

ASX ANNOUNCEMENT



Vita Group Limited
ACN 113 178 519
77 Hudson Road
Albion Qld 4010

2 May 2023

Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Vita Group Limited (ASX:VTG) – Announcement Scheme Booklet registered with ASIC

In accordance with the Listing Rules, please find enclosed an announcement titled 'Scheme Booklet registered with ASIC' for immediate release to the market.

This announcement has been authorised for lodgement by Vita Group's Board of Directors.

For enquiries relating to this announcement, please contact:

Further enquiries:

Andrew Ryan
Chief Financial Officer
Mob: 0417 644 756

George Southgate
Chief Legal and Risk Officer / Company Secretary
Mob: 0412 514 030

Yours sincerely

A handwritten signature in black ink, appearing to read "George Southgate".

George Southgate
Chief Legal and Risk Officer / Company Secretary
Vita Group Limited

ASX Announcement (VTG)

Tuesday, 2 May 2023

Scheme Booklet registered with ASIC

Vita Group Limited (**Vita Group** or **VTG**) (ASX: VTG) is pleased to confirm that the Australian Securities and Investments Commission (**ASIC**) has today registered the Scheme Booklet for the scheme of arrangement between Vita Group and its shareholders under which Practice Management Pty Ltd (**Practice Management**) proposes to acquire 100% of the shares on issue in Vita Group (**Scheme**) for a cash consideration of \$0.06255 per VTG share (**Scheme Consideration**).

A copy of the Scheme Booklet containing information about the Scheme, the independent expert's report and the notice convening the meeting of Vita Group shareholders to consider and vote on the Scheme (**Scheme Meeting**) accompanies this announcement.

Despatch of Scheme Booklet

The Scheme Booklet will be available for viewing and downloading at www.edocumentview.com.au/vtgscheme2023.

The Scheme Booklet will be sent to all Vita Group shareholders on or before 5 May 2023.

Vita Group shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet and how to lodge their Proxy Form for the Scheme Meeting.

Vita Group shareholders who have elected to receive communications in hard copy will be sent a printed copy of the Scheme Booklet together with a Proxy Form for the Scheme Meeting.

Vita Group shareholders who have not elected to receive communications electronically or in hard copy will be sent a letter containing details on how to access a copy of the Scheme Booklet online together with a Proxy Form for the Scheme Meeting.

Vita Group shareholders who wish to receive a printed copy of the Scheme Booklet may request one by calling the Shareholder Information Line on 1300 917 933 within Australia or +61 3 9946 4421 if outside Australia Monday to Friday between 8.30am and 5.00pm (Sydney time).

Independent expert's report

The Scheme Booklet includes an independent expert's report prepared by BDO Corporate Finance Limited (**BDO**). BDO has concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interest of Vita Group shareholders. BDO's conclusion should be read in context with the full independent expert's report and the Scheme Booklet.

Vita Group Directors' recommendation and voting intention

Vita Group Directors unanimously recommend voting in favour of the Scheme, in the absence of a superior proposal and subject to BDO continuing to conclude that the Scheme is fair and reasonable and therefore in the best interest of Vita Group shareholders. Subject to that same qualification, each Vita Group Director intends to vote all Vita Group shares held or controlled by them in favour of the Scheme.

This announcement is authorised for release by the Board of Directors of Vita Group.

Further enquiries:

George Southgate
Chief Legal and Risk Officer / Company Secretary
Mob: 0412 514 030



Vita Group Limited ACN 113 178 519 (**Vita**)

Scheme Booklet

For the scheme of arrangement between Vita Group Limited (**Vita**) and its shareholders, in relation to the proposed acquisition of your Vita Shares by Practice Management Pty Ltd (**Bidder**)

The notice convening the Scheme Meeting is included in this Scheme Booklet. A proxy form for the Scheme Meeting accompanies this Scheme Booklet. The Scheme Meeting will be conducted as a hybrid meeting on Monday, 5 June 2023. Full details of how to participate in the Scheme Meeting is set out in this Scheme Booklet.

**YOUR VOTE IS IMPORTANT IN DETERMINING
WHETHER THE SCHEME PROCEEDS.
YOUR DIRECTORS UNANIMOUSLY RECOMMEND
THAT YOU**

VOTE IN FAVOUR

**OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR
PROPOSAL AND SUBJECT TO THE INDEPENDENT
EXPERT CONTINUING TO CONCLUDE THAT THE
SCHEME IS IN THE BEST INTEREST OF VITA
SHAREHOLDERS.**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.

If you are in any doubt as to how to deal with this Scheme Booklet, please consult your legal, financial, taxation or other professional adviser immediately. If after reading this Scheme Booklet you have any questions about the Scheme, please contact the Shareholder Information Line on 1300 917 933 (within Australia) or +61 3 9946 4421 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you have recently sold all of your Vita Shares, please disregard this and all enclosed documents.

Overview of this Scheme Booklet

What is this Scheme Booklet for?

This Scheme Booklet has been sent to you to help you understand the terms of the scheme of arrangement between Vita Group Limited and its shareholders (**Scheme**) which, if it proceeds to be implemented, would result in the Bidder acquiring all of your Vita Shares.

The Scheme can only proceed if it is approved by the requisite majorities of Vita Shareholders and by the Court. This Scheme Booklet includes information relevant to your decision as a Vita Shareholder on whether to approve the Scheme.

Why should you vote?

As a Vita Shareholder, you have a say in whether or not the Scheme proceeds. The Scheme cannot proceed unless (among other things) the Scheme is approved by the requisite majorities of Vita Shareholders at the Scheme Meeting.

This is your opportunity to play a role in deciding the future of your investment in Vita.

What should you do next?

As a Vita Shareholder, you have a number of decisions to make in relation to the Scheme. The key decisions for you to make are outlined in the steps below.

The Vita Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.

Step 1: Read this Scheme Booklet

You should carefully read this Scheme Booklet in its entirety before making a decision on whether and how to vote on the Scheme.

If after reading this Scheme Booklet you have any questions about the Scheme, please contact the Shareholder Information Line on 1300 917 933 (within Australia) or +61 3 9946 4421 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time).

If you are in any doubt as to how to deal with this Scheme Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

Step 2: Vote on the Scheme

(a) Your vote is important

For the Scheme to proceed, the requisite majorities of Vita Shareholders must vote in favour of the Scheme Resolution. Please refer to Sections 4.1 to 4.4 inclusive for further information.

(b) Who is entitled to vote?

If you are registered as a Vita Shareholder by the Share Registry at the Voting Entitlement Time (11.00am (Sydney time) on 3 June 2023), you will be entitled to vote at the Scheme Meeting.

(c) How to vote?

For full information on how to vote on the Scheme, please refer to Section 4.

Is the Scheme in the best interest of Vita Shareholders?

✓ The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is **FAIR AND REASONABLE** and therefore in the **BEST INTEREST** of Vita Shareholders.

The Independent Expert's Report is included in Appendix 1 to this Scheme Booklet.

What do the Vita Directors recommend?

✓ Your Directors **UNANIMOUSLY RECOMMEND** that you vote **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.

✓ Your Directors intend to vote all Vita Shares they hold or control **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.

What if you have questions in relation to the Scheme?

If you have questions in relation to the Scheme, you should refer to the Frequently Asked Questions in Section 3 or contact the Shareholder Information Line on 1300 917 933 within Australia or +61 3 9946 4421 if outside Australia Monday to Friday between 8.30am and 5.00pm (Sydney time). Alternatively, you should consult your legal, financial, taxation or other professional adviser.

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Important Dates and Times

All references to time in this Scheme Booklet are references to the time in Sydney, Australia unless otherwise stated.

Event	Date (and time)
First Court Hearing at which the Court made orders convening the Scheme Meeting	Friday, 28 April 2023
Announcement on whether the Permitted Dividend will be declared*	End May and by no later than Monday, 29 May 2023
Last time and date by which the proxy form for the Scheme Meeting must be received by the Share Registry (whether by mail, by fax or by online lodgement) (Proxy Cut Off Date)	11.00am, Saturday, 3 June 2023
Time and date for determining eligibility to vote at the Scheme Meeting (Voting Entitlement Time)	11.00am, Saturday, 3 June 2023
Scheme Meeting to vote on the Scheme Resolution (to be conducted as a hybrid meeting)	11.00am, Monday, 5 June 2023
<p>The remainder of this timetable assumes that the Scheme Resolution is passed by Vita Shareholders. All dates and times in the remainder of this timetable are indicative only and, among other things, are subject to all necessary approvals from the Court and Government Agencies. Any changes to the remainder of this timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Vita's website at www.vitagroup.com.au</p>	
Second Court Hearing to obtain orders approving the Scheme	9.15am, Thursday, 8 June 2023
Lodgment by Vita with ASIC of the Court orders approving the Scheme (Effective Date)	Friday, 9 June 2023
Suspension of trading in Vita Shares on ASX	Close of trading on Friday, 9 June 2023
Time and date for determining entitlements to any Permitted Dividend (if declared)* (Permitted Dividend Record Date) and Scheme Consideration (Scheme Record Date)	7.00pm on Wednesday, 14 June 2023
Implementation Date and Payment date for Permitted Dividend (if declared)*	Wednesday, 21 June 2023

* The Permitted Dividend has not yet been declared by the Vita Board and remains at the absolute discretion of the Vita Board. Any decision whether or not to declare the Permitted Dividend will be made by the Vita Board and will be communicated to Vita Shareholders by way of an ASX announcement prior to the Proxy Cut Off Date and in any event, no later than Monday, 29 May 2023.

Important Notices

General

You should read the whole of this Scheme Booklet before making a decision on how to vote on the resolution to be considered at the Scheme Meeting. The notice convening the Scheme Meeting is contained in the Appendix to this Scheme Booklet. A Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

Defined terms

Capitalised terms in this Scheme Booklet are defined either in the Glossary in Section 12 or where the relevant term is first used.

Purposes of this Scheme Booklet

The purposes of this Scheme Booklet are to:

- explain the terms and effect of the Scheme to Vita Shareholders;
- explain the manner in which the Scheme will be considered and, if approved, implemented;
- state any material interests of the Directors, whether as directors, members or creditors of Vita or otherwise, and the effect on those interests of the Scheme as far as that effect is different from the effect on the similar interests of other persons; and
- provide the information as is prescribed by the Corporations Act and the Corporations Regulations or as is otherwise material to the decision of Vita Shareholders whether or not to vote in favour of the Scheme.

This Scheme Booklet (excluding the Appendices) constitutes the explanatory statement for the Scheme as required by section 412(1) of the Corporations Act.

No financial product advice

The information contained in this Scheme Booklet is not financial product or investment advice. This Scheme Booklet has been prepared without taking into account your investment objectives, financial situation, taxation position or other particular needs. Before deciding how to vote or act, Vita Shareholders and others should consider the appropriateness of the information having regard to their own investment objectives, financial situation, taxation position and other particular needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Vita is not licensed to provide financial product advice in respect of Vita Shares or any other financial products.

To the extent (if at all) any part of this Scheme Booklet includes financial product advice given by the Bidder, the advice has been prepared without taking into account anyone's (whether a recipient of the Scheme Booklet or otherwise), objectives, financial situation or needs.

Accordingly, before acting on any such advice, you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

Responsibility for information

The Vita Information contained in this Scheme Booklet has been prepared by and is the responsibility of Vita. The Bidder has not independently verified any of the Vita Information and

does not make any representation or warranty (express or implied) as to, and does not assume any responsibility for, the accuracy, relevance or completeness of, the Vita Information.

BDO Corporate Finance Ltd has prepared the Independent Expert's Report in relation to the Scheme in Appendix 1 to this Scheme Booklet and takes responsibility for that report.

The Bidder Information contained in this Scheme Booklet has been prepared by and is the responsibility of the Bidder. Vita has not independently verified any of the Bidder Information and does not make any representation or warranty (express or implied) as to, and do not assume any responsibility for, the accuracy, relevance or completeness of, the Bidder Information.

Vita Shareholders outside Australia

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. These requirements may be different from those in other jurisdictions. Accordingly, the release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any applicable restrictions. This Scheme Booklet and the Scheme do not in any way constitute an offer to buy securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Vita Shareholders resident outside Australia for taxation purposes should also seek specific taxation advice in relation to the Australian and overseas taxation implications of their participation in the Scheme.

ASIC and ASX

A draft of this Scheme Booklet was provided to ASIC for the purpose of section 411(2) of the Corporations Act and a copy of this Scheme Booklet has been registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has examined a copy of this Scheme Booklet. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearing to approve the Scheme.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A draft of this Scheme Booklet has also been provided to ASX for its review in accordance with the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDERS UNDER SECTION 411(1) OF THE CORPORATIONS ACT

A copy of this Scheme Booklet was submitted to the Court to obtain orders of the Court under section 411(1) of the Corporations Act directing Vita to convene the Scheme Meeting. Those orders were obtained at the First Court Hearing on Friday, 28 April 2023.

The fact that under section 411(1) of the Corporations Act the Court has ordered that a separate meeting of Vita Shareholders be convened by Vita to consider and vote on the Scheme and has directed that this Scheme Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the Scheme or how Vita Shareholders should vote on the Scheme (on this matter Vita Shareholders must reach their own decision);
- (b) has prepared, or is responsible for, the content of this Scheme Booklet; or
- (c) has approved or will approve the terms of the Scheme.

NOTICE REGARDING SECOND COURT HEARING AND IF ANY VITA SHAREHOLDER WISHES TO OPPOSE THE SCHEME

The date of the Second Court Hearing to approve the Scheme is scheduled for Thursday, 8 June 2023.

The hearing will be at 9.15am (Sydney time) in the Federal Court of Australia (NSW registry).

A Vita Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. It is possible that the Second Court Hearing will be held either virtually (online only) or by telephone conference. Details on how to attend the Second Court Hearing will be released by Vita to ASX if the Scheme has been approved by Vita Shareholders at the Scheme Meeting.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Vita, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Vita at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Ref: 1392682, Attention Anthony Sommer (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to anthony.sommer@minterellison.com.

Forward looking statements

Certain statements in this Scheme Booklet are about future matters, including forward looking statements. These forward looking statements and information, including statements and information relating to Vita and the transactions contemplated by the Scheme Implementation Agreement, are not based solely on historical facts, but rather reflect the current expectations of:

- (a) Vita, in relation to the Vita Information; or
- (b) the Bidder, in relation to the Bidder Information,

concerning future results, events or other matters. These forward looking statements may sometimes be identified by the use of forward looking words or phrases such as *if, when, believe, aim, will, expect, anticipate, intend, foresee, likely, should, could, plan, may, estimate, budget, forecast, envisage, target, potential* or other similar words or phrases. Similarly, statements that describe Vita's or the Bidder's objectives, plans, goals or expectations, estimates of future costs, and expenditure are or may be forward looking statements.

The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of Vita's performance, the expected advantages and potential disadvantages of the Scheme are also forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results of Vita to be materially different from future results, performance or achievements expressed or implied by such statements.

These statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Vita will operate in the future, including anticipated costs and ability to achieve goals. Therefore, forward looking statements and information should be construed in light of those limitations and undue reliance should not be placed on them.

None of Vita, the Bidder, their respective related entities, their respective directors, nor any other person gives any representation, assurance or guarantee that the occurrence of the results or events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

The forward looking statements and information in this Scheme Booklet reflect views held only at the date of this Scheme Booklet.

Subject to any continuing obligations under law, Vita, the Bidder, their respective related entities, and their respective directors disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any forward looking statements and information to reflect any change in expectations in relation to them or any change in the events, conditions or circumstances on which they are based.

Rounding of numerical information

Any discrepancies between totals in tables and sums of components contained in this Scheme Booklet and between those figures and figures referred to in other parts of this Scheme Booklet may be due to rounding. Except as otherwise stated, all rounded numbers have been rounded either to one decimal place or to the nearest whole number.

Privacy and personal information

Vita, the Bidder and the Share Registry will need to collect personal information to conduct the Scheme Meeting and to implement the Scheme. This information may include the name, contact details and shareholding of Vita Shareholders, and the name of persons appointed by Vita Shareholders to act as proxy, attorney, or in the case of a Vita Shareholder who is a corporation, corporate representative at any of the Scheme Meeting.

The primary purpose of collecting this personal information is to assist Vita in the conduct of the Scheme Meeting and to enable the Scheme to be approved by Vita Shareholders and the Court to be implemented by Vita in the manner described in this Scheme Booklet. Without this information, Vita may be impeded in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers and to related entities of Vita and the parties to the Scheme Implementation Agreement.

Vita Shareholders have certain rights to access their personal information that has been collected. Vita Shareholders should contact Vita's company secretary in the first instance if they wish to request access to their personal information.

Vita Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a Vita Shareholder who is a corporation, a corporate representative the Scheme Meeting should ensure that they inform that person of the matters outlined above.

Entitlement to inspect Share Register

All persons are entitled to inspect and obtain a copy of Vita's Share Register under section 173 of the Corporations Act. If you are a Vita Shareholder this register will contain personal information about you.

References to time

All references to time in the Scheme Booklet are to the legal time in Sydney, New South Wales unless otherwise stated.

Date of Scheme Booklet

This Scheme Booklet is dated 1 May 2023.

Letter from the Chairman

Dear Vita Shareholder,

I am pleased to provide you with this Scheme Booklet, which contains information you should consider in relation to the proposed acquisition of Vita Group Limited (**Vita or Company**) by Practice Management Pty Ltd (**Bidder**) announced on 15 March 2023 (**Proposed Transaction**). If the Proposed Transaction proceeds, it will result in the Bidder acquiring Vita and Vita being de-listed from the Australian Securities Exchange (**ASX**).

I encourage you to read this Scheme Booklet carefully and to participate in this significant transaction for Vita by voting on the Scheme.

Background

In November 2021, Vita disposed of its main undertaking being its Information and Communications Technology (**ICT**) business comprising Vita's Telstra branded retail stores, Telstra Business Technology Centre, and the Sprout accessories business (together, **ICT Business**) to Telstra Corporation Limited (**Telstra**). The ICT Business was sold to Telstra for \$110 million cash less net working capital, net-debt and final adjustments. The sale of Vita's ICT Business was prompted by an announcement by Telstra in February 2021 outlining its intention to transition the Telstra branded retail store network, including Vita's portfolio of stores, to a corporate ownership model. In response to that announcement, the Vita Board decided to realise immediate value for its shareholders by selling the ICT Business to Telstra.

Following the sale of its ICT Business, Vita distributed approximately \$86.6 million to its shareholders by way of special dividends and transitioned to focusing exclusively on organically growing its remaining business, being its skin health and wellness clinics operated under the Artisan Aesthetics Clinics business. This business was materially impacted in 2021 and 2022 by Covid restrictions which curtailed the ability to deliver in-clinic treatments. Although the risks of government mandated lockdowns and travel restrictions as a result of COVID-19 have largely subsided, Vita may in the future be impacted by future strains of COVID-19. COVID-19 may continue to impact Vita's business through client cancellations and team member absenteeism.

Despite encouraging client metrics once Covid restrictions were eased, the Artisan Aesthetics Clinics business continues to be impacted by new business headwinds including the fluid and uncertain macro-economic environment, and the annualizing impact of clinician turnover including some founders, in prior reporting periods. Against that background, the Vita Board considered that it was prudent to position itself to pursue a potential trade sale or respond to a proposed control transaction, in either case on terms that the Board considered acceptable and otherwise in the best interests of Vita Shareholders.

This strategy culminated in the Vita Board receiving a preliminary, non-binding and indicative offer from the Bidder in late December 2022. The Board concluded that the terms of that offer were sufficiently attractive to grant the Bidder a period of exclusive due diligence. Following the conclusion of that due diligence process, Vita announced on 15 March 2023 that it had entered into a Scheme Implementation Agreement with the Bidder under which it is proposed that the Bidder will acquire 100% of the issued share capital of Vita by way of a scheme of arrangement (**Scheme**).

Proposed Transaction

Under the Scheme, the Bidder will acquire 100% of Vita for a Scheme Consideration of \$0.06255 per Vita Share.

The Scheme is subject to customary conditions, including approval by Vita Shareholders and the Court.

Vita is also permitted to declare and pay a fully franked dividend of up to \$0.06425 per Vita Share (**Permitted Dividend**) with no corresponding reduction in the Scheme Consideration.

The Vita Board have announced an intention to declare a fully franked Permitted Dividend of up to \$0.06425 per Share if the Scheme becomes Effective.

If the Permitted Dividend is declared and paid, the Proposed Transaction will provide shareholders with a total value of \$0.12680 per Vita Share comprising:

- the Scheme Consideration of \$0.06255 per Vita Share (to be paid by the Bidder); and
- the expected Permitted Dividend of \$0.06425 per Vita Share (to be paid by Vita),

which together are referred to as the **Total Cash Payment**.

The Total Cash Payment of \$0.12680 per Vita Share (before the benefit of franking credits attached to any Permitted Dividend) implies an equity value, on a 100% fully diluted basis, of approximately \$22.3m. This represents:

- a 59% premium to Vita's undisturbed closing share price on 14 March 2023 of \$0.0800 per Vita Share (being the last trading date prior to the announcement of the Proposed Transaction);
- a 45% premium to the one-month volume weighted average price (**VWAP**)¹ to 14 March 2023 of \$0.0876 per Vita Share; and
- a 31% premium to the three-month VWAP to 14 March 2023 of \$0.0969 per Vita Share.

In addition, if the Permitted Dividend is declared and paid, the Permitted Dividend would have up to approximately \$0.02754 per Vita Share in franking credits attached for those Vita Shareholder who are able to realise the full benefit of franking credits.

Any decision by the Vita Board to declare the Permitted Dividend will be subject to the requirements of the Corporations Act, the availability of retained earnings and franking credits and would be conditional on the Scheme becoming effective. The Vita Board will determine (in its absolute discretion) whether or not to declare and pay any Permitted Dividend after assessing the financial position of Vita and the expected impact on creditors at the relevant time. However, based on the information currently available, the Vita Board expects to be in a position to conclude that paying the Permitted Dividend of \$0.06425 per Vita Share would be fair and reasonable to Vita's shareholders as a whole and would not materially prejudice Vita's ability to pay its creditors.

In addition, if the Permitted Dividend is declared, it would be declared on the basis that it is conditional on the Scheme becoming Effective no later than 30 June 2023. This means that if the Scheme does not proceed to become Effective, the Permitted Dividend will not be paid. The Vita Board's decision whether or not to declare the Permitted Dividend will be communicated to Vita Shareholders by way of an ASX announcement prior to the Proxy Cut-Off Date for the Scheme Meeting and in any event by no later than Monday 29 May 2023.

¹ VWAP of Vita Shares based on cumulative trading volume and value up to and including 14 March 2023, being the last trading day prior to the announcement of the Proposed Transaction.

If the Vita Board determines not to declare the Permitted Dividend or if the Permitted Dividend is declared but is lower than \$0.06425 per Share, Vita intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the implications of this for Vita Shareholders. This supplementary disclosure will include any changes to the recommendation of the Vita Board on the Scheme as well as any changes to the opinion of the Independent Expert on the Scheme. If this occurs, it is likely that the Scheme Meeting would need to be postponed to a date determined by the Court.

In addition, if there are any delays in the Scheme timetable which emerge after the declaration of the Permitted Dividend (expected to be on or before Monday, 29 May 2023) and which would result in the Effective Date of the Scheme falling after 30 June 2023 (being the cut-off date specified in the Scheme Booklet for the purpose of this issue), the Vita Board will assess the implications of that delay in the context of the Permitted Dividend at that point of time having regard to the then prevailing circumstances. Any decision of the Vita Board in relation to the Permitted Dividend in this scenario may also be subject to supplementary disclosure with the consent of the Court.

Vita Directors voting recommendation and intentions

The Vita Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.²

Subject to those same qualifications, each of your Directors intends to vote all Vita Shares held or controlled by them, in favour of the Scheme. As at the date of this Scheme Booklet, your Directors hold approximately 19.26% of all Vita Shares on issue.

In forming their recommendation, your Directors have carefully considered the adequacy of the Scheme Consideration of \$0.06255 per Vita Share plus the expected amount of the Permitted Dividend of \$0.06425, the conditions of the Scheme, its expected advantages, potential disadvantages and risks. Your Directors have compared these considerations against the other options available to Vita including maintaining the status quo. These matters are discussed further in Section 2.3 but in summary the reasons for your Directors' unanimous recommendation that you vote in favour of the Scheme include the following:

- the Total Cash Payment of \$0.12680 per Vita Share, excluding the value of any franking credits attached to the Permitted Dividend, is an attractive premium over recent trading prices of Vita Shares;
- the Scheme provides shareholders with the opportunity to achieve certainty of value at an attractive premium, against the background of a challenging and uncertain macroeconomic environment where consumer confidence has been negatively impacted;
- the expected advantages of the Scheme outweigh its potential disadvantages and risks; and
- no Superior Proposal has emerged as at the date of this Scheme Booklet.

² When considering the recommendation of the Chief Executive Officer to vote in favour of the Scheme, Vita Shareholders should have regard to his personal interest as detailed in Section 11.5. This personal interest comprises a one-off cash retention payment of \$225,000 subject to the Chief Executive Officer remaining with Vita until 5 June 2023 and on the basis that payment of the retention payment will also be subject to the ultimate discretion of the Vita Board. This retention payment is not conditional on the Scheme proceeding. The Vita Board (excluding Mr Connors) considers that, despite the existence and terms of this retention arrangement, it is appropriate for Mr Connors to make a recommendation on the Scheme given his role as the Chief Executive Officer of Vita and that Vita Shareholders would wish to know Mr Connors' views on the Scheme. Mr Connors also considers that it is appropriate for him to make a recommendation on the Scheme.

There are also reasons why you may choose to vote against the Scheme which are set out in Section 2.4. In particular:

- you may disagree with the Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interest;
- the Scheme carries risks that you may consider unacceptable;
- you may believe there is potential for a Superior Proposal to be received in the foreseeable future (noting that no Superior Proposal has been received as at the date of this Scheme Booklet);
- the taxation implications of the Scheme may not suit your financial position; and
- if the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, outcome from maintaining your holding of Vita Shares.

Certain risks related to holding Vita Shares, and the Scheme are set out in Section 7. The Vita Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

For further information, please refer to Sections 2 and 7.

Harvest Lane's intention to vote

The Board has received a written communication from Harvest Lane Asset Management Pty Ltd, being Vita's second largest shareholder with a relevant interest in 10.92% of Vita Shares (as at the Last Practicable Date), indicating that it is supportive of the Scheme and intends to vote all shares held on the Scheme Meeting date in favour of it, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita shareholders.

Independent Expert

Your Directors' unanimous recommendation is also supported by the conclusion of the Independent Expert, BDO Corporate Finance Ltd, who was engaged by the Board to opine on whether the Scheme is in the best interest of the shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interest of Vita Shareholders, in the absence of a Superior Proposal.

The Independent Expert has valued Vita Shares in the range of \$0.105 to 0.155 per Vita Share on a controlling interest basis. The Independent Expert has considered it appropriate to adopt a value for the consideration to be received under the Proposed Transaction equal to the Total Cash Payment of \$0.12680, noting that the Scheme Consideration and the Permitted Dividend are commercially integrated and if the Scheme does not proceed to become effective, the Permitted Dividend will not be paid. The Total Cash Payment of \$0.12680 per Vita Share is within this range and, on this basis, the Independent Expert has concluded that in the absence of any other information or a superior offer, the Scheme is 'fair' to Vita Shareholders.³

In assessing the 'reasonableness' of the Proposed Transaction, the Independent Expert has stated that as the Scheme is 'fair' to Vita Shareholders, in the absence of any other information or a superior proposal, the Scheme is also 'reasonable' to Vita Shareholders and therefore in the best interests of Vita Shareholders.⁴

³ Section 2.2.4 of the Independent Expert's Report.

⁴ Sections 2.3.6 and 2.4 of the Independent Expert's Report.

The Independent Expert's Report is included in Appendix 1 to this Scheme Booklet. I encourage you to read it in full before making your decision to vote.

Hybrid Scheme Meeting

The Scheme Meeting will be held on Monday, 5 June 2023 at 11.00am (Sydney time). Vita Shareholders and their authorised proxies, attorneys and corporate representatives can attend the Scheme Meeting either:

- in person at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street Brisbane 4000; or
- virtually via <https://meetnow.global/MPHRM49>

If you are registered as a shareholder on Vita's Register at 11.00am (Sydney time) on 3 June 2023, you will be entitled to vote at the Scheme Meeting. Further information on how to participate, ask questions and vote at the Scheme Meeting is set out in the Notice of Meeting attached as Appendix 4 to this Scheme Booklet.

Further information

I encourage you to read this Scheme Booklet. If you have any questions in relation to the Scheme, please call the Vita Shareholder Information Line on 1300 917 933 (within Australia) or +61 3 9946 4421 (outside Australia) Monday to Friday between 8.30am and 5.00pm (Sydney time) or contact your legal, financial, taxation or other professional adviser.

