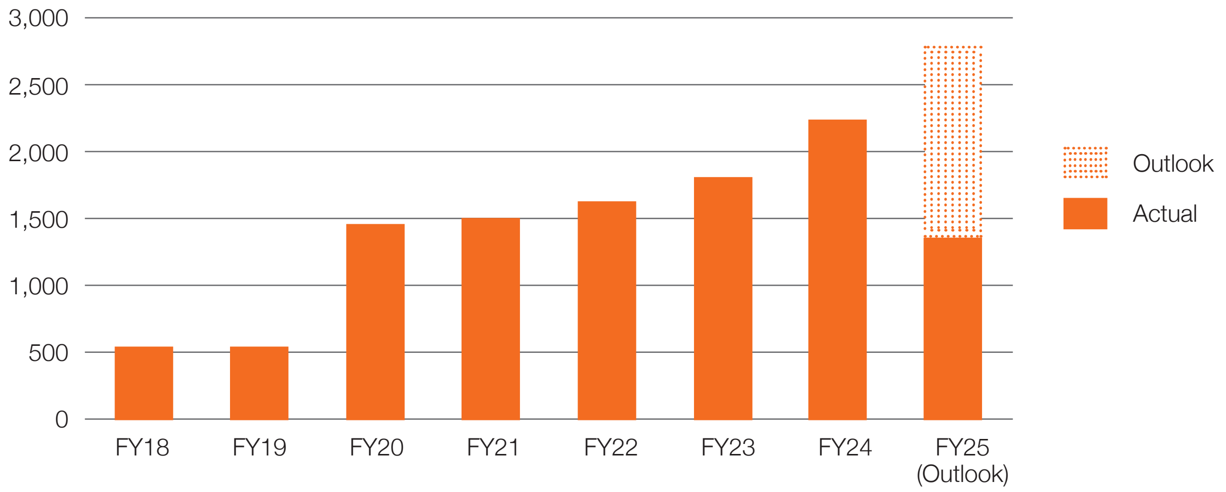
Vital

1H25 Revenue

Vital Revenue Breakdown $000's	1H FY2025	1H FY2024	Percentage Change
Wired (Fibre)	4,020	4,617	-12.9%
Wireless (Mobile Radio)	8,165	8,524	-4.2%
Installation	418	194	115.1%
Hardware & Other	301	120	151.1%
Total Services Revenue	**12,904**	**13,445**	**-4.1%**

- Growth continues in Utilities & Energy.
- FY25 excludes impact of recently signed Transpower contract.
- Utilities & Energy segment comprises 10.6% of 1H FY25 total revenue

Utilities & Energy Customer Revenue



1H25 Wireless

Wireless segment $000's	1H FY2025	1H FY2024	Percentage Change
Revenue	8,804	8,732	0.8%
Lease/rent costs [1]	2,131	2,192	-2.7%
Other operating costs	4,733	4,472	5.8%
EBITDA (Adjusted) [2]	**1,940**	**2,068**	**-6.2%**
EBITDA Margin (Adjusted) [2]	22.0%	23.7%	
Capital expenditure	860	866	-0.7%
Total assets	**36,455**	**35,312**	**3.2%**

1. Lease/Rent costs including those otherwise included in Depreciation and Net Interest charges
2. Post lease (rent) costs that are otherwise treated as depreciation and interest

1H25 Wired (Fibre)

Wired segment $000's	1H FY2025	1H FY2024	Percentage Change
Revenue	4,100	4,723	-13.2%
Lease/rent costs [1]	934	941	-0.7%
Other operating costs	1,689	1,669	1.2%
EBITDA (Adjusted) [2]	**1,477**	**2,113**	**-30.1%**
EBITDA Margin (Adjusted) [2]	36.0%	44.7%	
Capital expenditure	365	338	8.1%
Total assets	**26,075**	**29,267**	**-10.9%**

1. Lease/Rent costs including those otherwise included in Depreciation and Net Interest charges
2. Post lease (rent) costs that are otherwise treated as depreciation and interest

Balance Sheet and Cashflow

Selected Balance Sheet and Cashflow $000's	1H FY2025	1H FY2024	Change
Bank debt	12,600	13,300	-700
Net Debt	-976	79	-1,055
Right of Use Assets [1]	16,788	18,236	-1,447
Right of Use Liabilities	18,788	19,848	-1,061
Wired assets [1]	26,075	29,267	-3,192
Wireless assets [1]	36,455	35,312	1,143
Operating Activities cashflow (Adjusted) [2]	2,427	3,201	-774
Capital expenditure	1,225	1,203	22
Op cashflow (Adjusted) less Capex	**1,202**	**1,998**	**-796**

1. Note that Network assets (Wired and Wireless) include Right of Use assets (mostly in Wireless)
2. Cashflow from Operating Activities in Financial Statements less Principal payment of Lease Liabilities

Operational Overview

- Current phase of turnaround strategy has put building blocks in place
- Significant Transpower contract to boost earnings beyond FY26
- Revenue, particularly Wired, being impacted by economic downturn
- Wholesale strategy supplementing sales pipeline
- Utility leadership with Transpower and Lodestone.
- Non-sales focused costs well under control
- Non-customer funded Capital expenditure continues to decline
- Ongoing emphasis on customer and culture with NPS and eNPS both up

Performance Over Past 3 Years

Metric (NZ$m)	FY2022	FY2023	FY2024
Revenue	31.4	28.1	26.9
Operating costs	25.8	21.7	20.5
Adjusted EBITDA	**5.6**	**6.4**	**6.4**
Adjusted EBITDA -%	17.9%	22.8%	23.9%
Capital Expenditure	6.1	3.5	2.3
Adjusted Free Cash flow	(0.5)	2.9	4.1

Metric (NZ$m)	FY2022	FY2023	FY2024
NPS	-7	+22	+41
eNPS	+4	+25	+30

Looking Ahead

- 2H is expected to be stronger than 1H.
- Economic conditions expected to ease, but there will be a lag before it flows through customer base.
- Adjusted EBITDA on track to meet guidance, however ongoing uncertainty may soften to lower half.
- Widened Adjusted FCF guidance to reflect timing impact of customer-funded projects.
- Focus in H2 will be on completing committed projects and closing Pipeline opportunities.
- FY26 will see Transpower RRL being deployed, new fibre circuits through partnering, continued organic growth in Utilities and Energy.

FY2025 Guidance Metrics

Turnaround Metric (NZ$m)	FY2025
Revenue	26.0 – 27.0
EBITDA (adjusted)	5.8 – 6.2
NPAT (adjusted)	0.0 – 0.2
FCF (adjusted)	3.2 – 3.9

End