



Vital

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vital.co.nz

16 August 2024

Dear Shareholder,

On behalf of the Board and ahead of Vital's annual results, to be published on 27 August, I am writing to provide you with an update regarding a takeover proposal received from Empire Capital Limited as trustee of the Empire Capital Trust ("Empire").

Background

On 12 August 2024, the Vital Board received an unsolicited, non-binding, indicative and incomplete proposal outlining a potential partial takeover offer from Empire to acquire 50.01% of all Vital shares, at a price of NZ\$0.375 per share ("Empire NBIO").

The Empire NBIO was expressed to be confidential and so far as the Board was aware remained confidential until the Board was advised of Empire's intention to release a public statement regarding its proposal, which was subsequently released by Empire on 14 August 2014 ("Empire statement").

On learning of the public release of the Empire statement, Vital requested and was granted a trading halt. This was to ensure shareholders were not trading on incomplete information and to provide the Board with an opportunity to consider and respond to the Empire NBIO.

During the trading halt, the Board's formal response committee met to consider what next steps may be required, supported by external advisers appointed to assist the Board. The trading halt was lifted from commencement of trading on 16 August 2024.

Empire's statements regarding its proposal

Although the Empire NBIO stated that Empire's proposal was "indicative, incomplete, and non-binding", the subsequent Empire statement says that Empire "intends" to make a partial takeover offer and the Empire NBIO states that Vital should treat formal notice of an offer as being "imminent". However, in the Empire NBIO, Empire requested Vital to provide due diligence access to facilitate the potential offer and the Empire statement says that Empire wishes to undertake confirmatory due diligence "before it formally decides to make a takeover offer".

Vital's Response

The Board's position is that the proposed price materially undervalues Vital and sits well below a level at which it would be prepared to grant access to undertake due diligence. In addition, the partial nature of the potential takeover offer proposed in the Empire NBIO would not provide all shareholders with the ability to sell all of their shares at the proposed offer price, nor any certainty as to the number of shares that are able to be sold if the offer proceeds and is



successful. If Empire were to make a partial takeover offer and receives acceptances to the offer that result in a greater than 50.01% shareholding, acceptances to the offer will be subject to scaling.

The Board's position reflects its initial assessment as to whether Empire's proposal is in the interest of all shareholders and takes into account the Board's responsibility to ensure the Empire NBIO is given due consideration, while also ensuring the Vital team remains focused on executing our strategic plans and continuing its turnaround.

As previously communicated, Vital is focused on a turnaround strategy. This strategy is centred on optimising our business and network assets, increasing access to our quality Wired and Wireless networks, and driving a stronger customer focus.

Vital's management team continues to make compelling progress to reposition the business.

Shareholder updates

To date, Vital has not received formal notice of a takeover from Empire. The Board will continue to keep shareholders and the market informed of any material developments in accordance with its continuous disclosure obligations, including if it receives a formal takeover notice.

The Board looks forward to updating shareholders on progress with the release of our annual results on 27 August 2024. If there is anything you wish to share with the Board in the interim, please contact investors@vital.co.nz

Yours sincerely

John McMahon
Vital Chair