On behalf of the Vita Board, I commend the Scheme to you and would like to take this opportunity once again to thank you for your support of Vita.

Yours sincerely



Paul Mirabelle
Chairman, Vitaz

Key reasons to vote in favour of the Scheme

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders. The reasons for your Directors' unanimous recommendation are summarised below and are set out in further detail in Section 2.3:

- ✓ The Total Cash Payment of up to \$0.12680 per Vita Share represents an attractive premium to the trading price of Vita Shares prior to the announcement of the Scheme
- ✓ The Scheme provides Vita Shareholders with the opportunity to achieve certainty of value at an attractive premium, thereby avoiding the uncertainties and risks associated with a continuing investment in Vita's business – this includes the significant future funding and time required for the Artisan business to achieve a breakeven position
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interest of Vita Shareholders
- ✓ No Superior Proposal has emerged as at the date of this Scheme Booklet
- ✓ If the Scheme does not proceed and no other proposal emerges, the price of Vita Shares may fall

Potential reasons to vote against the Scheme

Your Directors' have identified potential reasons to vote against the Scheme. These are summarised below and are set out in further detail in Section 2.4:

- ✗ You may disagree with the Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interest
- ✗ The Scheme carries risks that you may consider unacceptable
- ✗ You may believe there is potential for a Superior Proposal to be received in the foreseeable future (noting that no Superior Proposal has been received as at the date of this Scheme Booklet)
- ✗ The taxation implications of the Scheme may not suit your financial position
- ✗ If the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, outcome from maintaining your holding of Vita Shares

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTEREST OF VITA SHAREHOLDERS

You should read this Scheme Booklet and the Independent Expert's Report in full before making any decision on the Scheme. In particular, you should refer to Section 2 for guidance on the expected advantages, potential disadvantages and risks of the Scheme. This Scheme Booklet does not take into account the financial situation, investment objectives and particular needs of any Vita Shareholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

1. Overview of the Scheme

1.1 The Scheme at a glance

On 15 March 2023, Vita announced that it had entered into the Scheme Implementation Agreement with the Bidder under which it is proposed that the Bidder would acquire 100% of the issued capital of Vita by way of scheme of arrangement.

For the Scheme to proceed, the Scheme Resolution must be passed by:

- a majority in number (more than 50%) of eligible Vita Shareholders present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting by eligible Vita Shareholders (personally or by proxy, attorney, or in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative).

If the Scheme is approved and implemented, the Bidder will own 100% of Vita Shares and Vita will be delisted from ASX shortly after the Implementation Date.

If the Scheme is not approved:

- Vita Shareholders will not receive the Scheme Consideration;
- Vita Shareholders will not receive the Permitted Dividend; and
- Vita Shareholders will retain their Vita Shares.

In these circumstances, Vita will, in the absence of another proposal, continue to operate as a stand-alone entity listed on the ASX and Vita Shareholders will continue to be exposed to the benefits, opportunities and risks associated with their investment in Vita.

1.2 Scheme Consideration

If the Scheme proceeds, all holders of Vita Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Wednesday, 14 June 2023) will transfer all of their Scheme Shares to the Bidder on the Implementation Date (currently proposed to be Wednesday, 21 June 2023), in exchange for payment of the Scheme Consideration by the Bidder.

The Scheme Consideration to be paid by the Bidder is \$0.06255 for each Share you hold on the Scheme Record Date.

1.3 Permitted Dividend

The Vita Board has also announced an intention to declare a fully franked Permitted Dividend of up to \$0.06425 per Share, if the Scheme becomes Effective.

If the Permitted Dividend is declared, the Scheme Consideration will not be reduced by the amount of the Permitted Dividend.

The Permitted Dividend has not yet been declared by the Vita Board and remains at the absolute discretion of the Vita Board.

The decision whether or not to declare the Permitted Dividend will be made by the Vita Board subject to:

- the requirements of the Corporations Act including that the Permitted Dividend would be fair and reasonable to Vita's shareholders as a whole and would not materially prejudice Vita's ability to pay its creditors;
- the availability of cash (as noted below, the Bidder has agreed to provide a loan of \$5,600,000 to Vita to partially fund the Permitted Dividend, which would require a total cash payment of approximately \$11,300,000), retained earnings and franking credits; and
- the contractual requirement under the Scheme Implementation Agreement for there to be not less than \$21,500,000 of franking credits following payment of the Permitted Dividend.

The Vita Board will determine in its absolute discretion whether or not to declare and pay any Permitted Dividend after assessing the financial position of Vita and the expected impact on creditors at the relevant time. However, based on the information currently available to it, the Vita Board expects to be in a position to conclude that paying the Permitted Dividend of \$0.06425 per Vita Share would be fair and reasonable to Vita's shareholders as a whole and would not materially prejudice Vita's ability to pay its creditors.

In addition, if the Permitted Dividend is declared, it will be declared on the basis that it is conditional on the Scheme becoming Effective by no later than 30 June 2023. This means that if the Scheme does not proceed to become Effective, the Permitted Dividend will not be paid.

The decision whether or not the Permitted Dividend will be declared will be communicated to Vita Shareholders by way of an ASX announcement prior to the Proxy Cut-Off Date for the Scheme Meeting and in any event by no later than Monday, 29 May 2023.

A total cash payment of approximately \$11,300,000 will be required for a Permitted Dividend of \$0.06425 per Vita Share. On 15 March 2023, the Bidder and Vita entered into a facility agreement (**Facility Agreement**) under which the Bidder agreed to make available to Vita an unsecured, interest free and subordinated loan of \$5,600,000 to partially fund the payment of the Permitted Dividend. Vita can only access the loan under the Facility Agreement if the Scheme becomes Effective. The Facility Agreement has been negotiated on arm's length terms. For more information on the Facility Agreement, please refer to Section 11.9.

If the Permitted Dividend is declared and the Scheme is implemented, you will receive \$0.12680 (**Total Cash Payment**) for each of your Vita Shares provided that you hold all of those shares on the Permitted Dividend Record Date and the Scheme Record Date (currently each proposed to be 7.00pm (Sydney time) on Wednesday, 14 June 2023).

The Total Cash Payment is currently expected to comprise:

- cash consideration paid by the Bidder under the Scheme of \$0.06255 for each Vita Share you hold on the Scheme Record Date (**Scheme Consideration**); and
- a fully franked special dividend paid by Vita of up to \$0.06425 for each Vita Share you hold on the Permitted Dividend Record Date (**Permitted Dividend**).

It is important to reiterate that if the Permitted Dividend is declared and the Scheme is implemented, you will only receive the Total Cash Payment for each of your Vita Shares provided that you hold all of those Vita Shares on the Permitted Dividend Record Date and the Scheme Record Date. If you sell your Vita Shares so that you cease to be a registered Vita Shareholder prior to the Scheme Record Date and the Permitted Dividend Record Date you will not receive the Scheme Consideration or the Permitted Dividend.

If the Vita Board determines not to declare the Permitted Dividend or if the Permitted Dividend is declared but is lower than \$0.06425 per Share, Vita intends to seek Court approval for the

release of a supplementary Scheme Booklet disclosing the implications of this for Vita Shareholders. This supplementary disclosure will include any changes to the recommendation of the Vita Board on the Scheme as well as any changes to the opinion of the Independent Expert on the Scheme. If this occurs, it is likely that the Scheme Meeting would need to be postponed to a date determined by the Court.

In addition, if there are any delays in the Scheme timetable which emerge after the declaration of the Permitted Dividend (expected to be on or before Monday, 29 May 2023) and which would result in the Effective Date of the Scheme falling after 30 June 2023 (being the cut-off date specified in the Scheme Booklet for the purpose of this issue), the Vita Board will assess the implications of that delay in the context of the Permitted Dividend at that point of time having regard to the then prevailing circumstances. Any decision of the Vita Board in relation to the Permitted Dividend in this scenario may also be subject to supplementary disclosure with the consent of the Court. If Vita declares and pays the Permitted Dividend, those Vita Shareholders who are entitled to the franking credits attached to the Permitted Dividend may be entitled to an Australian tax offset of up to a maximum of \$0.02754 of additional value per Vita Share.

Whether you will be entitled to the franking credits attached to any Permitted Dividend will depend on your own specific circumstances. In assessing the value and impact to them of any Permitted Dividend, Vita Shareholders should seek professional taxation advice based on their own individual circumstances. In particular, Vita Shareholders should note that, depending on the timing of and price at which they acquired their Vita Shares, there may be differences in the tax consequences for them. Refer to Section 8 'Taxation Implications for Vita Shareholders' for further details.

Vita Shareholders should take careful note of the key dates applying to the Permitted Dividend (if it is declared) and the Scheme as set out in the section entitled 'Important dates' at the beginning of this Scheme Booklet. Any acquisitions or disposals of Vita Shares before or during these key dates will affect your entitlement to receive any Permitted Dividend and participate in the Scheme.

1.4 Vita Directors' recommendation and intentions

The table below sets out the Vita Directors' views on key matters:

Voting recommendation	Your Directors unanimously recommend that Vita Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders. ⁵
Personal voting intention	Subject to those same qualifications, each Vita Director intends to vote all Vita Shares held or controlled by them in favour of the Scheme.

⁵ When considering the recommendation of the Chief Executive Officer to vote in favour of the Scheme, Vita Shareholders should have regard to his personal interest as detailed in Section 11.5. This personal interest comprises a one-off cash retention payment of \$225,000 subject to the Chief Executive Officer remaining with Vita until 5 June 2023 and on the basis that payment of the retention payment will also be subject to the ultimate discretion of the Vita Board. This retention payment is not conditional on the Scheme proceeding. The Vita Board (excluding Mr Connors) considers that, despite the existence and terms of this retention arrangement, it is appropriate for Mr Connors to make a recommendation on the Scheme given his role as the Chief Executive Officer and that Vita Shareholders would wish to know Mr Connors' views on the Scheme. Mr Connors also considers that it is appropriate for him to make a recommendation on the Scheme.

	As at the date of this Scheme Booklet, your Directors hold or control in aggregate approximately 19.26% of all Vita Shares on issue.
Basis for voting recommendation	<p>Your Directors' voting recommendation is based predominantly on their view of the adequacy of the Scheme Consideration of \$0.06255 per Vita Share plus the expected amount of the Permitted Dividend of \$0.06425 per Vita Share.</p> <p>In addition, your Directors have carefully considered the conditions, expected advantages, potential disadvantages and risks of the Scheme and the alternatives open to Vita. These matters are described in more detail in Section 2 and in the Independent Expert's Report in Appendix 1. Your Directors consider that the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Vita, in the absence of a Superior Proposal.</p>

1.5 Independent Expert's conclusion

The Vita Board has engaged the Independent Expert, BDO, to prepare a report expressing an opinion on whether the Scheme is fair and reasonable and in the best interest of Vita Shareholders.

The Independent Expert has valued Vita Shares in the range of \$0.105 to 0.155 per Vita Share on a controlling interest basis. The Independent Expert has considered it appropriate to adopt a value for the consideration to be received under the Proposed Transaction equal to the Total Cash Payment of \$0.12680, noting that the Scheme Consideration and the Permitted Dividend are commercially integrated and if the Scheme does not proceed to become effective, the Permitted Dividend will not be paid. The Total Cash Payment of \$0.12680 per Vita Share is within this range and, on this basis, the Independent Expert has concluded that in the absence of any other information or a superior offer, the Scheme is 'fair' to Vita Shareholders.⁶

In assessing the 'reasonableness' of the Proposed Transaction, the Independent Expert has stated that as the Scheme is 'fair' to Vita Shareholders, in the absence of any other information or a superior proposal, the Scheme is also 'reasonable' to Vita Shareholders and therefore in the best interests of Vita Shareholders.⁷

The Independent Expert's Report is included in Appendix 1. You should read that report as part of your assessment of the Scheme. Section 2 contains a summary of the key conclusions of the Independent Expert in relation to the Scheme.

1.6 Taxation implications

If the Scheme proceeds, Vita Shareholders will transfer their Vita Shares to the Bidder in exchange for the Scheme Consideration. Vita Shareholders may also be entitled to a fully franked Permitted Dividend, which if it is declared would be paid by Vita.

A general outline of the taxation implications for Australian resident Vita Shareholders under the Scheme is provided in Section 8. That Section also considers the taxation implications for Australian resident Vita Shareholders of receiving any Permitted Dividend. The information in Section 8 is general in nature and should not be relied on by Vita Shareholders as taxation

⁶ Section 2.2.4 of the Independent Expert's Report.

⁷ Sections 2.3.6 and 2.4 of the Independent Expert's Report.

advice. Vita Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the Scheme in their own individual circumstances. In particular, Vita Shareholders should note that, depending on the timing of and price at which they acquired their Vita Shares, there may be differences in the taxation consequences for them.

1.7 Current status and next steps

For the Scheme to proceed, the Scheme Resolution must be approved by the requisite majorities of Vita Shareholders at the Scheme Meeting and approved by the Court. There are also other Conditions that need to be satisfied or waived before the Scheme proceeds. The key remaining Conditions are summarised in Section 2.5. The Conditions are set out in full in clause 3.1 of the Scheme Implementation Agreement.

As at the date of this Scheme Booklet, neither the Bidder, Vita nor any of the Vita Directors is aware of any circumstances that would cause any of the Conditions to the Scheme not to be satisfied or which could result in termination of the Scheme Implementation Agreement.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Vita and all holders of Vita Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Wednesday, 14 June 2023) (referred to in the Scheme and in this Scheme Booklet as Scheme Shareholders) to undertake the steps required to give effect to the Scheme.

If all of the Conditions to the Scheme are satisfied or waived (as applicable), Scheme Shareholders will be bound by the Scheme whether or not they:

- participate in the Scheme Meeting;
- vote at the Scheme Meeting; or
- vote against the Scheme at the Scheme Meeting.

1.8 Implementation

If all necessary approvals and other Conditions for the Scheme are satisfied or waived (as applicable), it is proposed that the Scheme will be implemented on the Implementation Date (currently proposed to be Wednesday, 21 June 2023). The Scheme will apply to and bind all Scheme Shareholders. Importantly, no transfer of Scheme Shares under the Scheme will occur unless:

- on the Business Day prior to the Implementation Date (currently proposed to be Tuesday, 20 June 2023) the Bidder has deposited an amount equal to the aggregate Scheme Consideration payable in connection with the Scheme in cleared funds into the Trust Account operated by Vita as trustee for the benefit of the Scheme Shareholders; and
- on the Implementation Date (currently proposed to be Wednesday, 21 June 2023), and subject to the Bidder having deposited the Scheme Consideration into the Trust Account, Vita has paid or procured the payment of the Scheme Consideration to each Scheme Shareholder by mailed cheque or funds transfer to the bank account nominated by the Scheme Shareholder (subject to receipt of an appropriate authority from the relevant Scheme Shareholders).

Only once these steps have occurred will the Scheme Shares be transferred to the Bidder.

In addition, the Bidder has executed the Deed Poll in favour of the Scheme Shareholders, under which, subject to the Scheme becoming Effective, the Bidder undertakes to provide the Scheme

Consideration in accordance with the Scheme. A copy of the Deed Poll is contained in Appendix 2 to this Scheme Booklet.

Having regard to the above matters, the Vita Directors consider that Scheme Shareholders are not exposed to any risk under the Scheme that any transfer of ownership of their Shares will occur without the Scheme Consideration first having been provided to them.

Section 9 describes in further detail the procedural aspects of the Scheme and Section 10 describes how the Scheme will be implemented.

1.9 Warranties provided by Vita Shareholders

The Scheme provides that Scheme Shareholders are taken to have warranted to Vita that:

- all their Vita Shares (including any rights and entitlements attaching to those shares) transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Vita Shares (together with any rights attaching to those shares) to the Bidder under the Scheme;
- all of their Scheme Shares which are transferred to the Bidder under this Scheme will, on the date on which they are transferred to the Bidder, be fully paid; and
- they have no existing right to be issued any Vita Shares, options exercisable into Vita Shares, Vita convertible notes or any other Vita securities.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

1.10 Exclusivity arrangements, competing proposals and break fee arrangements

(a) Exclusivity arrangements

Under the Scheme Implementation Agreement, Vita has agreed to certain exclusivity arrangements in favour of the Bidder. Please refer to Section 2.5(d) for further information on these exclusivity arrangements, and to clause 15 of the Scheme Implementation Agreement for the complete terms of these arrangements.

(b) Competing proposals

Your Directors' recommendation of the Scheme is qualified as applying in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders. As at the date of this Scheme Booklet, no Superior Proposal has been received and your Directors are not aware of any approach that may result in a Superior Proposal emerging. As part of the exclusivity arrangements described in Section 2.5(d), Vita has agreed not to solicit, invite or encourage any Competing Proposal. However, these restrictions do not prevent Vita from considering an unsolicited Competing Proposal. The Bidder has the right (but not the obligation) to match any unsolicited Superior Proposal.

If a Competing Proposal for Vita emerges prior to the Scheme Meeting, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all your Vita Shares.

Please see Section 2.5(d) for further discussion about the implications of any Competing Proposal that may emerge.

(c) Break fee arrangements

Under the Scheme Implementation Agreement:

- Vita has agreed in certain circumstances to pay the Bidder a break fee of \$110,000 (inclusive of GST) (**Vita Break Fee**); and
- the Bidder has agreed in certain circumstances to pay Vita a break fee of \$110,000 (inclusive of GST) (**Bidder Break Fee**).

Please refer to Section 2.5(e) for further information on these break fee arrangements and to clauses 13 and 14 of the Scheme Implementation Agreement for the complete terms of these arrangements.

2. Relevant considerations for Vita Shareholders

2.1 Introduction

The purpose of this Section is to identify significant issues for Vita Shareholders to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, Vita Shareholders should carefully consider the factors discussed below as well as the other information contained in this Scheme Booklet.

Your Directors recommend that you consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your individual circumstances.

2.2 Vita Directors' recommendation and intentions

The Vita Directors as at the date of this Scheme Booklet are:

- Mr Paul Mirabelle (Chairman and Non-Executive Independent Director);
- Mr Peter Connors (Managing Director and Chief Executive Officer);
- Mr Gordon Towell (Non-Executive Independent Director); and
- Ms Maxine Horne (Non-Executive Director).

Profiles of each member of the Vita Board are set out in Section 5.5.

The interests of the Vita Directors in the Scheme are disclosed in Section 11.2.

For the reasons set out in Section 2.3, your Directors unanimously believe that:

- the expected advantages of the Scheme outweigh the potential disadvantages and risks and represent the best option open to Vita; and
- the Scheme is otherwise in the best interest of Vita Shareholders,

in each case, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.

Accordingly, your Directors unanimously recommend that Vita Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.⁸

Subject to those same qualifications, your Directors intend to vote all Vita Shares held or controlled by them, in favour of the Scheme. As at the date of this Scheme Booklet, your Directors hold or control in aggregate approximately 19.26% of all Vita Shares on issue.

No Superior Proposal from another party has been received as at the date of this Scheme Booklet. You are not obliged to accept the Directors' recommendation. Some of the reasons why you may decide to vote against the Scheme are set out in Section 2.4.

⁸ When considering the recommendation of the Chief Executive Officer and Managing Director to vote in favour of the Scheme, Vita Shareholders should have regard to his personal interest as detailed in Section 11.5. This personal interest comprises of a one-off cash retention payment of \$225,000 subject to the Chief Executive Officer remaining with Vita until 5 June 2023 and on the basis that payment of the retention payment will also be subject to the ultimate discretion of the Vita Board. This retention payment is not conditional on the Scheme proceeding. The Vita Board (excluding Mr Connors) considers that, despite the existence and terms of this retention arrangement, it is appropriate for Mr Connors to make a recommendation on the Scheme given his role as the Chief Executive Officer and Managing Director of Vita and that Vita Shareholders would wish to know Mr Connors' views on the Scheme. Mr Connors also considers that it is appropriate for him to make a recommendation on the Scheme.

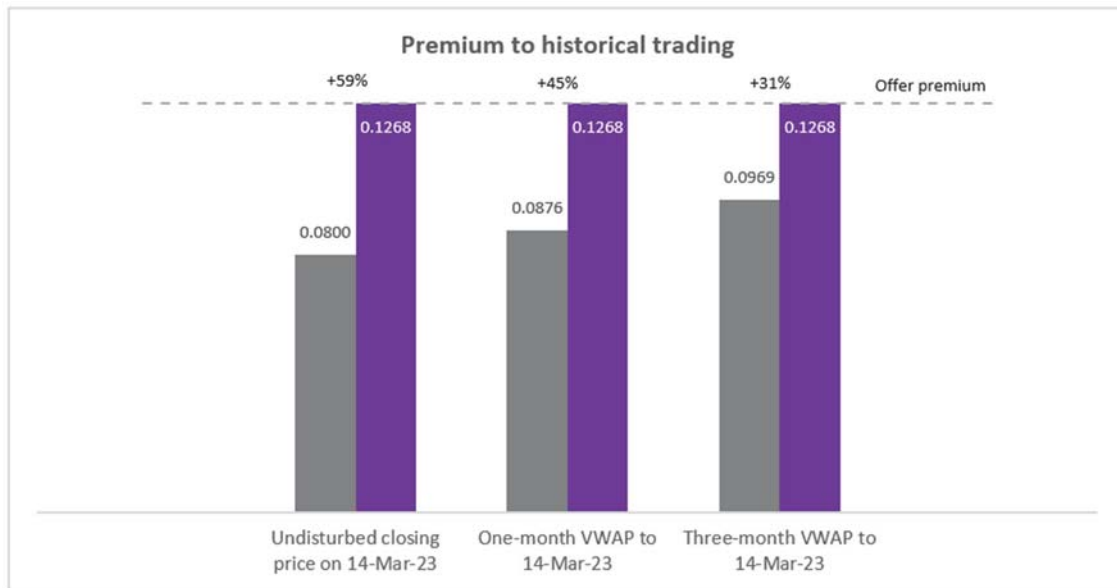
You should note that if you decide to vote against the Scheme, the Scheme will nevertheless proceed if it is approved by the requisite majority of Vita Shareholders, approved by the Court and if the other Conditions are satisfied or waived (see Sections 2.5(a), 2.5(b) and 9).

2.3 Key reasons for Vita Directors' recommendation

(a) The Total Cash Payment of up to \$0.12680 per Vita Share represents an attractive premium over the trading price of Vita Shares prior to announcement of the Scheme

The Total Cash Payment of \$0.12680 per Vita Share (comprising Scheme Consideration to be paid by the Bidder of \$0.06255 for each Vita Share you hold on the Scheme Record Date and the expected fully franked special dividend to be paid by Vita of \$0.06425 for each Vita Share you hold on the Permitted Dividend Record Date), before the benefit of franking credits, represents:

- a 59% premium to Vita's undisturbed closing share price on 14 March 2023 of \$0.0800 per Vita Share being the last trading day prior to the announcement of the Proposed Transaction;
- a 45% premium to the one-month volume weighted average price (**VWAP**)⁹ to 14 March 2023 of \$0.0876 per Vita Share; and
- a 31% premium to the three-month VWAP to 14 March 2023 of \$0.0969 per Vita Share.



⁹ VWAP of Vita Shares based on cumulative trading volume and value up to and including 14 March 2023, being the last trading day prior to the announcement of the Proposed Transaction.

(b) The Scheme provides Shareholders with the opportunity to achieve certainty of value at an attractive premium, thereby avoiding the uncertainties and risks associated with a continuing investment in Vita's business

If the Scheme is implemented, the Total Cash Payment of \$0.12680 per Vita Share provides Vita Shareholders with certainty of value at an attractive premium. The Scheme also facilitates the payment of the Permitted Dividend noting that the Scheme and the Permitted Dividend are commercially integrated in the sense that if the Scheme does not proceed to become Effective, the Permitted Dividend will not be paid.

In contrast, if the Scheme does not proceed, the Permitted Dividend will not be paid and the amount which Vita Shareholders will be able to realise for their Vita Share (in terms of price) and from their Vita Share (by way of future dividends) will necessarily be uncertain.

Vita's Board considers that Vita has growth opportunities, irrespective of whether or not it continues as an independent public company listed on the ASX. Nevertheless, these growth initiatives will take time to fully develop and implement and will require funding noting that Vita is yet to breakeven. In order to continue to operate, expand, improve service offerings, enhance utilisation levels and fund additional marketing spend, further funding (which may or may not be available on terms acceptable to Vita) and capital investment will be required in a challenging economic environment. This carries additional execution risks, some of which are outside the control of Vita and can lead to a reduced share price if the Scheme does not proceed. In addition, the performance of Vita's business will be subject to general economic conditions. For further details of the risks relating to the business and operations of Vita, please refer to Section 7.2.

The Scheme (if implemented) removes these uncertainties for Vita Shareholders.

(c) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interest of Vita Shareholders

Vita's Board has appointed BDO Corporate Finance Ltd to prepare an Independent Expert Report, including an opinion as to whether the Scheme is in the best interest of Vita Shareholders.

The Independent Expert has stated the following:

"In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of \$0.105 to \$0.155 per Vita share on a controlling interest basis. In forming this view, we considered a discounted cash flow ('DCF') methodology, an asset based valuation ('ABV') methodology and a market based valuation ('MBV') methodology.¹⁰

For the purposes of the analysis set out in this Report, we consider it appropriate to adopt a value for the consideration to be received under the Proposed Transaction equal to the Total Cash Payment of \$0.12680. We note that the Cash Consideration and the Permitted Dividend are commercially integrated and if the Scheme does not proceed to become effective, the Permitted Dividend will not be paid.¹¹

¹⁰ Section 2.2.2 of the Independent Expert's Report.

¹¹ Section 2.2.3 of the Independent Expert's Report.

Table 2.1 below summarises our assessment of the fairness of the Proposed Transaction.

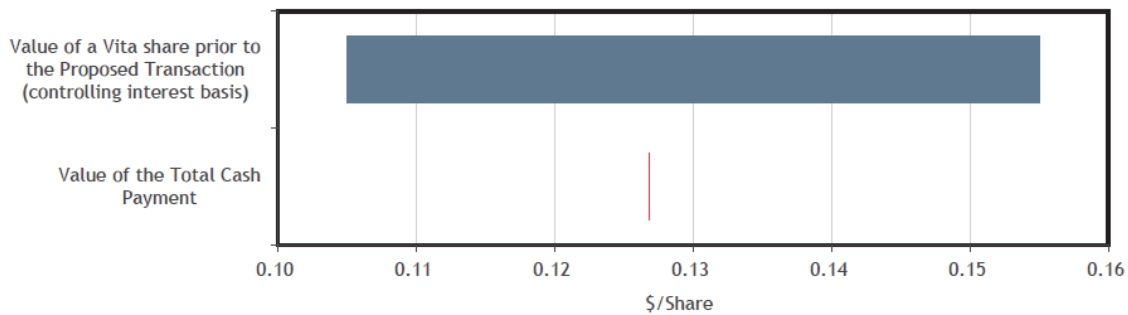
Table 2.1: Assessment of the Fairness of the Proposed Transaction

	Low	High
Value of a Vita Share prior to the Proposed Transaction (controlling interest)	\$0.105	\$0.155
Value of the Total Cash Payment (refer Section 2.2.3)	\$0.12680	\$0.12680

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Proposed Transaction, setting out a graphical comparison of our valuation of a Vita share prior to the Proposed Transaction on a controlling interest basis and the consideration offered to the Shareholders under the Proposed Transaction.

Figure 2.1: Fairness of the Proposed Transaction



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note the Total Cash Payment of \$0.12680 per Vita share is in the range of the value of a Vita share prior to the Proposed Transaction on a controlling interest basis. After considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information or a superior offer, the Proposed Transaction is **Fair** to the Shareholders as at the date of this Report.¹²

As set out in Section 2.2 above, the Proposed Transaction is fair to the Shareholders as at the date of this Report. RG 111 states that an offer is reasonable if it is fair.¹³ In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Reasonable** to the Shareholders as at the date of this Report.¹⁴

After considering the above assessments, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Fair and Reasonable** to the Shareholders as at the date of this Report. On this basis, it is our view that in the absence of any other information or a superior proposal, the Proposed Transaction is in the **Best Interests** of Shareholders as at the date of this Report.¹⁵

(d) No Superior Proposal has emerged as at the date of this Scheme Booklet

Since Vita's announcement on 15 March 2023 that it had entered a Scheme Implementation Agreement with the Bidder, no Superior Proposal has been received and Vita's Board is not otherwise aware of any Superior Proposal.

Vita's Directors will notify Vita Shareholders if a Superior Proposal is received before the Scheme Meeting.

(e) If the Scheme does not proceed and no other proposal emerges, the price of Vita Shares may fall

The closing price of Vita Shares on the ASX on 14 March 2023, being the last trading day before Vita announced it had entered a Scheme Implementation Agreement with Practice

¹² Section 2.2.4 of the Independent Expert's Report.

¹³ Section 2.3.1 of the Independent Expert's Report.

¹⁴ Section 2.3.6 of the Independent Expert's Report.

¹⁵ Section 2.4 of the Independent Expert's Report.

Management Pty Ltd, was \$0.0800 per Share. The price of Vita Share has risen following the announcement on 15 March 2023 to a high of \$0.145.

Your Directors believe there is a real risk that the price of Vita Shares is likely to fall materially, at least in the short term, if the Scheme is not implemented and no Superior Proposal emerges, having regard to the headwinds facing the Vita business and the changing and uncertain macro-economic environment and the continuing impacts of COVID-19.

The Independent Expert has stated that:

If the Proposed Transaction does not proceed, the price of Vita shares may decrease relative to recent trading prices (e.g. from 15 March 2023 to 31 March 2023, Vita shares have traded in the range of \$0.1350 to \$0.1450) and the decrease may be material. As outlined in Section 5.5, prior to the announcement of the Proposed Transaction, Vita shares traded on the ASX with a 6-month VWAP of \$0.1073 and a 1-week VWAP of \$0.0815. This is lower than the Total Cash Payment.

It is important to note that shares in Vita have been valued in this Report on a controlling interest basis to assess the Proposed Transaction. If the Proposed Transaction is not implemented, the price of shares in Vita is likely to change to represent the value of Vita on a minority interest basis.

If the Proposed Transaction is not implemented, it is possible that shares in Vita will trade at a price that is materially lower than the Total Cash Payment of \$0.12680, or even the Cash Consideration amount of \$0.06255 on a standalone basis.¹⁶

2.4 Potential disadvantages of the Scheme

There are some potential reasons to vote against the Scheme that Vita Shareholders should consider in deciding how they should vote at the Scheme Meeting.

(a) You may disagree with the Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interest

Despite the unanimous recommendation by Vita's Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable and therefore in the best interest of Vita Shareholders, you may believe that the Scheme is not in your best interest.

(b) The Scheme carries risks that you may consider unreasonable

In considering the Scheme, you should be aware that there are a number of risk factors, both general and specific, associated with the Scheme, which you may consider unacceptable.

You should read the general outline of risk factors for Vita Shareholders in relation to the Scheme in Section 7.

(c) You may believe there is potential for a Superior Proposal to be received in the foreseeable future (noting that no Superior Proposal has been received as at the date of this Scheme Booklet)

You may consider that a Superior Proposal could emerge in the future. As at the date of this Scheme Booklet, your Directors have not received or otherwise been made aware of any Superior Proposal.

¹⁶ Section 2.3.5 of the Independent Expert's Report.

(d) The taxation implications of the Scheme may not suit your financial position

If the Scheme proceeds, it will potentially result in Australian taxation consequences (including Australian income tax consequences) for Vita Shareholders, which may arise earlier than may otherwise be the case.

You should read the general outline of the taxation implications for Vita Shareholders in relation to the Scheme in Section 8. Vita Shareholders should seek their own professional advice regarding the taxation implications relevant to them.

You should also note that even if the Scheme does not proceed, Australian taxation consequences (including Australian income tax consequences) may arise at any future time that you sell or otherwise dispose of your Vita Shares.

(e) If the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable outcome from maintaining your holding of Vita Shares

If the Scheme proceeds, Vita will cease to be an independent ASX listed company and you will cease to be a shareholder of Vita. In these circumstances, you will lose the ability to participate in any potential upside that may result from maintaining your direct investment in Vita. However, as with all investments in securities, there can be no guarantee as to Vita's future performance if it remains an independent ASX listed entity.

2.5 Other relevant considerations

(a) The Scheme is subject to conditions

In addition to the need to obtain Shareholder approval and Court approval, the Scheme is subject to other Conditions. The Conditions are summarised below. They are set out in full in the Scheme Implementation Agreement which was released to ASX on 15 March 2023.

All Conditions need to be satisfied (or alternatively waived, in the case of certain Conditions that are capable of being waived) in order for the Scheme to proceed.

Conditions applicable to the Scheme

- **ASIC and ASX consents or approvals as are necessary or desirable** – these need to be obtained and remain in place as at the Delivery Time on of the Second Court Date.
- **No change of Vita Board recommendation** – no Vita Director changes, qualifies or withdraws their unanimous recommendation to Vita Shareholders to vote in favour of the Scheme other than as permitted by clause 5.2 of the Scheme Implementation Agreement.
- **No Vita Prescribed Occurrences between 15 March 2023 and the Delivery Time on the Second Court Date** – the prescribed occurrence events mainly relate to changes to Vita's capital structure, payment of dividends other than the Permitted Dividend, asset disposal and insolvency type events. These prescribed occurrence events are subject to exclusions including for matters required to be done under the Scheme Implementation Agreement and the Scheme or done with the Bidder's prior approval.
- **Vita Shareholders approval of the Scheme Resolution** – this Condition is required by law and cannot be waived (it requires that the Scheme be approved by at least a simple majority in number of eligible Vita Shareholders, present and voting at the Scheme Meeting, and at least 75% of the total number of votes cast at the Scheme Meeting).

- **Court approval of the Scheme** – this Condition is also required by law and cannot be waived.
- **Independent Expert** – the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interest of Vita Shareholders and the Independent Expert maintaining that opinion (including by not withdrawing, qualifying or changing that opinion) at all times up to the Second Court Date.
- **No Material Adverse Change in relation to Vita between 15 March 2023 and the Delivery Time on the Second Court Date** – a Material Adverse Change is defined by reference to specific, objectively ascertainable events and embodies a number of exclusions. For further details, please refer to the definition of Material Adverse Change in the Scheme Implementation Agreement and below in Section 7.3.
- **Restraints** – no legal or regulatory restraint is in place that prevents, prohibits or materially restricts the implementation of the Scheme at the Delivery Time on the Second Court Date.

Your Directors have reviewed the Conditions of the Scheme and do not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature. As at the date of this Scheme Booklet, your Directors are not aware of any matter that would result in a breach or non-fulfilment of any of the Conditions of the Scheme.

(b) The Scheme delivers an 'all or nothing' outcome

If all of the Scheme Conditions are satisfied or waived (as applicable):

- it will bind all persons registered as Vita Shareholders as at the Scheme Record Date for the Scheme (being Scheme Shareholders), including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against the Scheme, meaning that all persons who are Scheme Shareholders will relinquish ownership of their Vita Shares and will be entitled to receive the Scheme Consideration; and
- Vita will become wholly owned by the Bidder and Vita will be delisted from ASX.

Conversely if all of the Scheme Conditions are not satisfied or waived (as applicable), the status quo will be preserved, meaning that:

- Vita Shareholders will retain all of their Vita Shares;
- the existing Vita Board will continue to operate Vita's business;
- the expected advantages of the Scheme, as outlined in Section 2.3, will not be realised and equally some of the potential disadvantages, as outlined in Section 2.4, will no longer be relevant; and
- Vita Shareholders will retain their current investment in Vita Shares and in doing so will continue to retain the benefits of that investment and continue to be exposed to the risks associated with that investment. Those risks include ones that are specific to Vita's business (see Section 7.2).

(c) Transaction costs

Vita Shareholders

If the Scheme proceeds, Vita Shareholders will not be required to pay any brokerage charges on the disposal of their Vita Shares under the Scheme.

Vita

As at the date of this Scheme Booklet, Vita has incurred (or expects to incur) costs of approximately \$1,400,000 to \$1,500,000 (excluding GST) in developing the Scheme to the point that it is capable of being submitted to Vita Shareholders as a formal proposal for their consideration. These costs include negotiations with the Bidder, the retention of advisers, engagement of the Independent Expert and preparation of this Scheme Booklet as well as retention payments to senior executives (including the retention payment to the Chief Executive Officer) - see Section 11.5.

If the Scheme does not proceed and no Superior Proposal is implemented, Vita's results for the full year ending 30 June 2023 will be negatively impacted by the transaction costs incurred in proposing the Scheme.

(d) Exclusivity arrangements

The following is a summary of the exclusivity arrangements agreed to in the Scheme Implementation Agreement. The full terms of these exclusivity arrangements are set out in the Scheme Implementation Agreement.

Existing discussions

As at the date of the Scheme Implementation Agreement, Vita represented and warranted to the Bidder that:

- none of the members of the Vita Group were party to any agreement or participating in any discussion or negotiations or other communications, and has terminated any existing discussions, negotiations or other communication, with third parties that could reasonably be expected to lead to a Competing Proposal or facilitate a Competing Proposal;
- it has ceased to provide or make available any non-public information in relation to Vita Group to a third party where such information was provided for the purpose of facilitating, or could reasonably be expected to lead to, a Competing Proposal; and
- any third party who had in the 12 months prior to the date of the Scheme Implementation Agreement been provided with non-public information on Vita for the purpose of such third party developing a Competing Proposal has been asked to return or destroy that non-public information.

No shop

During the Exclusivity Period, Vita must not and must ensure that its Related Bodies Corporate and any of the Authorised Persons of Vita or any of its Related Bodies Corporate do not, except with the prior written consent of the Bidder, directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, proposals, negotiations or discussions with any person (other than of the Bidder) in relation to, or that may reasonably be expected to lead to, a Competing Proposal or communicate any intention to do any of those things.

No talk

During the Exclusivity Period, Vita must not and must ensure that none of its Related Bodies Corporate nor any of their Authorised Persons (whether directly or indirectly):

- negotiate or enter into or participate in negotiations or discussions with any person (other than any of the Bidder); or
- communicate any intention to do any of these things,

in relation to, or that may reasonably be expected to lead to a Competing Proposal, even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Vita or any of its Related Bodies Corporate, or even if that person has publicly announced the Competing Proposal.

No due diligence

Except with the prior written consent of the Bidder, Vita must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:

- solicit, invite, initiate, or encourage, or facilitate or permit, any person (other than the Bidder) to undertake due diligence investigations in respect of Vita, its Related Bodies Corporate or any of its businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formation, development or finalisation of, a Competing Proposal; or
- make available to any person (other than the Bidder) or permit any such person to receive any non-public information relating to Vita, its Related Bodies Corporate any of its businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

Notice of Competing Proposal

During the Exclusivity Period, Vita must promptly (and in any event, within 48 hours) notify the Bidder in writing of the receipt of any approach, inquiry or proposal made by any person to Vita, any of its Related Bodies Corporate or any of their respective Authorised Persons, that could reasonably be expected to lead to a Competing Proposal or any request made by any person for any information relating to Vita, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

Exceptions to exclusivity provisions

The No Talk and No due diligence provisions do not apply if the Vita Board determines, where there is a bona fide Competing Proposal, that:

- after taking written advice from its financial advisers and legal advisers, the Competing Proposal is a Superior Proposal or may reasonably be expected to lead to a Competing Proposal which is a Superior Proposal; and
- failing to respond to that Competing Proposal may constitute a breach of the fiduciary or statutory duties of any member of the Vita Board to Vita.

Matching right

Under the Scheme Implementation Agreement, if Vita receives a Competing Proposal and as a result any Director proposes to:

- change, withdraw or modify his or her Recommendation or Voting Intention; or
- approve or recommend entry into any agreement, commitment or arrangement or understanding relating to the Competing Proposal (other than an Acceptable Confidentiality Agreement),

Vita must ensure that no Director does so unless:

- the Competing Proposal is bona fide;
- until each of the following has occurred:
 - Vita has provided the Bidder with written notice of the Director's intention, including details of the grounds on which the Director proposes to take such action;
 - Vita has provided the Bidder with written notice of the material terms and conditions of the Competing Proposal, including the identity of any person making the Competing Proposal (subject to limited exceptions), the price, form of consideration, conditions, proposed timing and any break fee of the proposal; and
 - Vita has given the Bidder at least five Business Days after the provision of all of the material terms and conditions of the Competing Proposal (as described above) to provide a written proposal that is equivalent or superior to the Competing Proposal.

(e) Break fee arrangements

Under the Scheme Implementation Agreement:

- Vita has agreed in certain circumstances to pay the Bidder a break fee of \$110,000 (inclusive of GST) (**Vita Break Fee**); and
- the Bidder has agreed in certain circumstances to pay Vita a break fee of \$110,000 (inclusive of GST) (**Bidder Break Fee**).

These break fee arrangements are summarised below.

Vita Break Fee

A break fee of \$110,000 (including GST) is payable by Vita to the Bidder in any of the following circumstances:

- (**Competing Proposal succeeds**) between signing of the Scheme Implementation Agreement and the End Date, a Competing Proposal is publicly announced by Vita and within 9 months from that announcement (or variation), either the Competing Proposal is (i) implemented or completed or (ii) a person or persons (other than the Bidder) acquires at least 50% of Vita, except in respect of (i):
 - if a person or persons:
 - acquire a Relevant Interest or Voting Power of more than 20% of the Shares in Vita; or

- enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of the Shares of Vita,

(except where either has occurred as a result of an issue of new Shares in Vita; and

- if a Competing Proposal does not result in:
 - a person or persons acquiring, obtaining a right to acquire, or otherwise obtaining an economic interest in, 50% or more by value of the business or property of Vita;
 - Vita ceasing to be admitted to the official list of ASX or the Shares would cease to be officially quoted on the market operated by ASX;
 - that proposal otherwise competing with, or be inconsistent in any material respect with the consummation of, the Proposed Transaction, and would require the Bidder or Vita to abandon the Proposed Transaction;
- **(Change of recommendation)** any Director adversely modifies or withdraws their recommendation of the Proposed Transaction, does not recommend in the Scheme Booklet that Vita Shareholders approve the Scheme or makes a public statement to the effect that the Scheme is not or is no longer recommended, except where that act is because of:
 - a Director subsequently determining (after obtaining written advice from independent senior counsel) that they have a material personal interest in the Proposed Transaction and should abstain from making a voting recommendation;
 - a negative independent expert's opinion is received on the Scheme (other than where the reason for that opinion is a Competing Proposal); or
 - in circumstances where Vita is entitled to terminate the Scheme Implementation Agreement for a material unremedied breach by the Bidder; or
- **(Material breach)** the Bidder terminates the Scheme Implementation Agreement due to a material unremedied breach of the agreement by Vita.

If the Vita Break Fee is paid, the liability of Vita under the Scheme Implementation Agreement is limited to the Vita Break Fee, meaning that the payment of the Vita Break Fee would operate as the Bidder's sole and exclusive remedy.

The Vita Break Fee is not payable merely because Vita Shareholders do not approve the Scheme.

The Vita Break Fee is not payable if Vita becomes entitled to the Bidder Break Fee (see below).

Bidder Break Fee

A reverse break fee of \$110,000 (including GST) is payable by the Bidder to Vita in any of the following circumstances:

- **(Failure to provide Scheme Consideration)** the Scheme becomes Effective but the Bidder fails to provide the Scheme Consideration and such failure is not remedied within 5 Business Days of written notice from Vita to the Bidder or such other later date as agreed by the parties; or

- **(Other material unremedied breaches)** Vita terminates the Scheme Implementation Agreement due to a material unremedied breach of the Scheme Implementation Agreement by the Bidder or of a warranty by the Bidder.

2.6 What are your options?

The following principal options are available to Vita Shareholders. Your Directors encourage you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Vita Shares.

<p>Vote in favour of the Scheme</p>	<p>This is the course of action unanimously recommended by your Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.</p> <p>To follow your Directors' unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting. For the Scheme to proceed, the Scheme must be approved by the requisite majorities of Vita Shareholders.</p> <p>For a summary of how to vote on the Scheme, please refer to Section 4.</p>
<p>Vote against the Scheme</p>	<p>If, despite your Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.</p> <p>However, if all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will bind all Vita Shareholders on the Scheme Record Date, including those who were not present at the Scheme Meeting, those who voted against the Scheme Resolution and those who did not vote.</p>
<p>Seek to sell some or all your Vita Shares</p>	<p>The existence of the Scheme does not preclude you from selling some or all of your Vita Shares on market for cash, if you wish, provided you do so before close of trading in Vita Shares on ASX on the Effective Date (currently proposed to be Friday, 9 June 2023). You will not be able to sell your Vita Shares on market after the Effective Date, as this will be the last day of trading in Vita Shares on ASX before trading in Vita Shares on ASX is suspended.</p> <p>You may however seek to sell your Vita Shares off market after the Effective Date but before the Scheme Record Date (currently proposed to be 7.00pm on Wednesday, 14 June 2023).</p> <p>If you are considering selling your Vita Shares, you should have regard to the prevailing trading prices of Vita Shares and compare those to the Scheme Consideration under the Scheme. You may ascertain current trading prices of Vita Shares through ASX's website (www.asx.com.au) or by contacting your stockbroker.</p> <p>Vita Shareholders who sell some or all of their Vita Shares:</p> <ul style="list-style-type: none"> • will receive payment for the sale of their Vita Shares sooner than they would receive their Scheme Consideration;

	<ul style="list-style-type: none"> • will not be able to receive the Permitted Dividend, if they sell their Vita Shares so that they cease to be Shareholders before the Permitted Dividend Record Date; • may incur a brokerage charge if the Vita Shares are sold on market; • will not be able to receive the Scheme Consideration or be entitled to the benefits of any Superior Proposal, if one emerges (but only for those Vita Shares they have sold, if they have chosen to sell some but not all of their Vita Shares); and • may be liable for CGT on the disposal of their Vita Shares (as may also be the case for Scheme Shareholders, as to which see Section 8).
Do nothing	<p>Eligible Vita Shareholders who do not vote at the Scheme Meeting will:</p> <ul style="list-style-type: none"> • if the Scheme is implemented – have their Vita Shares compulsorily transferred to the Bidder by operation of the Scheme, and, if they are registered as Shareholders on the Scheme Record Date, be entitled to receive the Total Cash Payment under the Scheme; and • if the Scheme is not implemented – retain their Vita Shares.

3. Frequently asked questions

Set out below are summary answers to some frequently asked questions about the Proposed Transaction. This information is a summary only and is not intended to address all relevant issues for Vita Shareholders. This Section 3 should be read subject to, and in conjunction with, the remainder of this Scheme Booklet.

A. GENERAL

Question	Answer	Further information
What are Vita Shareholders being asked to consider?	<p>Vita Shareholders are being asked to consider and vote on a scheme of arrangement for the acquisition by the Bidder of Vita Shares.</p> <p>The Scheme is being submitted to Vita Shareholders as a proposed transaction, and on the basis that the Scheme will only proceed if the Scheme is approved by the requisite majorities of Vita Shareholders and by the Court.</p>	Sections 1 and 2.
What is the Scheme?	<p>The Scheme is a proposal under which Vita Shareholders will transfer all of their Vita Shares to the Bidder in exchange for the Scheme Consideration.</p> <p>If the Scheme proceeds, the Bidder will own 100% of the Vita Shares and Vita will be delisted from ASX shortly after the Implementation Date.</p>	Sections 1, 2, and 9.
What is a members' scheme of arrangement?	<p>A members' scheme of arrangement is a procedure under the Corporations Act that can be used to (among other things) enable one company to acquire or merge with another company.</p> <p>The Scheme can only proceed if it is approved by the requisite majorities of Vita Shareholders and if it is subsequently approved by the Court.</p>	Sections 1, 2, and 9 and the Scheme included at Appendix 3.
What are the key conditions that need to be satisfied before the Scheme can proceed?	<p>The key remaining conditions that must be satisfied or waived (as applicable) for the Scheme to proceed are:</p> <ul style="list-style-type: none">• ASIC and ASX consents or approvals are obtained and remain in place as at the Delivery Time on of the Second Court Date;• no change in the current voting recommendation of the Vita Directors;	Section 2.5(a).

Question	Answer	Further information
	<ul style="list-style-type: none"> • no Vita Prescribed Occurrence occurs between 15 March 2023 and the Delivery Time on the Second Court Date; • passing of the Scheme Resolution by the requisite majorities of Vita Shareholders at the Scheme Meeting (at least a simple majority in number of eligible Vita Shareholders present and voting at the Scheme Meeting, representing at least 75% of the total number of votes cast at the Scheme Meeting); • approval of the Scheme by the Court; • the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interest of Vita Shareholders and the Independent Expert maintaining that opinion at all times up to the Second Court Date; • no Material Adverse Change occurs in relation to Vita between 15 March 2023 and the Delivery Time on the Second Court Date; and • no court or Government Agency in Australia restrains or prohibits implementation of the Scheme. <p>Vita will make a statement at the commencement of the Scheme Meeting regarding the status of these conditions.</p>	
<p>Are there any other circumstances that may result in the Scheme not proceeding?</p>	<p>Vita and the Bidder have entered into a Scheme Implementation Agreement which provides a contractual framework for proposing and implementing the Scheme.</p> <p>The Scheme Implementation Agreement sets out circumstances where that agreement may be terminated, in which case the Scheme will not proceed. In summary:</p> <p>(Mutual termination rights) The Bidder and Vita each have a mutual right to terminate the Scheme Implementation Agreement in the following circumstances:</p> <ul style="list-style-type: none"> • if a condition is not satisfied or waived before the End Date and the parties are unable to agree in accordance with the 	<p>Section 9.4 and Scheme Implementation Agreement, clause 12.</p>

Question	Answer	Further information
	<p>Scheme Implementation Date to amend the transaction or extend the End Date;</p> <ul style="list-style-type: none"> • if there is material breach of the Scheme Implementation Agreement by the other party that is not remedied within 5 Business Days; • if the Court refuses to make an order that the Scheme Meeting be convened; or • if the Scheme does not become Effective before the End Date. <p>(Vita termination rights) Vita is also entitled to terminate the Scheme Implementation Agreement if:</p> <ul style="list-style-type: none"> • a majority of the Directors change or withdraw their recommendation or voting intention in relation to the Scheme; and • a Bidder warranty is not true and correct and where that breach of representation and warranty is material in the context of the transaction and the Bidder has failed to remedy that breach within 10 Business Days. <p>(Bidder termination rights) The Bidder is also entitled to terminate the Scheme Implementation Agreement if any Director:</p> <ul style="list-style-type: none"> • fails to provide their Recommendation or Voting Intention; • withdraws, adversely changes, modifies or qualifies their Recommendation or Voting Intention; • makes a public statement indicating that they no longer recommend the Scheme, or no longer intends to vote in favour of the Scheme • recommends, endorses or supports a Competing Proposal; and • a Vita warranty is not true and correct and where that breach of representation and warranty is material in the context of the transaction and the Bidder has failed to remedy that breach within 10 Business Days. 	

Question	Answer	Further information
If the Scheme proceeds, what will be the effect?	The Bidder will acquire Vita and Vita will be de-listed from ASX. Vita Shareholders will on the Implementation Date (currently expected to be Wednesday, 21 June 2023) receive the Scheme Consideration applicable to them under the terms of the Scheme.	Sections 1, 2, and 9.
What happens if the Scheme does not proceed?	<p data-bbox="515 495 1121 600">If the Scheme is not approved by Vita Shareholders or if the Scheme is not approved by the Court:</p> <ul data-bbox="515 622 1121 1809" style="list-style-type: none"> <li data-bbox="515 622 1121 689">• the Bidder will not acquire control of Vita; <li data-bbox="515 701 1121 768">• you will not receive the Scheme Consideration under the Scheme; <li data-bbox="515 779 1121 846">• no Permitted Dividend will be declared and paid; <li data-bbox="515 857 1121 887">• Vita will remain listed on ASX; <li data-bbox="515 898 1121 1211">• you will retain your current investment in Vita Shares and in doing so will continue to retain the benefits of an investment in Vita Shares and continue to be exposed to the risks presently associated with this investment. These include general risks of holding the Shares and risks that are specific to Vita and its businesses as described in Section 7.2; <li data-bbox="515 1223 1121 1328">• the advantages of the Scheme, as outlined in Section 2.3, will not be realised; <li data-bbox="515 1339 1121 1444">• equally, the disadvantages of the Scheme identified in Section 2.4 will no longer be relevant; <li data-bbox="515 1456 1121 1624">• Vita will have incurred substantial costs and expended management time and resources for a proposed change of control transaction that does not proceed; and <li data-bbox="515 1635 1121 1809">• your Directors believe there is a real risk that the price of Vita Shares is likely to fall materially, at least in the short term, if the Scheme is not implemented and no Superior Proposal emerges. 	Sections 1 and 2.

Question	Answer	Further information
Are there any risks I should be aware of?	<p>Yes. There are risks associated with the status quo being preserved if the Scheme does not proceed including continuing exposure to the risks associated with an investment in Vita Shares.</p> <p>There are also risk factors which may prevent the Scheme from proceeding.</p>	Section 7.
What are my options?	<p>As a Vita Shareholder, your principal options are as follows:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme Resolution; • vote against the Scheme Resolution; • seek to sell some or all your Vita Shares on or before the Effective Date; or • do nothing. 	Section 2.6.
Can I sell my Vita Shares now?	<p>Yes. Vita Shareholders may seek to sell all or some of their Vita Shares on ASX at the prevailing market price at any time before the close of trading on ASX on the Effective Date (which is currently expected to be Friday, 9 June 2023). You will not be able to sell your Vita Shares on market after the Effective Date, as this will be the last day of trading in Vita Shares on ASX before trading in Vita Shares on ASX is suspended.</p> <p>You may however seek to sell your Vita Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be Wednesday, 14 June 2023).</p> <p>If you sell your Vita Shares before the Scheme Record Date you:</p> <ul style="list-style-type: none"> • will receive the proceeds from the sale of your Vita Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); • will not be able to receive the Permitted Dividend, if you sell your Vita Shares so that you cease to be a Shareholder prior to the Permitted Dividend Record Date; • may incur a brokerage charge if you sell your Vita Shares on market; 	Sections 1 and 9.

Question	Answer	Further information
	<ul style="list-style-type: none"> • will not be entitled to any Scheme Consideration; and • will not be able to participate in the Scheme or a Superior Proposal, if one emerges. <p>In addition:</p> <ul style="list-style-type: none"> • if you buy (additional) Vita Shares and you are not registered as the holder of those Securities until after the Permitted Dividend Record Date, those Vita Shares will not carry for your benefit any right to the Permitted Dividend; and • conversely, if you sell your Vita Shares through an off-market transfer so that you cease to be the registered holder of those Securities after the Permitted Dividend Record Date but before the Scheme Record Date, you will receive the Permitted Dividend but not the Scheme Consideration. 	
<p>Will I be giving any warranties in respect of my Vita Shares?</p>	<p>Yes. Under the Scheme, each Vita Shareholder will be taken to have warranted to Vita, in its own right and for the benefit of the Bidder, that all of their Vita Shares (including any rights and entitlements attaching to their Vita Shares) which are transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, all of their Scheme Shares which are transferred to the Bidder under this Scheme will, on the date on which they are transferred to the Bidder, be fully paid, and that they have full power and capacity to transfer their Vita Shares under the Scheme together with any rights attaching to the Scheme Shares and that they have no existing right to be issued any Vita Shares, options exercisable into Vita Shares, Vita convertible notes or any other Vita securities.</p> <p>You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.</p>	<p>Appendix 3 and Scheme Implementation Agreement (clause 9.3).</p>

B. BIDDER

Question	Answer	Further information
Who is the Bidder?	<p>The Bidder (being Practice Management Pty Ltd ACN 128 741 515) is an Australian proprietary company which is wholly-owned by A.C.N. 002 889 545 Pty Ltd ACN 002 889 545. The Bidder is ultimately held by the Bidder Parent.</p> <p>The Bidder is the company that will be acquiring your Vita Shares under the Scheme in consideration for the Scheme Consideration.</p>	Section 6
How is the Bidder funding the Scheme Consideration under the Scheme?	<p>The Bidder will fund the Scheme Consideration by utilising an unconditional funding arrangement with the Bidder Parent which will fund such amount from its existing cash reserves.</p> <p>On that basis, the Bidder is of the view that it will be able to satisfy its obligations to provide the Scheme Consideration in accordance with the terms of the Scheme.</p>	Section 6.4
What are Bidder's intentions for Vita if the Scheme proceeds?	Further information on the Bidder is available in Section 6.	Section 6.5

C. SCHEME CONSIDERATION

Question	Answer	Further Information
What will I receive if the Scheme is implemented?	<p>If the Scheme is approved and implemented, Vita Shareholders at the relevant record dates will receive the Total Cash Payment of \$0.12680 per Vita Share comprising the following components:</p> <ul style="list-style-type: none"> the Scheme Consideration of not less than \$0.06255 per Vita Share; and if the expected Permitted Dividend is declared, a Permitted Dividend of \$0.06425 per Vita Share. <p>If Vita pays the Permitted Dividend (if declared), those Vita Shareholders who are entitled to the franking credits attached to the Permitted Dividend may be entitled to an</p>	Sections 1, 2 and 9.

Question	Answer	Further Information
	<p>Australian tax offset of up to a maximum of \$0.02754 of additional value per Vita Share.</p>	
<p>When and how will I receive my Scheme Consideration?</p>	<p>If the Scheme is implemented, the Scheme Consideration will be paid to all Vita Shareholders on the Implementation Date (currently proposed to be Wednesday, 21 June 2023).</p> <p>If you have validly registered your bank account details with the Share Registry (by the Scheme Record Date), you will have your Scheme Consideration credited directly to your bank account. Otherwise, you will have your Scheme Consideration sent by cheque to your address shown on the Share Register.</p> <p>To update your banking instructions, you can do so by visiting the Computershare Easy Update portal.</p> <p>https://computershare.com.au/easyupdate/VTG</p>	<p>Sections 1, 9, and Appendix 3.</p>
<p>What are the Australian taxation implications of the Scheme?</p>	<p>If the Scheme is implemented, there will be tax consequences for you which may include tax being payable on any gain on disposal of Vita Shares. For taxation purposes, the Scheme Consideration may be taken to include any Permitted Dividend received.</p> <p>For further detail regarding general Australian taxation consequences of the Scheme for certain Vita Shareholders, please see Section 8. The taxation treatment may vary depending on the nature and characteristics of each Vita Shareholder and their specific circumstances. Accordingly, you should seek your own professional taxation advice in relation to your particular circumstances.</p> <p>Note that for a Vita Shareholder that is known or reasonably believed to be a foreign resident, the Bidder may be required to withhold 12.5% from the Scheme Consideration payable in respect of their Vita Shares for capital gains tax purposes. This withholding requirement should not apply if the Bidder receives from the relevant Vita Shareholder a valid vendor declaration that: (a) the Vita Shareholder is an Australian tax resident, or (b) the relevant Vita</p>	<p>Section 8.</p>

Question	Answer	Further Information
	<p>Shares are not indirect Australian real property interests.</p> <p>Please see Section 8 for details on the foreign resident capital gains withholding regime and actions required of you if you are considered likely to be a "relevant foreign resident".</p>	
<p>Will I have to pay brokerage fees or stamp duty?</p>	<p>No, you will not have to pay brokerage or stamp duty on the transfer of your Vita Shares under the Scheme.</p> <p>If you dispose of your Vita Shares before the Scheme Record Date, brokerage fees may be payable.</p>	<p>Section 8</p>

D. QUESTIONS ABOUT THE PERMITTED DIVIDEND

Question	Answer	Further Information
<p>What is the Permitted Dividend?</p>	<p>The Vita Board has announced an intention to declare and pay a fully franked Permitted Dividend of up to \$0.06425 per Vita Share if the Scheme becomes Effective.</p> <p>The Permitted Dividend has not yet been declared by the Vita Board and remains at the absolute discretion of the Vita Board.</p> <p>The decision whether or not to declare the Permitted Dividend will be made by the Vita Board subject to:</p> <ul style="list-style-type: none"> • the requirements of the Corporations Act; • the availability of cash (as noted in Section 1.3, the Bidder has agreed to provide a loan of \$5,600,000 to Vita to partially fund the Permitted Dividend which would require a total cash payment of approximately \$11,300,000), retained earnings and franking credits; and • the contractual requirement under the Scheme Implementation Agreement for there to be not less than \$21,500,000 of franking credits following payment of the Permitted Dividend. <p>However, based on the information currently available, the Vita Board expects to be in a</p>	<p>Section 1.3.</p>

Question	Answer	Further Information
	<p>position to conclude that paying the Permitted Dividend of \$0.06425 per Vita Share would be fair and reasonable to Vita's shareholders as a whole and would not materially prejudice Vita's ability to pay its creditors.</p> <p>In addition, If the Permitted Dividend is declared, it will be declared on the basis that it is conditional on the Scheme becoming effective.</p> <p>The decision whether or not to declare the Permitted Dividend will be made by the Vita Board and will be communicated to Vita Shareholders by way of an ASX announcement prior to the Proxy Cut-Off Date for the Scheme Meeting and in any event no later than Monday, 29 May 2023.</p> <p>If the Permitted Dividend is declared by the Vita Board, it will form part of the Total Cash Payment to be received by Vita Shareholders if the Scheme becomes Effective.</p>	
Am I eligible to receive the Permitted Dividend?	If the Permitted Dividend is declared, the Scheme becomes Effective, and you hold Vita Shares on the Permitted Dividend Record Date, you will be eligible to receive the Permitted Dividend for each Vita Share that you hold on that date.	Section 1.3.
When will I receive the Permitted Dividend?	<p>If the Scheme becomes Effective and the Permitted Dividend is declared, the Permitted Dividend will be paid to Vita Shareholders on the Implementation Date.</p> <p>The Permitted Dividend (if declared) will be conditional on the Scheme becoming Effective.</p> <p>If the Scheme does not become Effective, the Permitted Dividend will not be paid to Vita Shareholders.</p>	Section 1.3.
Will the Permitted Dividend be franked?	Vita intends that the Permitted Dividend (if declared) will be fully franked.	Sections 1.6 and 8.
Will I get the benefit of the franking credits attached to the Permitted Dividend?	If the Permitted Dividend is declared, Vita Shareholders who hold Vita Shares on the Permitted Dividend Record Date may receive franking credits of up to \$0.02754 per Vita Share (the amount of franking	Sections 1.6 and 8.

Question	Answer	Further Information
	<p>credits will depend on the amount of the Permitted Dividend. The implications of receiving these franking credits will depend upon the tax profile of the recipient Vita Shareholder. If you are an Australian resident for tax purposes and satisfy the qualified person rules, you may be able to access franking credits attached to the Permitted Dividend. In some instances, the franking credits received may be refundable to you. If you are not an Australian resident for tax purposes, you should not be able to access franking credits attached to the Permitted Dividend, but the Permitted Dividend should not be subject to Australian tax.</p> <p>Further information is provided at Section 8. The comments in Section 8 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Permitted Dividend.</p>	

E. DIRECTORS' RECOMMENDATIONS AND INTENTIONS

Question	Answer	Further Information
<p>Who are the Directors?</p>	<p>The Directors of Vita as at the date of this Scheme Booklet are:</p> <ul style="list-style-type: none"> • Paul Mirabelle, Independent Non-Executive Chairman • Maxine Horne, Non-Executive Director • Gordon Towell, Independent Non-Executive Director • Peter Connors, Chief Executive Officer and Managing Director 	<p>Sections 1 and 2.</p>
<p>What do the Vita Directors recommend?</p>	<p>Your Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders.</p>	<p>Sections 1 and 2.</p>

Question	Answer	Further Information
How are the Vita Directors going to vote?	Each Director intends to vote all Vita Shares they hold or control in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders. As at the date of this Scheme Booklet, your Directors hold or control in aggregate approximately 19.26% of all Vita Shares on issue.	Sections 1 and 2.
What happens if a Superior Proposal emerges?	<p>Vita announced on 15 March 2023 that it had entered into a definitive Scheme Implementation Agreement with the Bidder in relation to the Scheme.</p> <p>No Superior Proposal has emerged as at the date of this Scheme Booklet. Under the Scheme Implementation Agreement, Vita is bound by certain exclusivity obligations, including in relation to Competing Proposals. None of those exclusivity obligations preclude Vita from responding to any unsolicited Competing Proposal that may emerge.</p>	Sections 1 and 2.
What happens if a Competing Proposal for Vita emerges?	<p>If an unsolicited Competing Proposal for Vita is received before the Scheme Meeting, your Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all of your Vita Shares.</p> <p>The Bidder has a right to match any unsolicited Superior Proposal if one is received by Vita. Any change of your Directors' current recommendation in response to a Competing Proposal may result in Vita being obliged to pay a break fee of \$110,000 (inclusive of GST) to the Bidder.</p>	Sections 1 and 2.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interest of Vita Shareholders, in the absence of a Superior Proposal.	Appendix 1.

Question	Answer	Further Information
	The Independent Expert has assessed the value of Vita on a controlling interest basis between \$0.105 and \$0.155 per Vita Share. ¹⁷	

F. VOTING

Question	Answer	Further Information
What am I being asked to vote on?	As a Vita Shareholder, you are being asked to vote at the Scheme Meeting on whether the Scheme should proceed.	Section 4.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be conducted as a hybrid meeting at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street Brisbane 4000 commencing 11.00am on Monday, 5 June 2023, at the physical venue and via the following online link https://meetnow.global/MPHRM49 that allows for remote participation.	Section 4.
What voting majority is required to approve the Scheme Resolution?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by:</p> <ul style="list-style-type: none"> a majority in number (more than 50%) of eligible Vita Shareholders present and voting at the relevant Scheme Meeting (personally or by proxy, attorney, or in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative) (Headcount Test); and at least 75% of the total number of votes which are cast at the relevant Scheme Meeting by eligible Vita Shareholders (personally or by proxy, attorney, or in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative). <p>The Scheme must also be approved by the Court before it can become Effective. The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.</p>	Section 4.1.

¹⁷

See Section 2.2.2 of the Independent Expert's Report.

Question	Answer	Further Information
Am I entitled to vote?	If you are registered as a Vita Shareholder on the Share Register at 11.00am on 3 June 2023, you will be entitled to attend and vote at the Scheme Meeting.	Section 4.
Is voting compulsory?	<p>No, voting is not compulsory. However, the Scheme can only proceed if the Scheme Resolution is passed by the requisite majorities of Vita Shareholders. Therefore, voting is important and the Directors strongly encourage you to vote.</p> <p>If the Scheme is implemented, you will be bound by the Scheme whether or not you were present at the Scheme Meeting, whether or not you voted and whether or not you voted in favour of the Scheme Resolution or against the Scheme Resolution.</p>	Sections 4 and 9.
How do I vote if I'm unable to attend the Scheme Meeting or if I don't wish to do so?	<p>If you are unable to attend the Scheme Meeting including by logging in online or if you do not wish to do so, you may vote by completing and lodging the Proxy Form for the Scheme Meeting. The Proxy Form can be lodged by mail or by fax.</p> <p>By mail: Computershare Investor Services Pty Limited GPO Box 242, Melbourne VIC 3001, Australia</p> <p>By fax: 1800 783 447 within Australia or +61 3 9473 2555 outside Australia</p> <p>Alternatively, you may choose to appoint a proxy for the Scheme Meeting online.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p>	Section 4.
When will the result of the Scheme Meeting be known?	<p>The result of the Scheme Meeting will be announced online and to ASX after the conclusion of the Scheme Meeting.</p> <p>Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme will only proceed if Court approval of the Scheme is obtained and all of the other conditions to the Scheme are satisfied or, if applicable, waived.</p>	Section 4.

Question	Answer	Further Information
What should I do if I wish to support the Scheme?	<p>If you support the Scheme you should attend the Scheme Meeting by logging in online personally or by proxy and vote in favour of the Scheme Resolution.</p> <p>Alternatively, you may lodge proxy votes in favour of the Scheme Resolution.</p>	Section 4.
What should I do if I wish to oppose the Scheme?	<p>If you do not support the Scheme:</p> <ul style="list-style-type: none"> • you should attend the Scheme Meeting, either by logging in online personally or by proxy, and vote against the Scheme Resolution; and/or • if Shareholders pass the Scheme Resolution at the Scheme Meeting, you may wish to oppose the approval of the Scheme, by filing and serving a notice of opposition and any other supporting documents on Vita by at least one day before the Second Court Date and attending the Second Court Hearing. 	Sections 4.4 and 10.3.
Can I be bound by the Scheme if I do not vote or if I vote against its approval?	<p>Yes. If the Scheme becomes Effective and you hold any Vita Shares on the Scheme Record Date (currently expected to be Wednesday, 14 June 2023), you will be bound by the Scheme, even if you were not present at the Scheme Meeting, you did not vote or you voted against the Scheme.</p>	Sections 10.5 and 10.6.
What are my options?	<p>As a Vita Shareholder, you have the option of voting on the Scheme, selling your securities prior to the Scheme Record Date and/or not voting on the Scheme.</p>	Section 2.6.
What do I do if I have incorrectly logged in as a guest instead of a Vita Shareholder or a proxy holder?	<p>Guests attending a Scheme Meeting will not be able to ask questions or vote.</p> <p>Vita Shareholders are encouraged to follow the instructions to ensure that you log in to the online platform correctly and are able to participate at the Scheme Meeting.</p> <p>For any technical difficulties, please contact the Share Registry by telephone on +61 3 9415 4024.</p>	Section 4.

G. OTHER QUESTIONS

Question	Answer	Further Information
Do I have to sign anything in relation to the Scheme?	<p>If you wish to appoint a proxy to vote on your behalf, you are required to sign and return to the Share Registry your Proxy Form for the Scheme Meeting by the date specified in the Important Dates and Times section at page 5 of this Scheme Booklet.</p> <p>If the Scheme is implemented, Vita will automatically have authority to sign a master share transfer document on behalf of all Vita Shareholders in favour of the Bidder.</p>	Sections 4 and 9.
What will happen if the Scheme is approved by the Court?	<p>If the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, Vita will lodge with ASIC an office copy of the orders. It is expected that this will occur on the Business Day immediately following the Second Court Hearing. The Scheme will then become Effective and it will proceed to be implemented.</p> <p>Vita Shares are expected to cease trading on the ASX from the close of trading on the Effective Date (currently expected to be Friday, 9 June 2023).</p>	Section 9.
What happens on the Implementation Date?	<p>On the Implementation Date (currently expected to be Wednesday, 21 June 2023), the Scheme will be implemented and you will be sent your Scheme Consideration, following which the Bidder will acquire all of the Scheme Shares. You will also receive payment of your Permitted Dividend on that day.</p> <p>It is intended that Vita will be delisted shortly after the Implementation Date.</p> <p>You are not required to do anything in relation these implementation matters.</p>	Sections 9 and 10.
What if I have further questions?	<p>If you have any further questions about the Proposed Transaction, please contact the Shareholder Information Line on 1300 917 933 (within Australia) or +61 3 9946 4421 (outside Australia) between 8:30am – 5:00pm (Sydney time).</p> <p>For information about your individual circumstances, please consult your financial, legal, taxation or other professional adviser.</p>	NA

4. How to vote

4.1 Scheme Meeting

The notice convening the Scheme Meeting are contained in Appendix 4 to this Scheme Booklet. A personalised Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

The Scheme Meeting will be a hybrid meeting and conducted in two parts simultaneously on Monday, 5 June 2023 commencing at 11.00am with the physical venue of the Scheme Meeting at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street Brisbane 4000 and via the online platform that allows for remote participation using the following link <https://meetnow.global/MPHRM49>.

Please refer to Section 4.3 below for further details on how to attend the Scheme Meeting.

For the Scheme to be approved by Vita Shareholders, votes in favour of the Scheme must be received from:

- a majority in number (more than 50%) of Vita Shareholders present and voting at the Scheme Meeting (personally or by proxy, attorney, or in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting and the by Vita Shareholders (personally or by proxy, attorney, or in the case of Vita Shareholder or proxy who is a corporation, by corporate representative).

The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.

The purpose and effect of the Scheme is as summarised in Section 1 and are more particularly described in Section 9.

4.2 Your vote is important

Your Directors urge all Vita Shareholders to vote on the Scheme Resolution at the Scheme Meeting. The Scheme affects your Shareholding and your votes at the Scheme Meeting are important in determining whether the Scheme proceeds.

Your Directors encourage all Vita Shareholders to vote in favour of the Scheme either by personally participating in the Scheme Meeting to be held on Monday, 5 June 2023 commencing at 11.00am on that date, or by appointing a proxy, an attorney or, in the case of a Vita Shareholder or proxy who is a corporation, a corporate representative to participate in the Scheme Meeting and vote on your behalf.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the Proxy Form which accompanies this Scheme Booklet; or
- appointing a proxy online via www.investorvote.com.au by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form must be received by the Share Registry (whether by mail, by fax, or by lodging your proxy online) by 11.00am on Saturday, 3 June 2023; or
- if you choose to appoint a proxy online – this appointment must be done by 11.00am on Saturday, 3 June 2023.

Further information on your voting alternatives is provided in Section 4.4.

4.3 Guide to participating in the Scheme Meeting

The Scheme Meeting will be a hybrid meeting and conducted in two parts simultaneously on Monday, 5 June 2023 commencing at 11.00am with the physical venue of the Scheme Meeting at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street Brisbane 4000 and via the online platform that allows for remote participation using the following link: <https://meetnow.global/MPHRM49>.

Shareholders and proxy holders attending the Scheme Meeting online will be given reasonable opportunity to participate in the Scheme Meeting equivalent to the opportunity Shareholders and proxy holders would have had if they were at the physical venue for the Scheme Meeting.

To attend and participate in the Scheme Meeting online, you will need to access the online platform by going to the website <https://meetnow.global/MPHRM49>. The online platform may be accessed by using the latest versions of Chrome, Safari, Edge and Firefox on a PC, tablet or smartphone device. Please ensure your browser is compatible. You can check your current internet browser by going to the website: whatismybrowser.com.

For instructions refer to the online user guide www.computershare.com.au/virtualmeetingguide.

4.4 How to vote

(a) Voting entitlement

If you are registered as a Vita Shareholder on the Share Register at the Voting Entitlement Time (11.00am on 3 June 2023), you will be entitled to vote at the Scheme Meeting.

All voting at the Scheme Meeting will be conducted by poll.

(b) Voting in person

Vita Shareholders wishing to vote in person or their attorneys or, in the case of a Vita Shareholder or proxy which is a corporation, corporate representatives, are encouraged to participate in the Scheme Meeting by either attending the physical venue of the Scheme Meeting or logging in online at <https://meetnow.global/MPHRM49>.

Vita Shareholders, their attorneys or in the case of Vita Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the Scheme Meeting online should log in 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register. The online platform will be open 1 hour prior to the commencement of the Scheme Meeting.

Shareholders, their attorneys or in the case of Vita Shareholders or proxies which are corporations, corporate representatives wishing to attend the Scheme Meeting physically are asked to meet at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street, Brisbane 4000 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register.

(c) Voting by attorney

If a Vita Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to that Vita Shareholder's shareholding in Vita, that Vita Shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

Vita Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to Vita for notation, deliver to the Share

Registry (at the address or facsimile number provided in Section 4.4(d)) the original instrument appointing the attorney or a certified copy of it prior to the Scheme Meeting.

Any power of attorney granted by a Vita Shareholder will, as between Vita and that Vita Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Vita Shareholder is lodged with Vita.

Voting by corporate representative

To vote at the Scheme Meeting, a Vita Shareholder or proxy which is a corporation may appoint an individual to act as its representative.

To vote by corporate representative at the Scheme Meeting, a Vita Shareholder or proxy which is a corporation should obtain a Certificate of Appointment of Corporate Representative from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Share Registry prior to the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The chair of the meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

(d) Voting by proxy

Vita Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form for the Scheme Meeting, which accompanies this Scheme Booklet. Alternatively, Vita Shareholders may lodge their proxies for the Scheme Meeting online. A person appointed as a proxy may be an individual or a body corporate.

Your completed Proxy Form for the Scheme Meeting (and an original or certified copy of any power of attorney under which it is signed, unless already provided) must be delivered to the Share Registry by 11.00am on Saturday, 3 June 2023 in any of the following ways:

By post in the enclosed reply paid envelope (or the self-addressed envelope, for Vita Shareholders whose registered address is outside Australia) provided to the Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Share Registry on 1800 783 447 within Australia or +61 3 9473 2555 outside Australia.

Alternatively, you may choose to appoint a proxy online as follows:

Online if you wish to appoint your proxy online, you should do so by visiting www.investorvote.com.au and by following the instructions on that website. Online appointments of proxies for the Scheme Meeting must be done by 11.00am on Saturday, 3 June 2023.

Proxies will need to enter the unique username and password provided by Computershare and select login.

Your appointment of a proxy does not preclude you from attending the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on the resolution, the proxy is not entitled to vote, and must not vote, as your proxy on the resolution.

Chairman as proxy

If a Vita Shareholder nominates the Chair of the Scheme Meeting as that Vita Shareholder's proxy, the person acting as Chair of the Scheme Meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the Scheme Meeting.

If a proxy appointment is signed or validly authenticated by that Vita Shareholder but does not name the proxy or proxies in whose favour it is given, the Chair of the Scheme Meeting may at its election act as proxy in respect of any or all items of business to be considered at the Scheme Meeting.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:

- if the proxy is the Chair of the Scheme Meeting - the proxy must vote on the poll and must vote in the way directed; and
- if the proxy is not the Chair of the Scheme Meeting - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed. In circumstances where the proxy does not vote on the poll or does not attend the meeting, the chair of the Scheme Meeting will act in place of the nominated proxy and will vote in accordance with any directions on the proxy form.

Scheme Meeting

Proxy appointments in favour of or which default to the Chair of the Scheme Meeting, the company secretary or any Vita Director which do not contain a direction as to how to vote will be voted in support of the Scheme Resolution (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

4.5 Further information

Please refer to the Notice of Scheme Meeting, set out in Appendix 4 to this Scheme Booklet for further information on voting procedures and details of the resolution to be voted on at the Scheme Meeting.

The results of the Scheme Meeting will be announced to ASX shortly after the conclusion of the Scheme Meeting.

5. Profile of Vita

5.1 Background

Vita is an ASX-listed entity (ASX: VTG). Vita was incorporated as Fone Zone Group Limited on 1 March 2005, and listed on the ASX in 2005 (formerly ASX: FZN). Vita's principal activities were originally the selling of ICT products and services through its networks and brands, namely the Retail ICT Store network and the Retail ICT Business, before it moved into the Artisan Business in 2017.

Having divested its ICT business in November 2021, Vita currently owns and operates a network of 18 skin-health and wellness clinics (15 branded and 3 non-branded). Vita employs approximately 200 people across its clinic network including support centre and has reported revenues from continuing operations of \$24.6 million in the financial year ended 30 June 2022.

5.2 Corporate History

Year	Activity
1995	First Fone Zone opened at Pacific Fair on the Gold Coast, Queensland
2000	Fone Zone signs 5-year Telstra agreement
2004	Fone Zone opens 100 th Fone Zone store at Hornsby
2005	Fone Zone certified by Customer Service Institute of Australia
2005	Fone Zone acquires One Zero Communications, including first Telstra Stores
2005	Fone Zone signs new 5-year Telstra Agreement
2005	Fone Zone listed on ASX
2007	Fone Zone Group acquires Next Byte
2008	Fone Zone Group Limited changes name to Vita Group Limited
2009	Vita Group signs Master Licence Agreement, allowing Vita to roll out to 100 Telstra stores
2010	Vita's first Telstra Business Centre (TBC) opens
2011	Vita Group launches accessory brand Sprout
2014	Vita Group opens 100 th Telstra store
2015	Vita Group launches Vita Foundation and announces Act for Kids as hero charity partner
2016	Vita Enterprise Solutions awarded Telstra Enterprise Partner of the Year
2016	Vita Group closes Next Byte business
2016	Vita Group launches men's athleisurewear business: SQDAthletica
2017	Vita / Telstra partnership extends to 2023
2017	Vita Group expands into skin-health and wellness category with acquisition of Clear Complexions
2018	Vita Group launches new brand Artisan Aesthetic Clinics
2019	Vita Group acquires cosmedcloud and grows to 16 clinics

2020	Vita / Telstra licence agreement extended to 2025
2021	Artisan expands to 20 clinics
2021	Vita Group sells SQDAthletica business to focus on Retail ICT and Artisan
2021	Vita Group sells ICT business including Sprout Accessories to Telstra
2022	Artisan consolidates to 18 clinics

5.3 Overview of operations

Following the divestment by Vita Group of its ICT Business in 2021, Vita owns and operates two businesses, Artisan Aesthetic Clinics (**Artisan**) and cosmedcloud (**CMC**).

Artisan's clinic network includes 18 clinics, 15 Artisan branded, and 3 non-Artisan branded clinics. Artisan's clinic operations include skin-health and wellness treatments and services. CMC is a bespoke clinic management software service focussed on and designed for the skin health and wellness category.

cosmedcloud is a cloud based end-to-end SaaS based clinic management software platform that has been purpose built for cosmetic clinics with core functionality including:

- customisable tools for anti-wrinkle and dermal filler management with injection recording;
- treatment plans and clinical assessments;
- telehealth and remote prescribing of medication;
- in-clinic collaboration with scope of practice management;
- business reporting capability, and
- payment gateway integration.

5.4 Vita's strategy

In 2017, Vita sought to explore income stream diversification, driven by the likelihood of an ICT channel strategy change. This likelihood became a reality following Telstra's announcement to the ASX in February 2021 that it intended to transition the Telstra branded retail store network, including Vita's portfolio of stores, to a corporate ownership model.

Vita's decision to move into the skin-health and wellness category was supported by an opportunity to leverage existing capabilities and disciplines in:

- consultative selling in a retail environment;
- retail discipline within a geographically dispersed network, and
- rolling out a retail footprint in a systemised and efficient way.

Since the divestment of its ICT Business in November 2021, Vita's strategy has been to focus on rolling-out the optimised Artisan business model across the entire clinic network with emphasis placed on evolving and building growth programs including:

- client value creation processes;
- clinician / medically led skills training academy / skills development program (with a similar program for non-clinical clinic team members);
- clinical governance frameworks (including development and implementation of bespoke Artisan Clinical Standards and a clinic audit program adopting a three-lines-of-defence model tailored for the aesthetic industry);
- "Clinic level" business planning processes, and
- continued standardisation of brands, modalities, pricing, programs.

Having scaled its clinic network to approximately 18 clinics, Vita de-emphasised M&A activity in favour of execution of programs to drive organic growth by increasing utilisation and contribution from the existing clinic network.

Concurrently, Vita has continued to adjust and optimise support costs as Vita's business transitioned from the ICT business, Artisan IT systems were established, and core growth programs were progressed.

5.5 Vita Board and senior management team

(a) Vita Board

As at the date of this Scheme Booklet, Vita's Board comprises the persons noted below.

- Paul Mirabelle (Independent Non-Executive Director, Chair);
- Pete Connors (Managing Director, Chief Executive Officer);
- Gordon Towell (Independent Non-Executive Director);
- Maxine Horne (Non-Executive Director).

The biographies of the Vita Board as at the date of this Scheme Booklet are as follows.

Paul Mirabelle

Independent Non-Executive Director, Chair

Paul brings more than 30 years' experience as an advisor, company director and CEO to the Vita Board, with a proven track record in leading complex businesses, particularly within the medical sector, within Australia and internationally.

Previously, Paul was a barrister and solicitor in Canada, and partner at the Boston Consulting Group (BCG) in Sydney. Since leaving BCG in 2000, Paul has held various executive roles at Telus Corporation in Canada, and was CEO of (then) listed diagnostic imaging group MIA Group Pty Ltd (ASX: MIA) and audiology group National Hearing Care Pty Ltd. He has served on several boards including acting as Executive Chairman of the National Home Doctor Service.

In addition to his role with Vita, Paul is also a Non-Executive Director of Greencross Limited, Non-Executive Director of Healthshare Pty Ltd and Non-Executive Director of Revasum Inc. (ASX: RVS).

Paul became a Director of Vita in January 2019, is a member of the Audit, Compliance and Risk Committee and the Remuneration and Nomination Committee.

Paul holds a Bachelor of Laws and a Master of Business Administration.

Pete Connors

Managing Director, Chief Executive Officer

Pete is the Chief Executive Officer of Vita Group and is a highly experienced senior executive. Pete has been with Vita Group for over 14 years. Prior to becoming the Chief Executive Officer, Pete lead the Information and Communication Technology (ICT) business, which included Telstra-branded retail stores, Telstra Business Technology Centres, Vita Enterprise Solutions and the Sprout accessories business.

Prior to joining Vita Group, Pete held various general management roles in international manufacturing and product development organisations including ASSA ABLOY Australia and GWA Caroma.

Pete holds a Bachelor of Commerce and is a Graduate of the Australian Institute of Company Directors.

Gordon Towell

Independent Non-Executive Director

Gordon is a highly experienced Director having held Executive, non-Executive and Chairman roles with both publicly quoted and PE backed Healthcare and Technology companies. He has chaired and participated in various committees including Clinical Oversight,

Remuneration and Audit and has significant experience and success in driving growth both through M&A activity and establishing Greenfield sites.

Gordon was Chief Executive Officer at National Dental Care from 2014 to January 2020, (Private Equity backed Dental Group with over 70 practices across Australia), from virtual start up to one of Australia's most respected Dental corporates with over 350 practitioners and 1100 practice staff.

Gordon is a Member of the Australian Institute of Company Directors and holds qualifications in Electrical Engineering from the UK.

Maxine Horne
Non- Executive
Director

Maxine has more than 35 years' experience in business, including strategy development and execution, leadership, operations, sales, customer service, marketing, and product development.

Maxine founded Vita Group in 1995, expanding the business from a single store to a national publicly listed company. As founder and former CEO, she lead the leadership team and was responsible for the strategic direction of the Group up to the divestment of Vita's ICT business in November 2021.

Maxine has received several awards and honours throughout her career, including the Courier Mail Business Person of the Year in 2019, induction into the Businesswoman's Hall of Fame in 2016, the EY Entrepreneur of the Year Award (Northern Region) in 2014, QBR Business Woman of the Year in 2006 and the President's Award at the NSW Australian Retail Association Awards for Excellence in 2005.

(b) Vita senior management

Brief profiles of the key members of Vita's management team as at the date of this Scheme Booklet are as follows:

Pete Connors

See biography above at Section 5.5(a)

Chief Executive
Officer

Andrew Ryan

Chief Financial
Officer

Andrew leads the finance, IT and property division which includes property leasing, IT, management reporting, planning, treasury, financial accounting, tax, accounts payable, accounts receivable, banking, and investor relations functions.

Prior to joining Vita Group in 2012 in the role of Financial Controller, Andrew worked in several senior leadership positions spanning the retail, financial services, manufacturing and insurance sectors in companies across Australia and the United Kingdom. Previous roles included Finance Manager at Credit Union Australia and Financial Controller at The Fresh Olive Company in the UK.

Andrew holds a Bachelor of Commerce, Accounting and is a member of CPA Australia.

**George Southgate
Chief Legal and Risk
Officer / Group
Company Secretary**

George leads the Legal and Risk division, which includes legal, risk and compliance, and people and culture. George is also the group's Company Secretary and leads the group's corporate governance function.

Prior to joining Vita in 2018, George worked in private legal practice acting for various clients in the government and private sector specialising in litigation with a focus on commercial disputes and health regulation. Prior to becoming a solicitor, George was a registered nurse and worked at the Royal Brisbane and Womens' Hospital and a large private practice in London.

George holds a Bachelor of Laws (Honours), a Graduate Diploma in Legal Practice (Distinction), a Master of Laws (Health Law), and a Bachelor of Nursing, as well as a Graduate Diploma of Applied Corporate Governance.

George is a Graduate of the Australian Institute of Company Directors and is a Fellow of the Governance Institute of Australia.

5.6 Capital structure

As at the date of this Scheme Booklet, the total securities of Vita on issue are as follows:

Security	Number
Vita Shares	175,871,832

5.7 Substantial holders

The details of Vita's substantial holders as at Last Practicable Date are set out below:

	Number of Vita Shares	Percentage
Maxine Horne	32,673,966	18.58%
Harvest Lane Asset Management Pty Ltd	18,068,686	10.27%
Total	50,742,652	28.85%

The holdings listed in this section 5.7 are as disclosed to Vita by the shareholders in substantial holding notices. Information in regard to substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on ASX's website (www.asx.com.au) is not included above.

5.8 Historical financial information

This Section sets out a summary of historical financial information for the purposes of this Scheme Booklet.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	HY23 \$'000	FY22 \$'000	FY21 \$'000	FY20 \$'000
Revenue	14,167	24,619	28,392	773,098
Changes in inventories	(3,704)	(6,427)	(7,134)	(560,601)
	10,463	18,192	21,258	212,497
Other income	86	855	70	6,794
Employee benefits expense	(10,364)	(18,806)	(17,957)	(113,412)
Marketing expense	(463)	(534)	(498)	(6,922)
Other expenses	(3,313)	(5,742)	(5,649)	(33,119)
Depreciation and amortisation expense	(2,770)	(6,013)	(8,207)	(28,615)
Impairment of goodwill	(12,392)	-	-	-
	(18,753)	(12,048)	(10,983)	37,223
Finance income	185	67	42	238
Finance expenses	(270)	(624)	(920)	(3,682)
Net finance costs	(85)	(557)	(878)	(3,444)
(Loss)/profit before income tax	(18,838)	(12,605)	(11,861)	33,779
Income tax (expense)/benefit	893	3,952	3,558	(11,372)
(Loss)/profit for the year from continuing operations	(17,945)	(8,653)	(8,303)	22,407
Profit/(loss) from discontinued operation (net of tax)	1,935	1,227	34,641	-
(Loss)/profit for the year	(16,010)	(7,426)	26,338	22,407
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year, attributable to the ordinary equity holders of Vita Group Limited	(16,010)	(7,426)	26,338	22,407

Footnote: In November 2021, Vita disposed of its main undertaking (being its ICT Business). From FY21 onwards the ICT Business has been reported as a discontinued operation in the consolidated financial statements of Vita Group. In FY20 the ICT Business was not treated as a discontinued operation in the consolidated financial statements of Vita Group.

CONSOLIDATED BALANCE SHEET

	HY23 \$'000	FY22 \$'000	FY21 \$'000	FY20 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	16,775	18,030	38,208	36,813
Trade and other receivables	338	1,612	23,757	29,264
Inventories	1,009	1,233	21,181	24,642
Current tax receivables	3,084	2,396	-	350
Contract asset	-	-	-	277
Other current assets	1,178	876	2,322	2,589
Total current assets	22,384	24,147	85,468	93,935
Non-current assets				
Term deposits	2,025	2,025	-	-
Plant and equipment	7,238	7,888	25,581	26,787
Right of use assets	5,837	6,224	37,158	39,243
Intangible assets and goodwill	12,320	24,786	112,797	110,454
Deferred tax assets	3,613	4,563	11,238	8,818
Total non-current assets	31,033	45,486	186,774	185,302
TOTAL ASSETS	53,417	69,633	272,242	279,237
LIABILITIES				
Current liabilities				
Trade and other payables	3,549	4,196	61,956	78,889
Interest bearing loans and borrowings	1,573	1,315	6,241	9,160
Lease liabilities	3,382	3,392	15,620	16,410
Current tax liabilities	-	-	3,116	-
Provisions	1,128	1,261	4,737	4,740
Contract and other liabilities	2,394	2,552	3,215	2,195
Total current liabilities	12,026	12,716	94,885	111,394
Non-current liabilities				
Interest bearing loans and borrowings	152	275	918	3,562
Lease liabilities	7,155	7,894	29,202	30,245
Provisions	3,260	1,887	4,590	5,195
Contract and other liabilities	1,010	1,037	1,549	2,571
Total non-current liabilities	11,577	11,093	36,259	41,573
TOTAL LIABILITIES	23,603	23,809	131,144	152,967
NET ASSETS	29,814	45,824	141,098	126,270
EQUITY				
Contributed equity	47,526	47,526	44,651	43,017
Reserve	-	-	804	1,284
Retained earnings	(17,712)	(1,702)	95,643	81,969
TOTAL EQUITY	29,814	45,824	141,098	126,270

Footnote: In November 2021, Vita disposed of its main undertaking (being its ICT Business). From FY21 onwards the ICT Business has been reported as a discontinued operation in the consolidated financial statements of Vita Group. In FY20 the ICT Business was not treated as a discontinued operation in the consolidated financial statements of Vita Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

	HY23 \$'000	FY22 \$'000	FY21 \$'000	FY20 \$'000
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	15,125	27,434	32,899	860,071
Payments to suppliers and employees (inclusive of GST)	(18,915)	(34,970)	(36,989)	(811,618)
Receipts from government stimulus	-	-	2,286	8,094
Interest received	185	67	42	238
Finance expenses	(250)	(676)	(825)	(3,237)
Income taxes paid	2,983	(700)	-	(12,401)
Net cash flows from/(used in) continuing operations	(872)	(8,845)	(2,587)	41,147
Net cash flows from discontinued operations	2,163	15,682	49,316	-
Net cash inflow from operating activities	1,291	6,837	46,729	41,147
Cash flows from investing activities				
Purchase of plant and equipment	(897)	(2,248)	(2,419)	(13,494)
Purchase of intangible assets	(41)	1	-	77
Acquisition of businesses and subsidiaries, net of cash acquired	-	-	(2,134)	(7,546)
Proceeds from sale of plant and equipment	30	6	5	-
Proceeds from sale – Business ICT	-	-	-	1,900
Investment in term deposit	-	(2,025)	-	-
Net cash flows from/(used in) continuing operations	(908)	(4,266)	(4,548)	(19,063)
Net cash flows from/(used in) in discontinued operations	-	(407)	(5,770)	-
Proceeds from sale - ICT, net of cash and cash equivalents disposed	-	79,809	-	-
Net cash inflow (outflow) from investing activities	(908)	75,136	(10,318)	(19,063)
Cash flows from financing activities				
Proceeds from issues of shares	-	2,875	1,327	1,961
Proceeds from borrowings	1,467	1,662	1,661	12,842
Repayment of borrowings	(1,369)	(1,497)	(2,091)	(8,768)
Lease principal payments	(1,766)	(3,558)	(2,902)	(11,493)
Dividends paid	-	(90,586)	(13,162)	(6,485)
Net cash flows (used in) continuing operations	(1,638)	(91,104)	(15,167)	(11,943)
Net cash flows (used in) discontinued operations	-	(11,047)	(19,849)	-
Net cash (outflow) from financing activities	(1,638)	(102,151)	(35,016)	(11,943)
Net (decrease)/increase in cash and cash equivalents	(1,255)	(20,178)	1,395	10,141
Cash and cash equivalents at the beginning of the year	18,030	38,208	36,813	26,672
Cash and cash equivalents at end of year	16,775	18,030	38,208	36,813

Footnote: In November 2021, Vita disposed of its main undertaking (being its ICT Business). From FY21 onwards the ICT Business has been reported as a discontinued operation in the consolidated financial statements of Vita Group. In FY20 the ICT Business was not treated as a discontinued operation in the consolidated financial statements of Vita Group.

The financial statements of Vita Group for the financial years ending 30 June 2020, 30 June 2021 and 30 June 2022 including all notes to those accounts, can be found in full:

- 2020 Vita Group Annual Report (released to ASX on 8 September 2020)
- 2021 Vita Group Annual Report (released to ASX on 20 August 2021)
- 2022 Vita Group Annual Report (released to ASX on 21 October 2022), and
- 2023 Vita Group Half-Year Financial Report for the half-year ended 31 December 2022 (released to ASX on 28 February 2023)

These documents can be found on the Vita Group website at:

<https://vitagroup.com.au/shareholders/announcements-reports-presentations/>

5.9 Material changes in the financial position of Vita

Other than:

- the accumulation of revenue and trading losses in the ordinary course of trading; and
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Vita,

within the knowledge of the Vita Board, the financial position of Vita has not materially changed since 31 December 2022, being the date of Vita financial statements for the half year ended 31 December 2022 (released to ASX on 28 February 2023).

5.10 Recent Vita Share performance

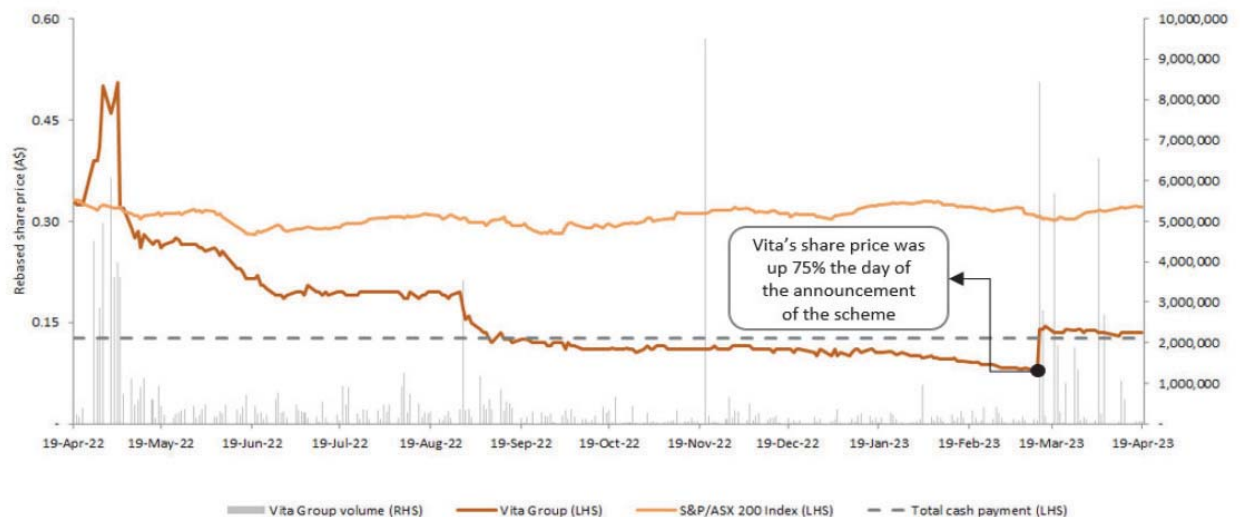
Vita Group's shares are listed on the ASX under trading symbol VTG.

Vita's closing share price the day prior to the announcement of the Scheme Implementation Agreement was \$0.080. The closing price of Vita Shares on the Last Practicable Date was \$0.140.

During the three months up to the Last Practicable Date:

- the highest recorded daily closing price of Vita Share was \$0.145 on 17 March 2023; and
- the lowest record daily closing price of Vita Shares was \$0.080, most recently on 14 March 2023.

The share price graph below refers to the performance of Vita Shares from 9 May 2022, being the date immediately prior to the record date for the second tranche of special dividend paid by Vita following the disposal of the ICT Business to Telstra. Vita considers that this historical period is appropriate having regard to the substantial change in its underlying business following the disposal of the ICT Business to Telstra.



Source: Capital IQ (as at 19 April 2023).

5.11 Outlook

As advised in Vita's half year announcement (released to the market on 28 February 2023), whilst the macro-economic environment remains uncertain, Vita is positioned to drive organic growth by maintaining its focus on the execution of its evolved business model programs including increasing marketing investment. As such, Vita continues to target monthly underlying EBITDA to break-even during FY24.

However, as also noted in Vita's half year announcement, other business headwinds (in addition to the challenging macro-economic environment) continue to impact the business including COVID-19 and the annualising impacts of clinician turnover including some founders, in prior periods.

Vita's success is dependent on successful execution of its evolved business model programs and the dissipation of business headwinds. Given the many factors that determine the macro-economic environment, this impact is subject to change and may become more negative in the near term.

Given the early stage of the Artisan business including the requirement to fund operating cash losses, there are significant uncertainties associated with the outlook as a standalone publicly listed business.

5.12 Summary of risks

In considering the Scheme, Vita Shareholders should be aware of a number of risks which could materially and adversely affect the future operating and financial performance, and value, of Vita.

This Section 5.12 outlines some general investment risks relating to an investment in Vita as well as some specific risks relating to investing in Vita. These risks are set out in greater detail in Section 7. These risks currently apply to your investment in Vita and will continue to apply if the Scheme does not proceed. If the Scheme proceeds, you will cease to be a Vita Shareholder and will no longer be exposed to the risks set out below. If the Scheme does not proceed, you will continue to hold your Vita Shares and continue to be exposed to risks associated with that investment (as set out below).

You should carefully consider the risks outlined in this Section 5.12 (and as more fully set out in Section 7), as well as the other information contained in this Scheme Booklet, before voting on the Scheme. Sections 5.12 and 7 are general in nature only and do not take into account your individual objectives, financial situation, tax position or particular needs.

General risks associated with your investment in Vita

The following are some general risks associated with your investment in Vita:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in general business and industry cycles as well as economic conditions including inflation, interest rates, exchange rates, employment, credit markets, consumer confidence and demand, housing prices and turnover and other industry specific factors;
- changes in fiscal, monetary, taxation, employment and regulatory policies;
- weather conditions, natural disasters, pandemics generally including any resurgence of COVID-19, terrorism and international conflicts; and
- changes in laws and regulations including accounting and financial reporting standards.

Specific risks associated with your investment in Vita

There are a number of specific risks associated with an investment in Vita, including the following:

- changes in industry and consumer behaviour;
- importance of relationship with suppliers;
- financial risk management;
- operational risk;
- employee risk;
- damage to brand and reputation;
- privacy risk;
- lease arrangements;
- litigation and legal disputes;
- taxation risk; and
- availability of future dividends.

5.13 Public information available for inspection

Vita is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Vita is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Vita has that a reasonable person would expect to have a material effect on the price or value of Vita Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Vita is available on ASX's website at www.asx.com.au.

In addition, Vita is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Vita may be obtained from an ASIC office.

Vita Shareholders may obtain a copy of Vita's 2022 Annual Report (including its audited financial statements for the financial year ended 30 June 2022) and Vita's financial statements for the half year ended 31 December 2023 from ASX's website (www.asx.com.au), from Vita's website (www.vitagroup.com.au) or Vita will provide, free of charge, copies of these documents to anyone who requests them prior to the Scheme being approved by the Court.

6. Profile of Bidder

6.1 Introduction

This Section 6 contains information concerning the Bidder (being Practice Management Pty Ltd ACN 128 741 515), and outlines how it is funding the Scheme Consideration and its intentions in relation to Vita. This Section 6 forms part of the Bidder Information. It has been prepared by the Bidder and is the responsibility of the Bidder. Vita and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Overview of Bidder Group

(a) Ownership structure

The Bidder is an Australian proprietary company which is wholly-owned by A.C.N. 002 889 545 Pty Ltd ACN 002 889 545. The Bidder is ultimately held by Sonic Healthcare Limited ACN 004 196 909 (**Bidder Parent**).

The Bidder was incorporated in 2007 as a proprietary company for the purpose of holding and operating certain general practice medical centres. As at the Last Practicable Date, the Bidder owns and operates general practice medical centres located in Kuranda (QLD) and Redlynch (QLD).

(b) Bidder Directors

As at the Last Practicable Date, the directors of the Bidder are:

- **Colin Stephen Goldschmidt**
CEO and Managing Director
MBBCh, FRCPA, FAICD
Executive Director, appointed January 1993
Dr Goldschmidt is the CEO and Managing Director of Bidder Parent. He is a qualified medical doctor who then undertook specialist pathology training in Sydney, before gaining his qualification as a specialist pathologist in 1986. Dr Goldschmidt became CEO of Bidder Parent in 1993 and has led Bidder Parent's global expansion by committing the company to a model of medical leadership, which incorporates unique operational and cultural attributes. He is a member of Bidder Parent's Risk Management Committee and holds memberships with numerous industry, medical and laboratory associations.
- **Christopher David Wilks**
CFO and Finance Director
BCom, FAICD
Executive Director, appointed December 1989
Mr Wilks became Finance Director and Chief Financial Officer of Bidder Parent in 1993. He has a background in chartered accounting and investment banking and was previously a partner in a private investment bank. Mr Wilks has held directorships in a number of public companies and is currently a Nonexecutive Director of Silex Systems Limited (since 1988), a listed company divested by Bidder Parent in 1996.

(c) Bidder Parent

Bidder Parent is one of the world's leading healthcare providers, with a reputation for excellence in laboratory medicine/pathology, radiology and primary care medical services, across operations in Australasia, Europe and North America.

A substantial amount of information about Bidder Parent is available in electronic form on its website (<https://www.sonichealthcare.com/>).

6.3 Rationale for the Proposed Transaction

The Bidder views Vita as a well-managed business that would be better suited to ownership under the stewardship of a well-resourced, respected and experienced owner who has worked in the health industry for decades.

The Bidder believes that its experience and ongoing access to capital can provide long term funding certainty for the Vita business, which will encourage further growth for the business. For further information regarding broader intentions for Vita, please refer to Section 6.5.

6.4 Funding arrangements

The Scheme Consideration is \$0.06255 per Scheme Share. If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Scheme Record Date. The maximum amount of cash payable by the Bidder under the Scheme will be approximately \$11 million, which is based on 175,871,832 Vita Shares on issue on the Scheme Record Date.

Bidder Parent has unconditionally and irrevocably undertaken to the Bidder to make available and pay, or procure the payment of, the Scheme Consideration and any related transaction costs (including any amounts under the Loan Agreement) to the Bidder from Bidder Parent's existing cash reserves. The Bidder's right to receive payment from Bidder Parent is not subject to any conditions and the funds will be provided by Bidder Parent to the Bidder in whatever form and manner the Bidder requires. On that basis, the Bidder is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy its obligations to provide the Scheme Consideration under the terms of the Scheme.

6.5 Intentions if the Scheme is implemented

(a) Introduction

If the Scheme is implemented, the Bidder will become the holder of all Vita Shares and, accordingly, Vita will become a wholly-owned subsidiary of the Bidder.

This Section 6.5 sets out the Bidder's present intentions only and is based on the information concerning Vita and the general business environment which is known to the Bidder at the time of preparing this Scheme Booklet. The Bidder does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its present intentions.

If the Scheme is implemented, the Bidder intends to undertake a detailed review of Vita's assets and operations, including to evaluate their performance, prospects and strategic relevance. The Bidder will only make final decisions following the completion of its review of Vita's business and based on the facts and circumstances at the relevant time.

Accordingly, the statements set out in this Section 6.5 are statements of present intention and may change as new information becomes available or as circumstances change.

(b) Vita's removal from the ASX

Following the implementation of the Scheme, the Bidder will arrange for Vita to apply for the termination from the official quotation of Vita Shares on the ASX and for Vita to be removed from the ASX's official list with effect on or around the Business Day immediately following the Implementation Date.

(c) Board of directors

If the Scheme is implemented, the Vita Board will be reconstituted, such that some or all of the directors may be replaced, with effect on and from the Implementation Date. At the date of this Scheme Booklet, the new directors have not been identified.

(d) Employees

The Bidder considers Vita's employees to be a necessary component of the future success of the business. Following implementation of the Scheme, the Bidder will review Vita's business operations and organisational structure to ensure Vita has the appropriate mix and level of employees and skills to enhance the business going forward and to enable the business to pursue growth opportunities. Subject to the review of Vita's organisational structure, the Bidder's intention is to endeavour to maintain existing arrangements with employees to the extent possible, and with a view to growing the in-clinic workforce. The Bidder will also consider the requirement for employment arrangements to be restructured or terminated as appropriate to reflect Vita's delisting and entry into the Bidder's corporate group. The Bidder's review of Vita's operations will also include consideration of retention arrangements for Vita's management team.

(e) Changes to Vita's constitution

The Bidder has no current intention to make material changes to Vita's constitution following implementation of the Scheme, other than to reflect that Vita will no longer be a publicly listed company following implementation of the Scheme.

The Vita constitution will be considered as part of the Bidder's broader review of Vita and, if deemed appropriate, will be amended.

(f) Business, operations and assets

Subject to the findings of the post-acquisition review referred to in this Section 6.5(a), the Bidder's current intention is to continue the strategic direction of Vita, whilst also increasing its overall influence on the day-to-day operations of Vita's business. In particular, the Bidder currently intends to provide ongoing long term funding certainty for the business, which will enable Vita's management to focus on the growth of Vita and ultimately help it gain critical mass.

6.6 Additional information of Bidder**(a) Interests in Vita Shares**

As at the Last Practicable Date, neither Bidder nor its Associates has any Relevant Interest or Voting Power in Vita Shares.

(b) Dealings in Vita Shares in the previous four months

Except for the consideration to be provided under the Scheme, during the period of four months before the date of this Scheme Booklet, neither the Bidder nor any of its Associates have provided or agreed to provide consideration for any Vita Shares under a purchase or an agreement.

(c) Inducing benefits to shareholders

During the four months before the date of this Scheme Booklet, neither the Bidder nor any of its Associates have given, or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- vote in favour of the Scheme; or
- dispose of Vita Shares,

where the benefit was not offered to all Vita Shareholders.

(d) Inducing benefits to officers

Neither the Bidder nor any of its Associates will be making any payment or giving any benefit to any current officers of Vita or any of Vita's subsidiaries as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Scheme being implemented.

(e) No other information

Except as otherwise disclosed in this Scheme Booklet, there is no other Bidder Information that is material to the making of a decision in relation to the Scheme, being Bidder Information that is within the knowledge of the directors of the Bidder, at the date of this Scheme Booklet, which has not previously been disclosed to Vita Shareholders.

7. Risk factors

7.1 Introduction

In considering the Scheme, you should be aware that there are a number of general and specific risk factors associated with your current investment in Vita Shares and with the Scheme. This Section 7 outlines:

- general and specific risk factors relating to the business and operations of Vita and which in turn affect the value of your current investment in Vita Shares (see Section 7.2);
- risk factors which may prevent the Scheme from becoming Effective or being implemented (see Section 7.3).

The outline of risks in this Section 7 is a summary only and should not be considered exhaustive. This Section 7 does not purport to list every risk that may be associated with an investment in Vita now or in the future which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 7 may be partially or completely outside the control of Vita, the Bidder or their respective directors and senior management teams.

These risk factors do not take into account the individual investment objectives, financial situation or positional particular needs of Vita Shareholders. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, you should seek professional guidance from your stockbroker, solicitor, accountant tax advisor or other independent and qualified professional adviser before deciding how to vote.

You should consider carefully the risk factors discussed in this Section 7, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

7.2 Risk factors relating to the business and operations of Vita

This Section outlines some general and specific investment risks relating to your current investment in Vita. These risk factors will continue to apply to Vita Shareholders if the Scheme is not implemented.

In considering the Scheme, Vita Shareholders should be aware of these general and specific risks as they could materially and adversely affect the future operating and financial performance, and value, of Vita.

The future operating performance of Vita and the value of an investment in Vita Shares may be affected by risks relating to Vita's business. Some of these risks are specific to Vita while others relate to economic conditions and the general industry and markets in which Vita operates.

Where practicable, Vita seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined below. However, there can be no assurance that such strategies will protect Vita from these risks. Other risks are beyond Vita's control and cannot be mitigated. The occurrence of any such risks could adversely affect Vita's financial position and performance and the value of Vita Shares. The risks listed below are summaries, do not purport to be exhaustive and are not presented in any order of importance. Further, there is no assurance that the importance of different risks will not change or other risks will not emerge.

You should carefully consider the risks outlined in this Section as well as the other information contained in this Scheme Booklet before voting on the Scheme.

(a) General risks associated with your investment in Vita

The following are some general risks associated with your investment in Vita:

- changes in investor sentiment and the overall performance of the global and Australian securities market;
- changes in general business and industry cycles as well as economic conditions including inflation, interest rates, exchange rates, employment, credit markets, consumer confidence and demand, housing prices and turnover and other industry specific factors;
- changes in fiscal, monetary, taxation, employment and regulatory policies;
- weather conditions, natural disasters, pandemics generally including any resurgence of COVID-19, terrorism and international conflicts; and
- changes in laws and regulations including accounting and financial reporting standards.

(b) Specific risks associated with your investment in Vita

There are a number of specific risks associated with an investment in Vita, including the following:

<p>Changes in industry and consumer behaviour</p>	<p>Macroeconomic conditions Services offered by Vita are health and wellness services. These services are sensitive to changes in consumer discretionary spend. With the multiple increases in interest rates by the Reserve Bank of Australia, heightened inflationary pressures, an increasingly competitive employment market driving increased salaries and costs, and fears of an economic slowdown globally and in Australia, there is a risk of the macroeconomic environment impacting Vita's business negatively if conditions do not improve or keep deteriorating. In turn, these macroeconomic conditions could impact pricing, margins and/or volume associated with the delivery of these services which in turn could result in greater competition with the potential to have a material adverse effect on Vita's financial performance.</p> <p>Consumers switch to more affordable services Consumer behaviour and spending in the cosmetic industry may be affected by the state of the broader economy, including interest rates, inflation, the unemployment rate, consumer and business sentiment, geographical and political events and asset prices in general. Whilst Artisan operates in the premium segment of the cosmetic market and Vita believes that non-surgical aesthetics has the potential to become part of a regular self-care routine and therefore be seen less as a discretionary spend, there is no guarantee this will eventuate or continue. The current challenging macro-economic environment and heightened inflationary pressures have the potential to cause consumers to redirect their spending to less expensive alternatives to Artisan's treatments and skincare products. A reduction in consumer spending or a change in spending patterns may result in a reduction in Vita's revenue and may have a significant detrimental effect on Vita's future financial performance and financial position.</p> <p>Competition Artisan operates in a highly competitive industry that is subject to changing consumer preferences. Competition is based on a variety of factors including client experience, pricing, selection and quality of services, clinic accessibility, clinician skill and brand recognition. The aesthetic industry is highly competitive and fragmented and has relatively low barriers to entry despite regulatory requirements. Whilst Artisan strives to deliver treatments and services in an ethical manner that meets and/or exceeds</p>
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	<p>stipulated safety standards, Artisan's competitive position may come under pressure because of factors including actions by existing competitors, the entry of new competitors, the introduction of new technology or proprietary products that may not be accessible by Artisan. Any deterioration in Artisan's competitive position may result in a loss of market share and a decline in revenue and earnings.</p> <p>Regulatory risk The cosmetic industry has recently received significant regulatory scrutiny. There is potential for significant legislative change and/or additional regulatory requirements to be imposed on the cosmetic industry in which Artisan operates, which may lead to higher operating costs for Artisan. Non-compliance with applicable laws and/or regulations could result in adverse consequences for Artisan such as the loss of regulatory licences, being subject to fines and/or penalties or damage to Artisan's brand and reputation. These impacts could have a negative impact on Vita's future financial performance and/or financial position.</p> <p>Reduced acceptance of our services Artisan's services are subject to broader social and cultural acceptance. While increased acceptance may help increase Artisan's addressable market, reduced acceptance can have a negative impact on demand. Artisan's continued success depends in part, on its ability to anticipate, gauge and respond to industry trends and changes in consumer preferences and attitudes towards various cosmetic treatments which may not be within the control of Artisan.</p> <p>Client satisfaction and loyalty Artisan's success is highly dependent on the delivery of quality service to its clients and maintaining client satisfaction and loyalty. Any diminution in client satisfaction and loyalty may have an adverse impact on Vita's financial performance.</p>
<p>Importance of relationship with suppliers</p>	<p>The skincare and wellness industry has a significant concentration of suppliers for key materials. If there is a breakdown in Vita's relationship with these key suppliers, Vita may have limited access to substitute suppliers. Vita's reliance on third party suppliers for equipment and medical consumables as well as third party contract manufacturers for products exposes Vita to risk if those third parties restrict, interrupt or otherwise adversely impact Vita's trading terms and/or supply. There is no guarantee Vita will be able to secure appropriate substitutes for these third-party suppliers and contract manufacturers at short notice. There is also a risk that Vita may not be able to retain its existing arrangements with its third-party suppliers and contract manufacturers and any new arrangements may not be as favourable to Vita. These risks may have an adverse impact on Vita's future financial performance and/or financial position.</p>
<p>Financial risk management</p>	<p>Foreign exchange risk With key materials being imported from overseas, any significant movements in foreign exchange may impact Vita's margins.</p> <p>Interest rate risk While Vita currently does not rely on significant debt funding for its business, it may in the future require debt to fund its capital requirements until cashflow breakeven is achieved and beyond. To the extent that the quantum of borrowing is significant, it may put pressure on Vita's ability to fund its ongoing cost of debt.</p>

	<p>Liquidity risk Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of cash and committed credit facilities. Vita may in the future have a degree of liquidity risk if Vita is not able to generate positive operating cashflow and is required to raise substantial additional debt or equity. Volatility in the financial markets could have a significant detrimental effect on Vita's ability to fund its business using debt or equity. Vita's ability to raise additional funds will be subject to, among other things, factors beyond the control of Vita and its directors, including cyclical factors affecting the economy and share markets generally. In addition, a deterioration in global financial markets could impact risk appetite among lending institutions, which may impact Vita's ability to enter into new loan facilities if required in the future. There is no assurance that future funds can be raised by Vita on favourable terms, if at all.</p>
<p>Operational risk</p>	<p>Loss of trading due to COVID-19 Although the risk of government mandated lockdowns and travel restrictions as a result of COVID-19 have largely subsided, Vita may in the future be impacted by future strains of COVID-19. The continued impact of COVID-19 may continue to impact Vita's business through client cancellation and team member absenteeism.</p> <p>Natural disasters Vita may in the future be impacted by natural disasters such as flood, fire and/or severe weather events causing clinic closure and/or restricted access for clients and team members. Any such closures or access issues may have an adverse impact on Vita's financial performance.</p> <p>Adverse events While Vita maintains a culture of safety and care, it may be negatively impacted by unforeseen and unavoidable adverse events with respect to our clients. Such adverse events may in certain instances result in civil claims and/or regulatory scrutiny (including investigations, regulatory proceedings and/or restrictions on our licence to operate), financial and non-financial penalties or have an impact on our overall ability to run Vita's clinics at a high occupancy rate for prolonged periods of time.</p> <p>Execution of business strategy There is a risk that Vita is unable to execute its evolved business model strategy, currently focussed on organically growing its business and profitability in its existing clinics.</p> <p>Sustained operating losses During the financial year ended 30 June 2022 and up to the date of this Scheme Booklet, Vita operated and is operating at a significant loss. These losses are expected to continue in the near term. There may be a significant risk that Vita's business is unable to trade profitably and Vita has a finite level of available cash to fund these losses.</p> <p>Legacy overhead costs Vita is required to maintain certain insurance policies commensurate with the size and scale of Vita's business at the time of divestment of its ICT Business for a period of seven years from November 2021. Vita is also subject to contractual obligations under the terms of its head office lease which was agreed before Telstra announced its intention to transition the Telstra branded retail store network to a full corporate ownership model in February 2021. There is a risk that Vita is unable to reduce the costs</p>

	<p>associated with these legacy requirements which may adversely impact Vita's available cash and, in turn, impact Vita's ability to trade profitably.</p> <p>Infringement of third-party intellectual property rights Vita's commercial success depends at least in part on its ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of others (either inadvertently or otherwise). Vita has sufficient processes and procedures to address the risk of infringing third-party intellectual property rights. However, Vita cannot be certain that the conduct of its business does not and will not infringe, misappropriate or otherwise violate such rights.</p> <p>Information technology systems may fail and cause disruption Vita relies on information networks and systems, including its proprietary clinic management software (cosmedcloud), to process, transmit and store electronic, medical, and financial information, to implement a variety of business processes and activities such as telehealth, scripting management, financial management and reporting database management and to comply with regulatory, legal and tax requirements. Vita also relies on third party information technology infrastructure to store client information (including personal and sensitive information), for point-of-sale services and for its business intelligence dashboard and automated personalised marketing strategies. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or other unforeseen events. Vita believes it has sufficient IT security infrastructure and software, business continuity and security checks in place, however, if Vita's information technology systems suffer severe damage, disruption or shutdown and Vita does not effectively resolve these issues in a timely manner, Vita's operations may be materially and adversely affected.</p> <p>Additionally, if Vita's proprietary clinic management software suffers damage, disruption or shutdown, and Vita does not effectively resolve these issues in a timely manner, Vita's external clients and their businesses may be materially and adversely affected.</p>
Employee risk	<p>Exit of founders of acquired business and clinicians Retention of founders of acquired clinics and other key employees is critical to running a profitable clinic given the strong trust-based relationship between Vita's clients and Vita's employees. Even though Vita has implemented systemised training aimed at reducing any variability in client experience, Vita is still vulnerable to loss of clients and revenue when founders and key employees depart the organisation, in particular if such founders and/or team members compete against Vita for clients in similar locations to Vita's clinics.</p> <p>Inability to attract and retain a skilled workforce Vita is dependent on its key management the loss of whose services could materially and adversely affect Vita and impede the achievement of its objectives. With the ongoing endemic shortage of skilled labour, Vita may be exposed to a shortage in hiring skilled staff across corporate and clinic-based roles. If this shortage exists for a prolonged period, Vita may be unable to serve client demand or be forced to pay high wages to meet staffing requirements that may have a negative impact on revenue and put upward pressure on costs. With insufficient staffing or insufficiently skilled staff, Vita may be exposed to a greater risk of failing to meet its legal and/or regulatory obligations.</p>

Damage to brand and reputation	Artisan's clinics and brand are crucial assets of the business. The perception of the Artisan brand as premium and high quality could be adversely impacted by several factors, including product quality issues, negative media, and/or any breach of regulations. Any factors which damage the brand and reputation of Artisan or its clinics may have an adverse impact on Vita's financial performance.
Privacy risk	The protection of client, employee and company data is critical to Vita. Vita has access to client information, in particular through its proprietary clinic management software, cosmedcloud. The legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. A significant breach of client, employee or company data could attract significant media attention, damage to client relationships and reputation and ultimately result in lost sales, fines or litigation, which may have an adverse effect on the Vita's future financial performance.
Lease arrangements	Vita operates its clinics at leased premises. This requires Vita to identify and maintain leases at locations consistent with Artisan's premium positioning. Additionally, each lease requires Vita to comply with various obligations including the payment of rent and outgoings. In the event of default, the landlord may terminate the lease if the default is not remedied. Termination could have an adverse impact on Vita's financial performance.
Litigation and legal disputes	<p>From time to time, Vita may be involved in disputes and/or litigation claims, including with clients or suppliers, industrial action or disputes involving Vita's executives and employees or former executives or employees, or relating to matters such as personal injury (for example, in relation to adverse reactions to treatments provided), privacy breaches, product liability, intellectual property, contractual, workplace health and safety, or other claims arising in the ordinary course of Vita's business.</p> <p>If Vita is involved in such litigation, disputes or protracted settlement negotiations, this may disrupt Vita's business operations, cause Vita to incur significant legal costs and may divert management's attention away from the day-to-day operations of the business. The outcome of any such litigation cannot be predicted with certainty and adverse litigation outcomes could negatively impact Vita's business, financial condition and/or reputation.</p>
Taxation	<p>In addition to the corporate income taxation imposed on Vita, Vita is required to pay direct and indirect taxes and other imposts in the jurisdictions in which Vita operates. Vita may be affected by changes in government taxation policies or in the interpretation or application of such policies under Australian and overseas laws and the outcome of tax audits.</p> <p>The potential of Vita to obtain the benefit of existing franking credits, taxation losses and claim other taxation attributes will depend on ATO rulings, the completion of this transaction, future circumstances and may be affected by changes in ownership of Vita, business activities, taxation bases and any other conditions.</p> <p>Base Rate Entity</p> <p>Vita is considered a base rate entity (and thus eligible for the lower tax rate of 25%), broadly, if its aggregated turnover (which includes its subsidiaries and certain other entities) is less than \$50 million and it has passive assessable income of 80% or less. Should Vita be considered a base rate entity in respect of the income year immediately prior to the year in which a distribution is made, the maximum franking credits able to be attached to a distribution will be equal to the corporate tax rate that applied to Vita in that prior year. That is, in respect of a distribution made in the financial year</p>

	ending 30 June 2023, the maximum rate for any franking credits attached is 30% being Vita's corporate tax rate for the income year ended 30 June 2022. However, the maximum rate for any franking credits available for distribution in the financial year ending 30 June 2024 may be limited to 25% should Vita be considered a base rate entity in the financial year ending 30 June 2023.
Dividends	There are a range of factors that determine and will determine the payment of dividends by Vita. These factors include the profitability of the Vita's business, its cash reserves, future capital requirements and debt servicing obligations under debt facilities. Vita will separately determine any future dividend levels based on its respective operating results and financial standing at the time and otherwise in accordance with its dividend policies. If the Scheme does not proceed, there is no guarantee that any dividend will be declared and paid by Vita or any guarantee that future dividends will equal or exceed previous payments.

7.3 Risk factors that may prevent the Scheme from becoming Effective or being implemented

This Section sets out the risks associated with the Scheme and its implementation.

(a) Conditions

The Scheme is subject to various Conditions. These Conditions are outlined in Section 2.5(a). As at the date of this Scheme Booklet, your Directors are not aware of any circumstances which would cause the Conditions to not be satisfied or (if applicable) waived. Despite this, there is a possibility that one or more of the Conditions will not be satisfied or waived and that the Scheme will not proceed.

The absence of the occurrence of a Material Adverse Change is a condition precedent for the Bidder's benefit.

Material Adverse Change is defined in the Scheme Implementation Agreement to mean an event or circumstance that occurs, is announced or becomes known to the Bidder or the Vita Board (in each case whether or not it becomes public) after 15 March 2023 which has or could reasonably be expected to have a materially adverse effect on Vita's reputation or a material loss of trust in Vita or its business, but does not include any event or circumstance:

- (i) required to be done or procured by Vita under the Scheme Implementation Agreement or the Scheme;
- (ii) which the Bidder has previously approved in writing;
- (iii) to the extent that it was Fairly Disclosed in the Due Diligence Materials;
- (iv) to the extent that it was:
 - a. Fairly Disclosed in documents that were publicly available prior to the date which is two Business Days prior to 15 March 2023 from public filings of Vita with ASIC or public registers; or
 - b. Fairly Disclosed in filings of Vita with the ASX in the 12 months prior to 15 March 2023;
- (v) relating to costs and expenses incurred by Vita associated with the Scheme process, including all fees payable to external advisers of Vita, to the extent such amounts are Fairly Disclosed in the Due Diligence Material; or
- (vi) relating to payment by Vita of a Permitted Dividend.

The definition of Material Adverse Change does not provide for a quantitative threshold to enliven it given that it is focused on impacts to Vita's reputation or a material loss of trust in Vita or its business. As a consequence, Vita Shareholders should note that Vita and the Bidder may interpret different meanings to the definition given the absence of a clear quantitative threshold

(for example, whether an event has resulted in a material loss of trust in Vita or its business) and, therefore that Vita may be exposed to a greater risk of litigation and a higher risk of uncertainty than would otherwise be the case if a quantitative test had been provided for what constitutes a Material Adverse Change. There are myriad different circumstances that may, depending on their effect, trigger or engage this definition of Material Adverse Change. One of the risks of having a qualitative or principle-based Material Adverse Change clause (as distinct from a strictly quantitative or monetary threshold clause) is that it may be enlivened in a wider range of circumstances. Equally, having a quantitative test means that the individual elements of that test are also subject to argument or interpretation, quantification and temporal issues.

The absence of the occurrence of a Material Adverse Change is a condition precedent for the Bidder's benefit. While a Material Adverse Change may result in a wide range of contractual and commercial outcomes, it is possible that the parties could end up in dispute over the existence of an alleged Material Adverse Change or its consequence under the Scheme Implementation Agreement. This could result in the Scheme not proceeding, the Scheme otherwise being terminated, or a transaction being proposed on different terms in accordance with clause 3.7 of the Scheme Implementation Agreement.

(b) Termination rights

Vita and the Bidder respectively each have the right to terminate the Scheme Implementation Agreement in certain circumstance (refer to Section 9.4 for a summary of the circumstances which may give rise to termination rights). Accordingly, there is no certainty that the Scheme Implementation Agreement will not be terminated by either party before the Scheme is implemented. If the Scheme Implementation Agreement is terminated, the Scheme will not be proceed.

8. Taxation implications for Vita Shareholders

8.1 Introduction

This Section provides a summary of the general Australian taxation consequences for Vita Shareholders in relation to the Scheme and should be considered in conjunction with the rest of this Scheme Booklet (including the taxation risks outlined in Section 7.2).

The information contained in this Section is a general guide only and is not intended to be an authoritative or complete statement of the taxation law applicable to the specific circumstances of each Vita Shareholder and should not be relied upon by Vita Shareholders as taxation advice.

Vita Shareholders should seek their own professional advice with respect to the taxation implications of the Scheme. Vita Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

8.2 Overview

The following is a general summary of the Australian taxation (including capital gains tax (**CGT**), GST and stamp duty) implications for Australian resident and foreign resident Vita Shareholders, who hold their Vita Shares on capital account, of participating in the Scheme.

This summary does not apply to Vita Shareholders who:

- hold their Vita Shares as revenue assets or as trading stock;
- hold their Vita Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- are financial institutions, insurance companies, partnerships, taxation exempt organisations, dealers in securities, trusts (except where expressly stated), temporary residents or shareholders who change their taxation residency while holding shares, each of which may be subject to additional or specific taxation rules;
- are subject to the taxation of financial arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) or the investment manager regime in Subdivision 842-I of the ITAA 1997;
- are non-residents of Australia who hold their shares as an asset in a business that is carried on at or through a permanent establishment in Australia;
- are Australian tax residents but hold their Vita Shares as part of an business carried on, at or through, a permanent establishment in a foreign country; or
- acquired their Vita Shares under an employee share scheme.

This summary has been prepared on the basis of Australian taxation law and administrative practice as at the date of this Scheme Booklet. References to Australian resident Vita Shareholders are to Vita Shareholders who are residents of Australia for Australian income tax purposes and are not tax resident in any other jurisdiction.

8.3 Australian taxation implications of the payment of the Permitted Dividend

Australian tax resident Vita Shareholders who receive the Permitted Dividend must include the Permitted Dividend in their assessable income.

It is expected that the Permitted Dividend will be fully franked.

Where a Vita Shareholder is a 'qualified person' in relation to the Permitted Dividend received on their Vita Shares and the franking integrity rules do not apply, they must also include the amount of the attached franking credits in their assessable income and will be entitled to a tax offset equal to the amount of the attached franking credits.

A Vita Shareholder will be a 'qualified person' if they hold their Vita Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the relevant share's acquisition or disposal) during a prescribed period (the holding period). The usual holding period is expected to apply for the Permitted Dividend, beginning on the day after the Vita Share was acquired and ending on the day before the Scheme Record Date (i.e. 29 April 2023 assuming the Scheme Record Date is Wednesday, 14 June 2023).

Accordingly, Vita Shareholders will satisfy the requirement to be a 'qualified person' for the Permitted Dividend in relation to particular Vita Shares if they acquired those Vita Shares on or before 29 April 2023, and held those shares 'at risk' subsequently for at least 45 clear days.

The usual holding period is modified where the 'related payment rule' applies. The 'related payment rule' applies if a Vita Shareholder is under an obligation to pass the benefit of the dividend to one or more other persons. As the Permitted Dividend does not impact the amount of the Scheme Consideration, nor is the Permitted Dividend contingent on the implementation of the Scheme, the 'related payment rule' should not apply to the Permitted Dividend.

The 'holding period rule' does not apply to Vita Shareholders that are individuals where their total franking credit tax offset entitlement does not exceed \$5,000 for the year of income in which a dividend is paid.

The ability of Vita Shareholders to benefit from the franking credit tax offset will depend on their status and specific circumstances. The following comments are provided on the basis that each Vita Shareholder is a 'qualified person' in relation to the Permitted Dividend and that the various franking integrity rules do not apply. If either of these requirements are not met the recipient of the Permitted Dividend may not be entitled to a franking credit tax offset.

Australian resident individuals and complying superannuation funds

Vita Shareholders who are Australian resident individuals or complying superannuation funds will be entitled to a tax offset equal to the amount of the franking credits attached to the Permitted Dividend. Where these Vita Shareholders have franking credit tax offsets in excess of their total income tax liability they may be entitled to a refund equal to the excess.

Australian resident companies

Vita Shareholders that are Australian resident companies will be entitled to a tax offset equal to the amount of the franking credits attached to the Permitted Dividend. Where an Australian resident company Vita Shareholder has an excess of franking credits, it may be able to convert the excess tax offsets into carried forward tax losses.

A franking credit may arise in the franking account of these Vita resident company Shareholders equal to the amount of the franking credits attached to the Permitted Dividend.

Australian resident trusts (other than an Attribution managed investment trust (AMIT))

Broadly, where a Vita Shareholder is an Australian resident trust (other than an AMIT) and Australian resident beneficiaries are presently entitled to trust income of the trust which includes the Permitted Dividend, the benefit of the franking credits attached to the dividends may also pass through to Australian resident beneficiaries (trustees of discretionary trusts may need to have made a family trust election to achieve this pass through outcome). The income tax treatment of the Permitted Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Where the Vita Shareholder is an Australian resident trust (other than an AMIT) and there are no beneficiaries presently entitled to the trust's income comprising the Permitted Dividend, the trustee will be liable for any income tax attributable to the dividends and be entitled to a tax offset equal to the attached franking credits.

AMITs

Where Vita Shares are held by an AMIT, the beneficiaries of the AMIT will be attributed the income of the AMIT including the Permitted Dividend based on their clearly defined rights in the AMIT. The attached franking credits will flow to the relevant beneficiary in proportion to the attributed Permitted Dividend. The income tax treatment of the Permitted Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Beneficiaries of Australian resident trusts should obtain their own independent advice.

8.4 Australian taxation implications of the Scheme

(a) Disposal of Vita Shares by Australian residents

Under the Scheme, Vita Shareholders will dispose of their Vita Shares to the Bidder in exchange for the Scheme Consideration.

Australian CGT

CGT asset

For Australian CGT purposes, the Vita Shares will be treated as CGT assets.

CGT event

The disposal of Vita Shares by an Australian resident Vita Shareholder under the Scheme should constitute a CGT event for Australian income taxation purposes on the Implementation Date.

Under the Scheme, Australian resident Vita Shareholders should:

- make a capital gain if the capital proceeds from the disposal of their Vita Shares are greater than the cost base of their Vita Shares; or
- make a capital loss if the capital proceeds from the disposal of their Vita Shares are less than the reduced cost base of their Vita Shares.

Australian resident Vita Shareholders will include all of the capital gains in the income year (including from the sale of the Vita Shares) and reduce that amount by any capital losses incurred in the income year (including from the sale of the Vita Shares) or any other capital losses from prior income years, subject to satisfaction of the relevant loss recoupment rules. Any remaining capital gain may be discounted (see below) before being included in the Australian resident Vita Shareholder's assessable income for the year in which the CGT event occurs.

Australian resident Vita Shareholders who make a capital loss on the disposal of their Vita Shares can only offset the capital loss against capital gains realised in the same, or subsequent, income years (subject to the relevant satisfaction of the loss recoupment rules). Specific loss recoupment rules may restrict the ability to utilise any such capital losses in a future period.

Capital proceeds

The capital proceeds on the disposal of the Vita Shares should include the Scheme Consideration received by Vita Shareholders. The Scheme Consideration is not adjusted by the amount of the Permitted Dividend and the implementation of the Scheme is not contingent on

the declaration of the Permitted Dividend. However, the payment of the Permitted Dividend is contingent upon the acceptance of the Scheme, and accordingly the Permitted Dividend is likely to be included in the capital proceeds for the disposal of the Vita Shares. The ATO's view around these provisions is set out in Taxation Ruling TR 2010/4. Where the Permitted Dividend forms part of the capital proceeds, the capital proceeds will be equal to the Scheme Consideration plus the amount of the Permitted Dividend, but note the potential further implications set out below under the heading 'Anti-Overlap' on the treatment of capital gains and capital losses.

Cost base and reduced cost base

The cost base of each Vita Share should generally include the amount paid to acquire the relevant Vita Share, plus any non-deductible costs of acquisition, holding and disposal (e.g. brokerage fees and stamp duty). The cost base will be reduced by any return of capital received in connection with the Vita Shares during the ownership of the Vita Shares (if any).

The reduced cost base, used to determine a capital loss, is calculated in a similar manner.

CGT discount

Generally, Australian resident Vita Shareholders who are individuals, trusts or complying superannuation funds that have held their Vita Shares for at least 12 months at the time of their disposal (being the Implementation Date) should be entitled to the CGT discount in calculating the amount of capital gain on disposal of their Vita Shares.

The CGT discount is applied after available capital losses have been offset to reduce the capital gain.

The applicable CGT discount which should reduce a capital gain arising from the disposal of Vita Shares is as follows:

- 50% for individuals and trusts; and
- 33 $\frac{1}{3}$ % for a complying superannuation fund.

The CGT discount is not available for Australian resident Vita Shareholders who are companies.

Anti-overlap

Where the Permitted Dividend forms part of the capital proceeds, the amount of any capital gain made by a Vita Shareholder will be reduced by the amount of the Permitted Dividend which has been included in the assessable income of the Vita Shareholder.

If the amount of the Permitted Dividend exceeds the capital gain, the capital gain is reduced to zero. However, the capital gain made by the Vita Shareholder will not be reduced by the amount of the franking credit that is included in the Vita Shareholder's assessable income as a result of the receipt of the Permitted Dividend by the Vita Shareholder.

If a Vita Shareholder makes a capital loss in relation to the disposal of the Vita Shares and the Permitted Dividend forms part of the capital proceeds in relation to that sale, the Vita Shareholder's capital loss is calculated based on capital proceeds which include the Permitted Dividend (meaning that the capital loss is reduced by the amount of the Permitted Dividend).

(b) Taxation consequences of disposal of Vita Shares by foreign residents

Vita Shareholders who are not Australian tax residents and do not hold their Vita Shares in the course of carrying on business in Australia at or through a permanent establishment are not required to include the Permitted Dividend in their assessable income and are not entitled to a franking credit tax offset.

Vita Shareholders should not be subject to Australian dividend withholding tax to the extent that the Permitted Dividend is franked.

Any capital gain or loss derived on the disposal of Vita Shares by Vita Shareholders who are not Australian residents will be disregarded provided that the Vita Shares are not held by the non-resident in carrying on business in Australia at or through a permanent establishment and provided that the Vita Shares are not 'indirect Australian real property interests' for the purposes of the ITAA 1997.

Specifically, the Vita Shares will be *indirect Australian real property* interest, where the following two tests are satisfied:

- the Vita Shareholder, together with its 'associates' (as defined in section 318 of the *Income Tax Assessment Act 1936* (Cth)), held a combined interest of at least 10% in Vita, respectively, either at the time the Vita Shares were disposed of (or were taken to have been disposed of) or for at least 12 months during the 24 months before the Vita Shares were disposed of (for CGT purposes) (the **non-portfolio test**); and
- more than 50% of the market value of Vita's assets is attributed to direct or indirect interests in 'taxable Australian real property' (broadly, Australian land interests or mining rights in respect of resources located in Australia) (the **principal asset test**).

Where both the above requirements are satisfied, foreign Vita Shareholders may be liable for tax on gains from the disposal of their Vita Shares and may be required to lodge a tax return in connection with the disposal of the Vita Shares.

While Vita does not expect the 'principal asset test' to have been satisfied, any non-resident shareholders who own 10% or more of the shares in Vita (on an associate inclusive basis) should seek independent professional advice in relation to their own particular circumstances.

Foreign resident capital gains withholding regime

Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of an asset that is an 'indirect Australian real property interest' (i.e. the asset is 'taxable Australian property') from a 'relevant foreign resident'.

For the purposes of these rules, a 'relevant foreign resident' is any registered Vita Shareholder, at the time the transaction is entered into, that is:

- known or reasonably believed by the Bidder to be a foreign resident;
- not reasonably believed by the Bidder to be an Australian resident, and either has an address outside Australia or has authorised the Bidder to provide a financial benefit to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations.

As mentioned above, Vita does not consider that the Vita Shares should be characterised as 'indirect Australian real property interests', and therefore, the foreign resident capital gains tax withholding should not apply.

(c) GST implications

The transfer of the Vita Shares by a Vita Shareholder under the Scheme should not be subject to GST because the transfer of the Vita Shares should either be an input taxed financial supply or an out-of-scope supply (depending on the circumstances of the Vita Shareholder).

Any dividends received by a Vita Shareholder should not be subject to GST.

Vita Shareholders may be charged GST on costs (such as third party brokerage or advisor costs) that relate to their participation in the Scheme. Vita Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the transfer of the Vita Shares.

Vita Shareholders should obtain independent advice in relation to the impact of GST on their individual circumstances.

(d) Stamp duty implications

No Australian stamp duty will be payable by a Vita Shareholder in respect of the transfer of the Vita Shares under the Scheme.

9. The Scheme in Further Detail

9.1 Introduction

This Section:

- discusses the purpose and effect of the Scheme;
- provides a summary of the conditions and approvals required for the Scheme to proceed; and
- provides a summary of the rights of Vita and the Bidder to withdraw from the Scheme.

If the Conditions for the Scheme are satisfied or waived (as applicable), the manner in which the Scheme will be implemented is described in Section 10.

9.2 Elements of the Scheme

(a) Purpose

The purpose of the Scheme is to give effect to a proposed arrangement between Vita and Scheme Shareholders. That arrangement in turn contemplates that the Bidder will acquire 100% of the shares in Vita, being all of the Vita Shares held by the Scheme Shareholders, in exchange for payment of the Scheme Consideration to the Scheme Shareholders. If the Scheme becomes Effective, Vita will become a wholly-owned and controlled subsidiary of the Bidder and Vita will be delisted from ASX.

The terms of the Scheme are set out in Appendix 3 to this Scheme Booklet.

(b) Legal effect

If the Scheme becomes Effective, it will constitute a binding arrangement between Vita and each Scheme Shareholder under which:

- all Scheme Shares held by each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against them) will be transferred to the Bidder, free of any security interest (in accordance with, without limitation, section 32(1) of the *Personal Property Securities Act 2009* (Cth) and Regulation 7.1 of the *Personal Property Securities Act Regulations 2010* (Cth)), without the need for any action on the part of the Scheme Shareholders; and
- each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against them) will receive the Scheme Consideration, subject to any security interest which attaches to the Scheme Consideration in accordance with section 32(1) of the *Personal Property Securities Act 2009* (Cth), as consideration in full for the transfer of all of their Vita Shares to the Bidder.

(c) Scheme Meeting

At the First Court Hearing on Friday 28 April 2023, the Court ordered Vita to convene a meeting of Vita Shareholders to consider and vote on the Scheme.

The resolution to be considered at the Scheme Meeting is contained in the Notice of Scheme Meeting in Appendix 4 to this Scheme Booklet.

(d) Eligibility to vote at the Scheme Meeting

Each person who is registered on the Share Register as a Vita Shareholder as at the Voting Entitlement Time (11.00am on 3 June 2023) is entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney or, in the case of a Vita Shareholder who is a corporation, by a corporate representative.

Section 4 provides full details of how to vote at the Scheme Meeting. The Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

(e) Voting majority required

The Scheme will only become Effective and be implemented if it is:

- approved by the requisite majorities of Vita Shareholders at the Scheme Meeting; and
- approved by the Court at the Second Court Hearing.

Approval of the Scheme by Vita Shareholders requires the resolution at the Scheme Meeting to be passed by:

- a majority in number (more than 50%) of Vita Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Vita Shareholders who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Vita Shareholders who is a corporation, by corporate representative).

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. For example, the Court may do so if there is evidence that the result of the vote has been unfairly influenced by activities such as share splitting.

(f) Your warranties under the Scheme

The Scheme provides that Vita Shareholders who hold Vita Shares as at the Scheme Record Date (currently proposed to be Wednesday, 14 June 2023) are taken to have warranted to Vita that:

- all their Vita Shares (including any rights and entitlements attaching to those shares) transferred to the Bidder under the Scheme will, at the time of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Vita Shares (together with any rights attaching to those shares) to the Bidder under the Scheme; and
- they have no existing right to be issued any Vita Shares, options exercisable into Vita Shares, Vita convertible notes or any other Vita securities.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

(g) Deed Poll

The Bidder has executed a Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Scheme Booklet.

9.3 Conditions to the Scheme

Implementation of the Scheme is subject to the Conditions outlined in Section 2.5. The Scheme will not proceed unless all of the Conditions to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Agreement.

9.4 Termination rights

Vita and the Bidder are entitled to terminate the Scheme Implementation Agreement in certain circumstances, as summarised below (and set out in full in clause 12 of the Scheme Implementation Agreement):

(a) Termination by either Vita or the Bidder

Either Vita or the Bidder may terminate the Scheme Implementation Agreement (by giving written notice to the other party)

- (i) non-fulfilment of Conditions: where a Condition that is for the benefit of the party wishing to terminate is not satisfied or waived before the End Date and the Parties are unable to agree in accordance with the Scheme Implementation Date to amend the transaction or extend the End Date;
- (ii) material breach: at any time before the Second Court Date, where the other party is in material breach of the Scheme Implementation Agreement (excluding breaching of a party's respective representations and warranties, for which a separate termination right exists) and the relevant breach is material in the context of the Scheme taken as a whole and has not remedied that breach within 5 Business Days after being notified of the breach;
- (iii) Court refuses to convene Scheme Meeting: if the Court refuses to make orders directing Vita to convene the Scheme Meeting; or
- (iv) the Scheme does not become Effective on or before the End Date.

(b) Termination by Vita

Vita may, by giving written notice to the Bidder, terminate the Scheme Implementation Agreement at any time before the Delivery Time on the Second Court Date, if:

- (i) the majority of the Vita Board publicly recommends a Superior Proposal where expressly permitted to do so under the Scheme Implementation Agreement; and
- (ii) a Bidder warranty (as set out in clause 9.1 of the Scheme Implementation Agreement) is not true and correct and where that breach of representation and warranty is material in the context of the transaction as a whole and the Bidder has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) after being notified of the breach.

(c) Termination by the Bidder

The Bidder may, by giving written notice to Vita, terminate the Scheme Implementation Agreement at any time prior to the Delivery Time on the Second Court Date, if:

- (i) any Vita Director fails to provide their Recommendation or Voting Intention in accordance with the requirements of clause 5.1 of the Scheme Implementation Agreement, withdraws, adversely changes, modifies or qualifies their Recommendation or Voting Intention or makes a public statement inconsistent with that Recommendation or Voting intention (other than as a result of any circumstances described in clause 5.2 of the Scheme Implementation Agreement);
- (ii) any Vita Director recommends, endorses or supports a Competing Proposal (other than as a result of any circumstances described in clause 5.2 of the Scheme Implementation Agreement); and

- (iii) a Vita warranty (as set out in clause 9.4 of the Scheme Implementation Agreement) is not true and correct and where that breach of representation and warranty is material in the context of the transaction as a whole and Vita has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) after being notified of the breach.

9.5 Status of Conditions and termination rights

As at the date of this Scheme Booklet, your Directors are not aware of any circumstances which would cause any conditions not to be satisfied or any termination right to be enlivened.

10. Implementation

10.1 Introduction

If:

- the Scheme Resolution is passed by Vita Shareholders at the Scheme Meeting; and
- all other Scheme Conditions for the Scheme as described in Section 2.5(a) (other than Court approval of the Scheme) have been satisfied or waived (as applicable),

the further general steps required to implement the Scheme are as described in the remainder of this Section.

The description of these general steps is based on the obligations that Vita and the Bidder have under the Scheme Implementation Agreement (in relation to the Scheme).

The Bidder has executed a Deed Poll in favour of the Vita Shareholders in which it covenants in favour of Vita Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 2 to this Scheme Booklet.

10.2 Apply to Court for approval of the Scheme

At the Second Court Hearing, Vita will apply to the Court for orders approving the Scheme. It is proposed that the Second Court Date will be on Thursday, 8 June 2023. Any change to this date will be announced through ASX and will be available on ASX's website, www.asx.com.au.

The Court has a wide, overriding discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act. If the Scheme is approved by the requisite majorities of Vita Shareholders at the Scheme Meeting, but is not subsequently approved by the Court, the Scheme will not proceed to be implemented.

10.3 Opposing the Scheme

The Second Court Date to approve the Scheme is currently scheduled to be Thursday, 8 June 2023.

The hearing will be at 9.15am (Sydney time) in the Federal Court of Australia (New South Wales registry). Further details on how to attend the Second Court Hearing will be released on ASX if the Scheme are approved by Vita Shareholders at the Scheme Meeting.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Vita, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Vita at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Ref: 1392682, Attention Anthony Sommer (02) 9921 4182. The notice of appearance and affidavit must also be sent by email to anthony.sommer@minterellison.com.

10.4 Receipt of Court orders

If the Court approves the Scheme:

- Vita will make an announcement to ASX notifying the market of receipt of Court approval, with that announcement proposed to be made on the day on which the Court approves the Scheme;
- that announcement will specify the Scheme Record Date; and

- as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme, Vita will lodge an office copy of the Court's orders with ASIC under section 411(10) of the Corporations Act. On that date (currently proposed to be Friday, 9 June 2023, the Scheme will become Effective.

If the Scheme becomes Effective, Vita will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Agreement, the Scheme and the Deed Poll. Only those persons who are registered as the holders of Vita Shares on the Scheme Record Date will be Scheme Shareholders, being the only persons who will be bound by, and have the benefit, of the Scheme. Section 10.5 describes the principles in the Scheme for determining the identity of Scheme Shareholders.

If the Scheme does not become Effective before the End Date, the Scheme will lapse.

10.5 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders under the Scheme, dealings in Vita Shares or other alterations to the Share Register will only be recognised if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Vita Shares on or before 7.00pm on the day on which the Scheme Record Date occurs; and
- in all other cases, registrable transmission applications or transfers received on or before 5.00pm on the day on which the Scheme Record Date occurs at the place where the Share Register is kept.

Vita will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Vita Shares received after 5.00pm (or 7.00pm in the case of dealings of the type effected using CHESS) on the day on which the Scheme Record Date occurs (or if received prior to that time but not in registrable or actionable form, as appropriate), other than to the Bidder and any subsequent transfer by its successors in title under the Scheme.

Under the terms of the Scheme, from the Scheme Record Date until registration of the Bidder as the holder of the Vita Shares:

- Vita Shareholders may not dispose of, or otherwise deal with, any Scheme Shares or any interest in them after the Scheme Record Date; and
- any disposals or dealings in Scheme Shares after the Scheme Record Date will not be recognised by the Share Registry.

For the purposes of determining entitlements to the Scheme Consideration under the Scheme, Vita must maintain the Share Register in accordance with the provisions set out above until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

All statements of holding for Scheme Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.

As soon as practicable after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Vita will ensure that details of the names, Registered Addresses and holdings of Vita Shares for each Scheme Shareholder are available to the Bidder in the form they reasonably require.

10.6 Implementation of the Scheme

(a) Suspension of trading of Vita Shares

It is expected that suspension of trading on ASX in Vita Shares will occur from close of trading on the Effective Date. On the current timetable, the Effective Date is proposed to be Friday, 9 June 2023.

(b) Scheme Record Date

Vita Shareholders will be entitled to receive the Scheme Consideration if they are registered as the holders of Vita Shares on the Scheme Record Date. The Scheme Record Date for the Scheme is currently proposed to be Wednesday, 14 June 2023. In this Scheme Booklet, Vita Shareholders, and the Vita Shares that they hold, on the Scheme Record Date (if the Scheme becomes Effective) are referred to as 'Scheme Shareholders' and 'Scheme Shares', respectively.

(c) Transfer and registration of Scheme Shares

Under the Scheme, each Scheme Shareholder, without the need for any further act, irrevocably appoints Vita and each of its directors, officers and secretaries, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including (without limitation) a master transfer of all or part of the Scheme Shares.

On the Implementation Date, the Scheme Shares held by the Scheme Shareholders, together with all rights and entitlements attaching to those securities as at the Implementation Date, will be transferred to the Bidder without the need for any further act by any Scheme Shareholder, by Vita executing and delivering a valid transfer or transfers of the Scheme Shares to the Bidder under the Corporations Act.

(d) Provision of Scheme Consideration

On the Implementation Date, Vita will, subject to the Bidder transferring the Scheme Consideration into the Trust Account, either:

- send (or procure the Share Registry to send) the Scheme Consideration due to each Scheme Shareholder to their Registered Address by cheque in Australian currency drawn out of the Trust Account; or
- deposit (or procure the Share Registry to deposit) the Scheme Consideration due to each Scheme Shareholder by electronic fund transfer to a bank account nominated by the Scheme Shareholder notified to Vita (or the Share Registry) by an appropriate authority from the Scheme Shareholders.

In the case of Scheme Shares, any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under the Scheme will be made payable to the joint holders and sent, at the sole discretion of Vita, to either the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

Where the calculation of the Scheme Consideration would result in a Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded up or down to the nearest whole cent and, fractional entitlements of 0.5 of a cent will be rounded up.

(e) Delisting of Vita

At a time determined by the Bidder following the implementation of the Scheme, the Bidder will cause Vita to apply for the termination of the official quotation of Vita Shares on ASX and to have itself removed from the official list of ASX. It is expected that this will occur shortly after the Implementation Date.

11. Additional Information

11.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations to be included in this Scheme Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that your Directors consider material to a decision on how to vote on the resolution for the Scheme to be considered at the Scheme Meeting.

In this Section, the terms 'associate', 'marketable securities', 'related body corporate' and 'subsidiary' have the meanings given to them in the Corporations Act. The term 'executive officer' is used to mean 'senior manager' as defined in the Corporations Act, including the company secretary.

11.2 Directors' interests and dealings in Vita Shares

The table below sets out the Vita Shares held by or on behalf of the Directors.

Name	Position	Vita Shares held by or on behalf of the Director	Percentage holding (total shares 175,871,832)
Paul Mirabelle	Chair and non-executive director	1,000,572	0.57%
Maxine Horne	Non-executive director	32,673,966	18.58%
Gordon Towell	Non-executive director	-	-
Peter Connors	Chief Executive Officer and Executive Director	193,439	0.11%

11.3 Directors' interest and dealings in the Bidder

No shares of the Bidder are currently held by or on behalf of any Vita Director.

11.4 Directors' interests in any contracts with the Bidder

No Vita Director has any interest in any contract with the Bidder.

11.5 Retirement benefits

(a) Non-executive directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any non-executive Director of Vita as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Vita or in any related body corporate of Vita.

(b) Executive directors

As announced on 15 March 2023, in recognition of the critical role the Chief Executive Officer is playing in leading Vita through current circumstances, the Chief Executive Officer is entitled to a one-off cash retention payment of \$225,000 subject to the Chief Executive Officer remaining with Vita until 5 June 2023 and on the basis that payment of the retention payment will also be subject to the ultimate discretion of the Vita Board. If the Chief Executive Officer resigns or is

terminated for cause prior to 5 June 2023, no retention payment is payable. The retention payment is not contingent on the Scheme proceeding. In other words, provided the Chief Executive Officer remains employed by Vita on 5 June 2023 and the Vita Board has not resolved to exercise its ultimate discretion on the payment of the retention payment, the retention payment will still be payable by Vita irrespective of whether or not the Scheme proceeds. The Board and the Chief Executive Officer respectively consider that, despite the existence and terms of this retention arrangement, it is appropriate for him to make a voting recommendation on the Scheme. In particular, the Board and the Chief Executive Officer respectively consider that, given the Chief Executive Officer's intimate knowledge of Vita's business, including its opportunities and risks and the broader industry outlook, Vita Shareholders would wish to know Mr Connors' views on the Scheme.

(c) Other employees

In recognition of the significant roles played by a number of Vita employees in connection with the ongoing operations of Vita's business, those employees would also be entitled to a one-off cash retention payment subject to those employees remaining with Vita until 5 June 2023 and on the basis that payment of the retention payment will also be subject to the ultimate discretion of the Vita Board. If those employees resign or are terminated for cause prior to 5 June 2023, no retention payment is payable. The retention payment is not contingent on the Scheme proceeding. The maximum aggregate of the case retention payments payable to those employees (excluding the payment to the Chief Executive Officer) is \$400,000.

11.6 Directors' intentions regarding the business, assets and employees of Vita

If the Scheme is approved and implemented, the existing Vita Board will be reconstituted.

Accordingly, it is not possible for your current Directors to provide a statement of the intentions of the directors of the reconstituted Vita Board regarding:

- the continuation of the business of Vita or how Vita's existing businesses will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Vita; or
- the future employment of the present employees of Vita,

in each case, after the Scheme is implemented.

If the Scheme is approved and implemented, the Bidder will ultimately control Vita. For more information regarding Vita's intentions if the Scheme is implemented please see Section 6.5.

11.7 Directors' interests in agreements connected with or conditional on the Scheme

No Vita Director or any of their associates has entered into, or otherwise has any interest in, any contract that is conditional on the Scheme.

11.8 Summary of Scheme Implementation Agreement

Overview	<p>On 15 March 2023, Vita and the Bidder entered into the Scheme Implementation Agreement. The Scheme Implementation Agreement provides a contractual framework for proposing and implementing the Scheme.</p> <p>A summary of the key elements of the Scheme Implementation Agreement is set out below. This summary does not cover procedural obligations of the parties with respect to the Scheme.</p>
Conditions	<p>The Scheme Implementation Agreement contains Conditions for the Scheme. The Conditions are summarised in Section 2.5(a) and are set out in full in clause 3 of the Scheme Implementation Agreement.</p>
Exclusivity	<p>The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of the Bidder. These arrangements are consistent with Australian market practice. They are summarised in Section 2.5(d) and are set out in full in clause 15 of the Implementation Agreement.</p>
Break fees	<p>Under the Scheme Implementation Agreement, the parties have agreed to certain break fee arrangements. These arrangements are consistent with Australian market practice. They are summarised in Section 2.5(e) and are set out in full in clauses 13 and 14 of the Implementation Agreement.</p>
Representations and warranties	<p>Under the Scheme Implementation Agreement, each of Vita and the Bidder has given representations and warranties to the other party which are customary for an agreement of this kind. These representations and warranties are set out in clause 9.1 (in the case of the Bidder) and in clause 9.4 (in the case of Vita) of the Scheme Implementation Agreement.</p>
Termination rights	<p>The right of each of Vita and the Bidder to terminate the Scheme Implementation Agreement are summarised in Section 9.4 and are set out in full in clause 12 of the Scheme Implementation Agreement.</p>
Other	<p>The Scheme Implementation Agreement contains a number of procedural related obligations and other market standard provisions including conduct of business restrictions that apply to Vita between the date of signing and the Implementation Date (or the date the Scheme Implementation Agreement is validly terminated), access and information rights for the Bidder during this period, a process for Vita and the Bidder engaging with counterparties to contracts entered into by Vita, mutual releases and director and officer insurance arrangements.</p>

11.9 Loan Agreement

Vita has entered into a facility agreement with the Bidder under which the Bidder will provide an unsecured, interest free loan to Vita of up to \$5,600,000 to partly fund the payment of the Permitted Dividend (**Loan Agreement**). Vita can only access the Loan Agreement if the Scheme becomes Effective. The Loan Agreement has been negotiated on arm's length terms.

11.10 Potential effect of the Scheme on Vita's material contracts

If the Scheme is implemented, a change of control of Vita will occur. It is possible that material contracts to which Vita is a party may be subject to pre-emptive rights, review or termination on a change of control due to the implementation of the Scheme. As at the Last Practicable Date, Vita is not aware of any counterparty that may wish to review or terminate a material contract or that has indicated an intention to do so if the Scheme is implemented. If any such contracts are terminated following the Implementation of the Scheme, Vita would lose the benefit of the contract and may be unable to obtain similar terms on entry into replacement contracts (if such replacement contracts are available).

11.11 Disclosure of fees and other benefits

No person has paid or agreed to pay any amount, or provided or agreed to provide any benefit to a director or proposed director of Vita:

- to induce them to become or to qualify as a director of Vita; or
- for services provided by that person in connection with the formation or promotion of Vita.

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Vita expects to pay an aggregate of approximately \$1.675 million (excluding GST) in transaction costs. These consist of fees and expenses for professional services paid or payable to:

- MinterEllison for acting as legal adviser to Vita;
- Record Point for acting as financial advisers to Vita;
- BDO Corporate Finance Ltd for acting as the Independent Expert; and
- other adviser fees and transactional costs including general administrative fees, Scheme Booklet design, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting, and Share Registry and other expenses.

None of these transaction costs include amounts to be paid to any director, officer or employee of Vita.

If the Scheme is not implemented, Vita expects to pay an aggregate of approximately \$800,000 to \$900,000 (excluding GST) in transaction costs, being costs that have already been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented.

The above amounts exclude the retention payments to senior executives (including the retention payment to the Chief Executive Officer) - see Section 11.5.

11.12 Regulatory relief

Clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations requires the Scheme Booklet to set out whether, within the knowledge of the Vita Directors, the financial position of Vita has materially changed since the date of the last balance sheet laid before a Vita annual general meeting or sent to Vita Shareholders in accordance with section 314 or 317 of the Corporations Act, and if so, full particulars of any change.

ASIC has granted Vita relief from this requirement on the condition that Vita:

- sets out in this Scheme Booklet whether, within the knowledge of the directors of Vita, the financial position of Vita has materially changed since the financial report for the half year ended 31 December 2022 – in this respect, please refer to the statement in Section 5.9;

- will provide, free of charge, copies of the documents referred to in the preceding bullet point to anyone who requests them prior to the Scheme being approved by the Court;
- has disclosed in this Scheme Booklet, and in announcements to the ASX, all material changes to Vita's financial position occurring after the balance date of Vita's financial report for the half year ended 31 December 2022; and
- discloses all material changes to Vita's financial position that occur after the date of this Scheme Booklet, but prior to the Scheme being approved by the Court, in announcements to ASX.

11.13 Consents and disclaimers

The following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- MinterEllison as legal adviser to Vita;
- Record Point as financial adviser to Vita;
- BDO Corporate Finance Ltd as the Independent Expert; and
- Computershare as the Share Registry.

The Bidder has given, and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its consent, to the inclusion of the Bidder Information in in this Scheme Booklet.

Harvest Lane Asset Management Pty Ltd has given, and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its consent, to the inclusion of the statement of intention as reflected in this Scheme Booklet that it its supportive of the Scheme and that it intends to vote the Vita Shares it has a relevant interest in in favour of the Scheme, in the absence of a superior proposal.

BDO has given, and has not, before the time of registration of this Scheme Booklet by ASIC, withdrawn its consent, to the inclusion of statements attributed to it in the Chairman's Letter, Sections 2.3(c) and 2.3(e) of this Scheme Booklet in the form and context in which they are included and to the inclusion of the Independent Expert's Report set out in Appendix 1 to this Scheme Booklet.

Each of the above persons:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than a statement or report included in this Scheme Booklet with the consent of that party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than as described in this Scheme Booklet with the consent of that party; and
- except for the Bidder, does not assume any responsibility for the accuracy, relevance or completeness of Bidder Information. The Bidder Information has been prepared by, and is the sole responsibility of, the Bidder.

11.14 Independent advice

Vita Shareholders should consult their financial, legal or other professional adviser if they have any queries regarding:

- the Scheme;
- the taxation implications for them if the Scheme is implemented;
- the Directors' recommendations and intentions in relation to the Scheme, as set out in Section 2.2; or
- any other aspects of this Scheme Booklet.

11.15 No unacceptable circumstances

The Vita Board believes that the Scheme does not involve any circumstances in relation to the affairs of Vita that could reasonably be characterised as constituting unacceptable circumstances for the purposes of section 657A of the Corporations Act.

11.16 Other material information

Except as set out in this Scheme Booklet, in the opinion of the Vita Board, there is no other information material to the making of a voting decision in relation to the Scheme being information that is within the knowledge of any Vita Director or of any related company of Vita, which has not been previously disclosed to Vita Shareholders.

Vita will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- a material statement in this Scheme Booklet that is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Vita may circulate and publish any supplementary document by any one or more of the following methods:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Vita Shareholders at their registered address as shown in the Share Register; and/or
- posting a statement on Vita's corporate website,

as Vita in its absolute discretion considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to Vita Shareholders such circulation and publication may be only by an announcement to ASX.

12. Glossary

The following terms used in this Scheme Booklet have the meanings given to them below, unless the context otherwise requires.

Note: a number of terms defined in this Section have the meaning given to them in the Scheme Implementation Agreement which may be accessed electronically at <https://vitagroup.com.au/shareholders/announcements-reports-presentations/> or received in hard copy free of charge on request made any time before the Scheme Meeting by calling the Shareholder Information Line on 1300 917 933 within Australia or +61 3 9946 4421 if outside Australia Monday to Friday between 8.30am and 5.00pm (Sydney time).

\$	Australian dollar
Acceptable Confidentiality Agreement	has the meaning given to that term in the Scheme Implementation Agreement
Adviser	in relation to an entity: <ul style="list-style-type: none"> (a) a financier to the entity in connection with the Proposed Transaction; or (b) a financial, corporate, legal, accounting, technical or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Proposed Transaction by the entity
Appendix	an Appendix to this Scheme Booklet
ASIC	the Australian Securities and Investments Commission
ATO	the Australian Taxation Office
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this Scheme Booklet and Vita was the designated body
ASX	ASX Limited (ABN 98 008 624 691) or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it
ASX Listing Rules	the official listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX
Authorised Person	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement
Business	the business carried on by Vita Group as at the date of this Scheme Booklet
Business Day	a day on which banks are open for general banking business in Brisbane, Queensland and Sydney, New South Wales (not being a Saturday, Sunday or public holiday)
Bidder	Practice Management Pty Ltd ACN 128 741 515
Bidder Break Fee	has the meaning given to that term in clause 14.1(a) of the Scheme Implementation Agreement

Bidder Group	the Bidder and its Related Bodies Corporate (but excluding, at any time, Vita and its Subsidiaries to the extent that Vita and its Subsidiaries are Subsidiaries of the Bidder at that time). A reference to a member of the Bidder Group or a Bidder Member is a reference to the Bidder or any such Related Bodies Corporate
Bidder Information	such information regarding the Bidder or Bidder Group that is provided by or on behalf of the Bidder or any of its Advisers, to Vita or the Independent Expert for inclusion in this Scheme Booklet and, for the avoidance of doubt includes: <ul style="list-style-type: none"> (a) Section 3 at the following "Frequently Asked Questions": <ul style="list-style-type: none"> (i) "Part B – Bidder "; and (b) Section 6 being the profile of the Bidder, but does not include the Vita Information and the Independent Expert's Report
Bidder Parent	Sonic Healthcare Limited ACN 004 196 909
Bidder Parties	each member of the Bidder Group and their respective Related Bodies Corporate and Authorised Persons
CGT	Capital Gains Tax
CHESS	the Clearing House Electronic Subregister System, the system established and operated by ASX Settlement Pty Ltd ABN 49 008 504 532
Chief Executive Officer	means the chief executive officer of Vita being Peter Connors
Competing Proposal	means any actual, potential or proposed offer, proposal or expression of interest, transaction or arrangement (including, by way of takeover bid or scheme of arrangement) under which, if ultimately completed substantially in accordance with its terms: <ul style="list-style-type: none"> (a) a person or two or more persons who are Associates (other than the Bidder or an Associate of the Bidder) would directly or indirectly; <ul style="list-style-type: none"> (i) acquire a Relevant Interest or Voting Power in or become the holder of more than 20% of the Shares or the securities of any member of the Vita Group; (ii) enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of the Shares or of the securities of any member of the Vita Group; (iii) acquire, obtain a right to acquire, or otherwise obtain an economic interest in, 50% or more by value of the business or property of Vita or any member of the Vita Group; or

- (iv) acquire control of Vita or any member of the Vita Group, within the meaning of section 50AA of the Corporations Act; or
 - (v) otherwise acquire or merge with Vita or any member of Vita Group or amalgamate with, or acquire a significant shareholding or economic interest in Vita or any member of Vita Group or 50% or more by value of the assets or business of any member of Vita Group, whether by way of takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding entity for Vita or other synthetic merger or any other transaction or arrangement;
- (b) Vita will cease to be admitted to the official list of ASX or the Shares will cease to be officially quoted on the market operated by ASX; or;
 - (c) may otherwise compete with, or be inconsistent in any material respect with the consummation of, the Proposed Transaction, and would require the Bidder or Vita to abandon the Proposed Transaction

Computershare	Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane, QLD 4001
Conditions	the conditions set out in clause 3.1 of the Scheme Implementation Agreement in respect of the Scheme, and Condition means any one of them
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth)
Court	the Federal Court of Australia (New South Wales registry)
Deed Poll	the deed poll executed by the Bidder on 26 April 2023 in relation to the Scheme in which the Bidder covenants in favour of the Scheme Shareholders to perform the actions attributed to it in accordance with the Scheme. A copy of the executed deed poll is reproduced in Appendix 2 to this Scheme Booklet
Delivery Time	in relation to the Second Court Date, 2 hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act
Due Diligence Material	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement

Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme
Effective Date	the date on which the Scheme becomes Effective. The Effective Date is currently expected to be 9 June 2023
End Date	(a) 10 September 2023; or (b) such other date and time agreed in writing between Vita and the Bidder
Exclusivity Period	the period commencing on the date of the Scheme Implementation Agreement and ending on the earliest of the: <ul style="list-style-type: none"> (a) End Date; (b) Effective Date of the Scheme; and (c) date the Scheme Implementation Agreement is terminated in accordance with its terms
Fairly Disclosed	has the meaning given to that term in clause 1.2 of the Scheme Implementation Agreement
First Court Date	the Court hearing on 28 April 2023, at which the Court made orders under section 411(1) of the Corporations Act convening the Scheme Meeting
Governmental Agency	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement
GST	Goods and Services Tax
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Vita Shareholders present and voting, either in person or by proxy
ICT	Information and Communication Technology
ICT Business	Vita's ICT business comprising of Vita's Telstra branded retail stores, Telstra Business Technology Centre, and the Sprout accessories business which was disposed to Telstra Corporation Limited in November 2021
Implementation Date	the later of: <ul style="list-style-type: none"> (a) the fifth Business Day following the Scheme Record Date; and (b) such other Business Day as the relevant parties agree.
Independent Expert	BDO Corporate Finance Ltd
Independent Expert's Report	the report from the Independent Expert (a full copy of which is set out in Appendix 1 to this Scheme Booklet), and any update to such report that the Independent Expert issues
Insolvency Event	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement

ITAA 1997	<i>Income Tax Assessment Act 1997</i> (Cth)
Last Practicable Date	21 April 2023, being the last practicable day before finalising the information to which this definition relates
Loan Agreement	the loan agreement between Vita and the Bidder referred to in Section 11.9
Material Adverse Change	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement
Permitted Dividend	any cash only fully franked dividend, not exceeding \$0.06425 per Share (or such higher amount as Vita and the Bidder agree in writing), that may be paid by Vita in accordance with clause 6.5 of the Scheme Implementation Agreement
Permitted Dividend Record Date	the record date for any Permitted Dividend, being 7.00pm (Sydney time) on the second Business Day (or such other Business Day as the parties agree in writing) following the Effective Date
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth)
Proposed Transaction	the proposed acquisition by the Bidder of control of Vita under the Scheme, together with all associated transactions and steps contemplated by the Scheme Implementation Agreement
Proxy Cut-Off Date	the last day on which proxies must be lodged for the Scheme Meeting being (11.00am on 3 June 2023)
Proxy Form	the Proxy Form for the Scheme Meeting accompanying this Scheme Booklet or, as the context requires, any replacement or substitute Proxy Form provided by or on behalf of Vita
Registered Address	in relation to a Vita Shareholder, the address shown in the Vita Register as at the Record Date
Related Body Corporate	of a person means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted
Relevant Interest	has the meaning given in the Corporations Act
RG 60	Regulatory Guide 60 issued by ASIC
RG 76	Regulatory Guide 76 issued by ASIC
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Vita and Scheme Shareholders substantially in the form set out in Appendix 3, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Vita and the Bidder
Scheme Booklet	this Scheme Booklet dated 1 May 2023 in relation to the Scheme
Scheme Consideration	\$0.06255 cash for each Scheme Share

Scheme Implementation Agreement	the agreement dated 15 March 2023 between Vita and the Bidder and released to ASX on 15 March 2023 available at https://vitagroup.com.au/shareholders/announcements-reports-presentations/
Scheme Meeting	the meeting of Vita Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting. The notice convening the Scheme Meeting is contained in Appendix 4 to this Scheme Booklet
Scheme Record Date	means 7.00pm on the second Business Day (or such other Business Day as Vita and the Bidder agree in writing) following the Effective Date. The Scheme Record Date is currently expected to be 14 June 2023
Scheme Resolution	the resolution to be considered and (if thought fit) approved by Vita Shareholders at the Scheme Meeting
Scheme Share	a Share held on the Scheme Record Date
Scheme Shareholder	a person who holds one or more Scheme Shares
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard. This day is currently proposed to be 8 June 2023
Section	a section of this Scheme Booklet
Share Register	the register of shareholders of Vita maintained by or on behalf of Vita in accordance with section 168(1) of the Corporations Act
Share Registry	Computershare or any replacement provider of share registry services to Vita
Share Splitting	the splitting by a holder of Vita Shares into two or more parcels of Vita Shares whether or not it results in any change in beneficial ownership of the Vita Shares
Subsidiary	has the meaning given to that term in section 46 of the Corporations Act
Superior Proposal	has the meaning given to that term in clause 1.1 of the Scheme Implementation Agreement
Telstra	Telstra Corporation Limited
Term Facility Agreement	the document titled Term Facility Agreement dated 15 March 2022 between Vita and the Bidder under which the Bidder agrees to provide an unsecured, interest free and subordinated loan to Vita for the purposes of part funding the payment of any Permitted Dividend (if declared)
Total Cash Payment	cash payments up to \$0.12680 per Share comprising: <ul style="list-style-type: none"> (a) the Scheme Consideration, payable by the Bidder; and (b) the Permitted Dividend, payable by Vita

Trust Account	the Australian dollar denominated trust accounts operated by Vita as trustee for the benefit of the Scheme Shareholders (in respect of the Scheme Consideration)
Vita	Vita Group Limited ACN 113 178 519
Vita Board	the board of directors for the time being of Vita
Vita Break Fee	has the meaning given to the term Target Break Fee in clause 13.3(a) of the Scheme Implementation Agreement
Vita Directors or Directors	the directors of Vita
Vita Group	Vita and each the Related Bodies Corporate of Vita. A reference to a member of the Vita Consolidated Group or a Vita Consolidated Group Member is a reference to Vita or any such Related Bodies Corporate.
Vita Information	all information in this Scheme Booklet other than: <ul style="list-style-type: none"> (a) the Bidder Information; and (b) the information contained in the Independent Expert's Report
Vita Prescribed Occurrence	has the meaning given to the term Target Prescribed Occurrences in clause 1.1 of the Scheme Implementation Agreement
Vita Share or Share	a fully paid ordinary share issued in the capital of Vita
Vita Shareholder	a person who is registered in the Vita Register as a holder of one or more Vita Shares
Voting Entitlement Time	the date for determining voting eligibility at the Meeting, being (11.00am on 3 June 2023)
Voting Power	has the meaning given in section 610 of the Corporations Act
VWAP	volume weighted average price

Appendix 1 – Independent Expert's Report



Vita Group Limited

Independent Expert's Report and Financial Services Guide

28 APRIL 2023

FINANCIAL SERVICES GUIDE

Dated: 28 April 2023

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

- a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;
- b) Arranging to deal in financial products in relation to securities; and
- c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the shareholders of Vita Group Limited ('Vita' or 'the Company') in relation to the acquisition of all of Vita's shares outstanding by Practice Management Pty Ltd ('Practice') ('the Proposed Transaction').

Further details of the Proposed Transaction are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Proposed Transaction is in the 'best interests' of the ordinary Vita shareholders ('the Shareholders') and has been prepared to provide information to the Shareholders to assist them to make an informed decision on whether to vote in favour of or against the Proposed Transaction. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately \$115,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Transaction.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDOCF has previously completed an IER for Vita in relation to Telstra Corporation Limited's ('Telstra') acquisition of the corporate entities holding and operating Vita's Telstra Consumer and Small Business Stores and the Sprout accessories business.

The signatories to this Report do not hold any shares in Vita and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

Referral to External Dispute Resolution Scheme

BDO Corporate Finance is a member of AFCA (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority (AFCA) using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne VIC 3001
Online Address: <http://www.afca.org.au>
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

BDO Corporate Finance Ltd

Location Address:	Postal Address:
Level 10 12 Creek Street BRISBANE QLD 4000	GPO Box 457 BRISBANE QLD 4001
Phone: (07) 3237 5999	Email: cf.brisbane@bdo.com.au
Fax: (07) 3221 9227	

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GLOSSARY

Reference	Definition
A\$ or \$	Australian dollars
ABV	Asset-based valuation
AGM	Annual general meeting
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 <i>Valuation Services</i>
Artisan Clinics	Artisan Aesthetic Clinics
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Bidder Parent, the	Sonic Healthcare Limited
Board, the	The board of directors of the Company
CAPM	Capital asset pricing model
Cash Consideration, the	Consideration of \$0.06255 cash per Vita share to be paid under the scheme
CME	Capitalisation of Maintainable Earnings
Company, the	Vita Group Limited
Corporations Act, the	The Corporations Act 2001
DCF	Discounted cash flow
DCF Model, the	The DCF valuation model we have developed based on Vita's impairment model and other cash flow projections prepared by Management
Directors, the	The Directors of the Company
D&O Insurance	Directors' and officers' liability insurance
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EV	Enterprise value
Financial Model	The Financial Models provided by the Company
Fone Zone	Fone Zone Pty Ltd
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 30 June
MBV	Market-based valuation
ICT Segment	The corporate entities that were holding and operating Vita's Telstra Consumer and Small Business Stores and the Sprout accessories business
NPAT	Net profit after tax
NPV	Net present value

Reference	Definition
Permitted Dividend	Permitted dividend that Vita is expected to pay equal to \$0.06425 per Vita share, fully franked, if the scheme becomes effective
Practice	Practice Management Pty Ltd
Proposed Transaction, the	The proposed acquisition of 100% of the issued shares in Vita by Practice, a subsidiary of the Bidder Parent, by way of scheme of arrangement
Regulations, the	The Corporation Regulations 2001
Report, this	This independent expert's report prepared by BDOCF and dated 28 April 2023
RG 111	Regulatory Guide 111: <i>Content of Expert Report</i> , issued by ASIC
RGs	Regulatory guides published by ASIC
Scheme	Scheme of arrangement
Scheme Booklet, the	The scheme booklet prepared by Vita and dated on or about 1 May 2023
Scheme Meeting, the	Scheme meeting proposed to be held on Monday 5 June 2023
SHAW	Skin health and wellness industry
SIA	Scheme Implementation Agreement dated 15 March 2023
Shareholders, the	The holders of fully paid ordinary shares in the Company
Telstra	Telstra Corporation Limited or Telstra Corporation Limited (to the extent that the reference relates to events or circumstances which occurred prior to 1 January 2023)
Total Cash Payment	The total value of \$0.12680 to be received by Vita shareholders under the Proposed Transaction representing the sum of the Cash Consideration (to be paid by the bidder) and the Permitted Dividend (to be paid by Vita)
Vita	Vita Group Limited
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
We, us, our	BDO Corporate Finance Ltd

PART I: ASSESSMENT OF THE PROPOSED TRANSACTION

The Shareholders
C/- The Directors
Vita Group Limited
77 Hudson Road
Albion QLD 4010

28 April 2023

Dear Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to the ordinary shareholders ('the Shareholders') of Vita Group Limited ('Vita' or 'the Company') in relation to the acquisition of all outstanding Vita shares by Practice Management Pty Ltd ('Practice'), a subsidiary of Sonic Healthcare Limited ('the Bidder Parent') ('the Proposed Transaction').

The Proposed Transaction is proposed to be implemented by a scheme of arrangement ('Scheme') under Part 5.1 of the Corporations Act 2001 ('the Corporations Act') whereby the Shareholders will receive:

- ▶ Cash consideration of \$0.06255 for each Vita share held ('the Cash Consideration') to be paid by Practice; and
- ▶ Subject to the Proposed Transaction being implemented, Vita also expects to declare and pay a dividend of \$0.06425 per Vita share, which Vita expects will be fully franked ('the Permitted Dividend'). The Permitted Dividend may enable eligible Shareholders to receive up to a maximum of \$0.02754 per Vita share in additional benefit from franking credits, depending on their tax circumstances. If the Scheme does not proceed to become effective, the Permitted Dividend will not be paid.

The amount paid under the Permitted Dividend will not reduce the Cash Consideration. Resultantly, the total value shareholders will be eligible to receive ('the Total Cash Payment') is expected to be \$0.12680 per Vita share (before the benefit of any franking credits).

For completeness and as set out in the Scheme Booklet, we note that if the Vita Board determines not to declare the Permitted Dividend or if the Permitted Dividend is declared but is lower than \$0.06425 per share, Vita intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the implications of this for Vita Shareholders. This supplementary disclosure will include any changes to the recommendation of the Vita Board on the Scheme as well as any changes to our opinion on the Scheme. If this occurs, it is likely that the Scheme Meeting would need to be postponed to a date determined by the Court. Noting this, for the purposes of this Report, we consider it appropriate to assume the Total Cash Payment will be \$0.12680.

A more detailed description of the Proposed Transaction is set out in Section 4.

The Shareholders are requested by the directors of Vita ('the Directors') to vote in favour of or against the Proposed Transaction at the scheme meeting proposed to be held on 5 June 2023 ('the Scheme Meeting').

In this Report, BDOCF has expressed an opinion as to whether or not the Proposed Transaction is fair and reasonable to, and in the best interests of, the Shareholders. This Report has been prepared solely for use by the Shareholders to provide them with information relating to the Proposed Transaction. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Shareholders including the scheme booklet prepared by Vita and dated on or about 1 May 2023 ('the Scheme Booklet').

2.0 Assessment of the Proposed Transaction

This section is set out as follows:

- ▶ Section 2.1 sets out the methodology for our assessment of the Proposed Transaction;
- ▶ Section 2.2 sets out our assessment of the fairness of the Proposed Transaction;
- ▶ Section 2.3 sets out our assessment of the reasonableness of the Proposed Transaction; and
- ▶ Section 2.4 provides our assessment of whether the Proposed Transaction is in the best interests of the Shareholders.

2.1 Basis of Evaluation

ASIC have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover transaction. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

The Proposed Transaction involves Practice acquiring 100% of the issued share capital in Vita which represents a controlling interest stake. RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion the Proposed Transaction is a control transaction as defined by RG 111 and we have assessed the Proposed Transaction by considering whether, in our opinion, it is fair and reasonable to, and in the best interests of, the Shareholders.

Under RG 111, an offer will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the transaction. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the offer. This includes comparing the likely advantages and disadvantages if the offer is approved with the position of the shareholders if the offer is not approved.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept an offer in the absence of a higher bid. Our assessment concludes by providing our opinion as to whether or not the Proposed Transaction is 'fair and reasonable'. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

If our opinion of the Proposed Transaction is that it is 'fair and reasonable' then we will also be able to conclude that the Proposed Transaction is in the 'best interests' of the Shareholders. If our opinion of the Proposed Transaction is that it is 'not fair but reasonable', we may still conclude that the Proposed Transaction is in the best interests of the Shareholders. In this circumstance, we will clearly state that the consideration is not equal to or greater than the value of a Vita share, but that there are sufficient reasons for the Shareholders to vote in favour of the Proposed Transaction in the absence of a superior proposal. If our opinion of the Proposed Transaction is that it is 'not fair and not reasonable', we will conclude that the Proposed Transaction is 'not in the best interests of the Shareholders'.

We have assessed the fairness and reasonableness of the Proposed Transaction in Sections 2.2 and 2.3 below and provide an opinion on whether the Proposed Transaction is in the 'best interests' of the Shareholders in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject to the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject to an offer in a control transaction the expert should consider this value inclusive of a control premium and assume a 100% ownership interest.

In our view, it is appropriate to assess the fairness of the Proposed Transaction to the Shareholders as follows:

- a) Determine the value of a Vita share on a controlling interest basis prior to the Proposed Transaction;
- b) Compare the value determined in a) above with the Total Cash Payment.

In accordance with the requirements of RG 111, the Proposed Transaction can be considered 'fair' to the Shareholders if the consideration offered per ordinary share is equal to or greater than the value determined in a) above.

2.2.2 Value of a Vita Share Prior to the Proposed Transaction on a Controlling Interest Basis

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of \$0.105 to \$0.155 per Vita share on a controlling interest basis. In forming this view, we considered a discounted cash flow ('DCF') methodology, an asset based valuation ('ABV') methodology and a market based valuation ('MBV') methodology.

Our valuation of Vita is set out in Section 8 of this Report.

2.2.3 Value of the Consideration Offered under the Proposed Transaction

Under the Proposed Transaction, the Shareholders are expected to receive the Total Cash Payment of \$0.12680 (before the benefit of any franking credits) per share.

If the Permitted Dividend is paid, shareholders who are able to capture the full benefit of the franking credits associated with the Permitted Dividend may potentially realise additional value of up to \$0.02754 per share. However, any benefit received through the utilisation of franking credits will depend on the amount of dividends paid and the tax circumstance of individual Shareholders. This Report does not address circumstances specific to individual shareholders. Shareholders should obtain their own professional advice in relation to their ability to realise additional value in the event the Permitted Dividend is paid. Shareholders should read section 8 of the Scheme Booklet which provides a general overview of the Australian taxation implications that could arise for certain Shareholders as a result of the implementation of the Proposed Transaction, including the payment of the Permitted Dividend.

For the purposes of the analysis set out in this Report, we consider it appropriate to adopt a value for the consideration to be received under the Proposed Transaction equal to the Total Cash Payment of \$0.12680. We note that the Cash Consideration and the Permitted Dividend are commercially integrated and if the Scheme does not proceed to become effective, the Permitted Dividend will not be paid.

2.2.4 Assessment of the Fairness of the Proposed Transaction

In order to assess the fairness of the Proposed Transaction, it is appropriate to compare the value of a Vita share on a controlling interest basis with the consideration offered under the Proposed Transaction. Pursuant to RG 111, the Proposed Transaction is considered to be fair if the value of the consideration is equal to or greater than the value of the securities subject to the Proposed Transaction (i.e. the value per Vita share).

Table 2.1 below summarises our assessment of the fairness of the Proposed Transaction.

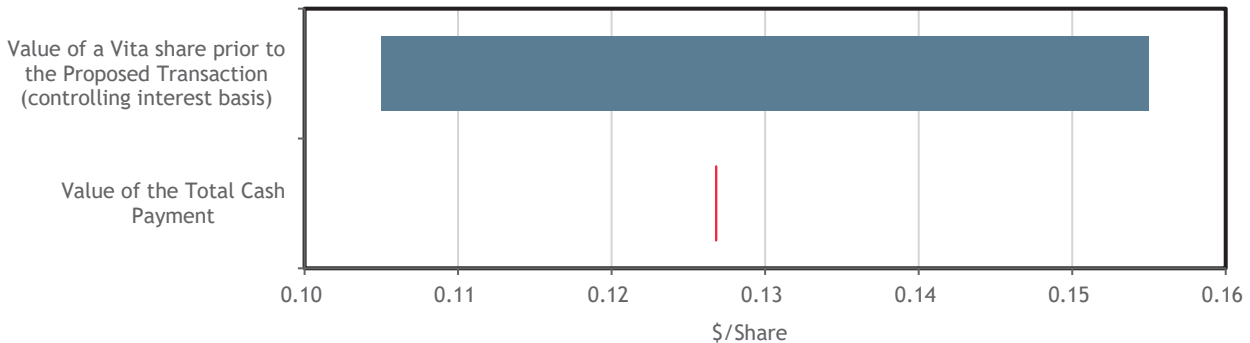
Table 2.1: Assessment of the Fairness of the Proposed Transaction

	Low	High
Value of a Vita Share prior to the Proposed Transaction (controlling interest)	\$0.105	\$0.155
Value of the Total Cash Payment (refer Section 2.2.3)	\$0.12680	\$0.12680

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Proposed Transaction, setting out a graphical comparison of our valuation of a Vita share prior to the Proposed Transaction on a controlling interest basis and the consideration offered to the Shareholders under the Proposed Transaction.

Figure 2.1: Fairness of the Proposed Transaction



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note the Total Cash Payment of \$0.12680 per Vita share is in the range of the value of a Vita share prior to the Proposed Transaction on a controlling interest basis.

In addition to the information set out in Table 2.1 above, Shareholders should note that under the Proposed Transaction, Vita expects to pay the Permitted Dividend, being a fully franked dividend of \$0.06425 per share. Shareholders who are able to capture the full benefit of the franking credits may potentially realise additional value of up to \$0.02754 per share. However, any benefit received through the utilisation of franking credits will depend on the amount of dividends paid and the tax circumstance of individual shareholders. This Report does not address circumstances specific to individual shareholders. Shareholders should obtain their own professional advice in relation to their ability to realise additional value in relation to the Permitted Dividend.

After considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information or a superior offer, the Proposed Transaction is Fair to the Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Proposed Transaction is 'reasonable' we consider it appropriate to examine other significant factors to which the Shareholders may give consideration prior to forming a view on whether to vote in favour of or against the Proposed Transaction. This includes comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a Non-Associated Shareholder if the Proposed Transaction is not approved, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Proposed Transaction is set out as follows:

- ▶ Section 2.3.2 sets out the advantages of the Proposed Transaction to the Shareholders;
- ▶ Section 2.3.3 sets out the disadvantages of the Proposed Transaction to the Shareholders;
- ▶ Section 2.3.4 sets out discussion of other considerations relevant to the Proposed Transaction;
- ▶ Section 2.3.5 sets out the position of the Shareholders if the Proposed Transaction is not approved; and
- ▶ Section 2.3.6 provides our opinion on the reasonableness of the Proposed Transaction to the Shareholders.

2.3.2 Advantages of the Proposed Transaction

Table 2.2 below outlines the potential advantages to the Shareholders of accepting the Offer / approving the Proposed Transaction.

Table 2.2: Potential Advantages of the Proposed Transaction

Advantage	Explanation
The Proposed Transaction is fair	As set out in Section 2.2 above, the Proposed Transaction is fair to the Shareholders as at the date of this Report. RG 111 states that an offer is reasonable if it is fair.
Receipt of the Total Cash Payment	<p>If the Proposed Transaction is implemented, Shareholders will receive the Total Cash Payment and will no longer be exposed to the ongoing risks associated with holding shares in Vita. For completeness and as set out in the Scheme Booklet, we note that if the Vita Board determines not to declare the Permitted Dividend or if the Permitted Dividend is declared but is lower than \$0.06425 per share, Vita intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the implications of this for Vita Shareholders.</p> <p>While Shareholders will receive the Total Cash Payment if the Proposed Transaction is implemented, we note it may be possible, assuming sufficient liquidity, for Shareholders to sell their shares on the ASX at prices that are higher than the Total Cash Payment. By way of example, from 15 March 2023 (the date the Proposed Transaction was announced) to 31 March 2023, Vita shares have traded in the range of \$0.1350 to \$0.1450 which is above the Total Cash Payment of \$0.1268. This likely reflects the market's expectation that the Proposed Transaction will be approved and the ability of market participants to utilise franking credits associated with the Permitted Dividend.</p>
No brokerage charges	As outlined in the Scheme Booklet, the Shareholders will not be required to pay brokerage charges on the disposal of their shares if the Proposed Transaction is approved.
The Total Cash Payment is at a premium to the price that Vita shares have traded on the ASX prior to the Proposed Transaction	As outlined in Section 5.5, recent ASX trading of Vita shares have been at VWAPs in the range of \$0.0815 (1-week VWAP prior to the announcement of the Proposed Transaction) to \$0.1073 (6 month VWAP prior to the announcement of the Proposed Transaction) with the highest daily VWAP in the previous 6 month period being \$0.1250. The Total Cash Payment of \$0.12680 per share is at a premium to the price that Vita shares have traded on the ASX for the 6 months prior to the announcement of the Proposed Transaction.

Advantage	Explanation
A superior proposal has not emerged	<p>The Directors have advised that, as at the date of this Report, a superior proposal to the Proposed Transaction has not been received by the Company and the Directors are not aware of any superior proposal that is likely to emerge.</p> <p>We note that the Vita Board positioned itself to pursue a potential trade sale or respond to a proposed control transaction, in either case on terms that the Board considered acceptable and otherwise in the best interests of the Shareholders. This strategy culminated in the bid from Practice.</p>

Source: BDOCF analysis

2.3.3 Disadvantages of the Proposed Transaction

Table 2.3 below outlines the potential disadvantages to the Shareholders of approving the Proposed Transaction.

Table 2.3: Potential Disadvantages of the Proposed Transaction

Disadvantage	Explanation
No exposure to any future offers	If the Proposed Transaction is approved, the Shareholders will no longer be able to benefit from any superior offers from Practice or any other party. Notwithstanding, there is no indication, nor guarantee that a future offer will be forthcoming. We understand Vita had engaged with a comprehensive list of potential bidders and received limited uptake from these other parties.
No exposure to any potential future value of Vita	If the Proposed Transaction is approved, Shareholders will receive the Total Cash Payment, and no longer hold any shares in the Company. Accordingly, Shareholders will have no exposure to any potential upside in the value of the Company going forward.
No partial investment	The Proposed Transaction relates to 100% of each Shareholder's shares. If the Proposed Transaction is approved, Practice will acquire 100% of Vita shares and no partial investment will be possible.

Source: BDOCF analysis

2.3.4 Other Considerations

Tax Considerations

If the Proposed Transaction is approved and implemented, the Shareholders will be treated as having disposed of their shares for tax purposes. A gain or loss on disposal may arise depending on the cost base of each individual Shareholder's shares, the length of time held, whether the shares are held on capital or revenue account and whether or not the Shareholder is an Australian resident for tax purposes. A general description of the tax implications for Vita shareholders (assuming the Proposed Transaction is implemented) is set out in Section 8.0 of the Scheme Booklet.

Shareholders should consult their own adviser in relation to the taxation consequences of the Proposed Transaction.

Franked Dividends

The Directors anticipate that the Permitted Dividend of \$0.06425 will be paid and this dividend is expected to be fully franked. In this circumstance, the Shareholders could be entitled to a tax offset equal to the franking credits attached to dividends. Shareholders may be entitled to a refund of franking credits where the tax offset associated with the franking credits exceeds the Shareholder's tax liability for the relevant income year. Conversely, if shareholders are imputed with notional income, on which tax is payable, that exceeds the tax credits they have received, they may be responsible for the additional tax payable at their marginal tax rate. A general description of the tax implications for Vita shareholders (assuming the Proposed Transaction is implemented) is set out in section 8 of the Scheme Booklet.

Further, as noted in the Scheme Booklet, in the financial year ending 30 June 2023, Vita is expected to be considered a base rate entity and eligible for the lower tax rate of 25%. Vita is considered a base rate entity, broadly, if its aggregated turnover (which includes its subsidiaries and certain other entities) is less than \$50 million and it has passive assessable income of 80% or less. Should Vita be considered a base rate entity in respect of the income year immediately prior to the year in which a distribution is made, the maximum franking credits available for distribution will be equal to the corporate tax rate that applied to Vita in that prior year. That is, in respect of a distribution made in the financial year ending 30 June 2023, the maximum rate for any franking credits attached is 30% being Vita's corporate tax rate for the income year ended 30 June 2022. However, the maximum rate for any franking credits available for distribution in subsequent reporting periods will be 25%, subject to Vita's continued base rate entity status.

Shareholders should consult their own adviser in relation to the taxation consequences of the Proposed Transaction.

Disposal of Shares On-market

Vita shares have generally traded at a premium to the Total Cash Payment of \$0.1268 in the period following 15 March 2023, being the date the Proposed Transaction was announced. Individual Shareholder's that elect to sell their shares on-market should note the following:

- ▶ Transaction costs are likely to be incurred;
- ▶ The opportunity to realise value from franking credits may be lost (in the event that Vita declares the Permitted Dividend as planned and a shareholder's individual tax position allows them to utilise the franking credits); and
- ▶ The opportunity to benefit from any higher price offered will be foregone (we note for completeness that the Vita directors have not received any indication that a higher price will be offered).

Shareholders should however note that a sale of shares on market will result in the receipt of consideration that is not divided between the Cash Consideration and the Permitted Dividend. Shareholders should refer to section 8 of the Scheme Booklet for additional discussion on the potential implications of this.

2.3.5 Position of the Shareholders if the Proposed Transaction is Not Approved

Table 2.6 below outlines the potential position of individual Vita shareholders if the Proposed Transaction is not approved.

Table 2.6: Position of Shareholders if the Proposed Transaction is Not Approved

Position of Shareholders	Explanation
Continued shareholding in Vita	If the Proposed Transaction is not implemented, the Shareholders will continue to hold shares in Vita. The Shareholders will continue to be exposed to the risk and opportunities associated with the ownership of Vita shares. For completeness and as set out in the Scheme Booklet, we note the Directors are of the view there are a number of uncertainties and risks associated with a continuing investment in Vita's business - this includes the significant future funding and time required for the Artisan business to achieve a breakeven position.
Permitted Dividend will not be paid	If the Permitted Dividend is declared, it will be declared on the basis that it is conditional on the Scheme becoming effective no later than 30 June 2023. This means that if the Scheme does not proceed to become effective, the Permitted Dividend will not be paid.
Share trading price may be materially different to recent share trading prices and the shares in Vita may trade at prices that are lower than the Total Cash Payment (or even the Cash Consideration amount on a standalone basis)	<p>If the Proposed Transaction does not proceed, the price of Vita shares may decrease relative to recent trading prices (e.g. from 15 March 2023 to 31 March 2023, Vita shares have traded in the range of \$0.1350 to \$0.1450) and the decrease may be material. As outlined in Section 5.5, prior to the announcement of the Proposed Transaction, Vita shares traded on the ASX with a 6-month VWAP of \$0.1073 and a 1-week VWAP of \$0.0815. This is lower than the Total Cash Payment.</p> <p>It is important to note that shares in Vita have been valued in this Report on a controlling interest basis to assess the Proposed Transaction. If the Proposed Transaction is not implemented, the price of shares in Vita is likely to change to represent the value of Vita on a minority interest basis.</p> <p>If the Proposed Transaction is not implemented, it is possible that shares in Vita will trade at a price that is materially lower than the Total Cash Payment of \$0.12680, or even the Cash Consideration amount of \$0.06255 on a standalone basis.</p>
Non-recoverable costs	Vita will incur costs in relation to the Proposed Transaction irrespective of whether or not the Proposed Transaction is implemented. Vita will not be able to recover the costs that it has incurred in relation to the Proposed Transaction in the event that the Proposed Transaction is not approved and/or implemented. In addition to its own costs, Vita may be required to pay a break fee of \$110,000 to Practice under certain circumstances, which are set out in section 2.5 of the Scheme Booklet.
Prospect of a superior proposal or alternative transaction	<p>It is possible that if the Proposed Transaction is not implemented Vita may receive an offer superior to the Proposed Transaction. However, we note that the Vita Board positioned itself to pursue a potential trade sale or respond to a proposed control transaction, in either case on terms that the Board considered acceptable and otherwise in the best interests of the Shareholders. This strategy culminated in the bid from Practice.</p> <p>As at the date of this Report, the Directors have not received a proposal superior to the Proposed Transaction.</p>

Source: BDOCF analysis

2.3.6 Assessment of the Reasonableness of the Proposed Transaction

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Reasonable** to the Shareholders as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Fair and Reasonable** to the Shareholders as at the date of this Report. On this basis, it is our view that in the absence of any other information or a superior proposal, the Proposed Transaction is in the **Best Interests** of Shareholders as at the date of this Report.

Before forming a view on whether to vote in favour of or against the Proposed Transaction, Shareholders must:

- ▶ Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- ▶ Consider the possibility of a superior proposal arising, notwithstanding that a superior proposal has not arisen as at the date of this Report and there is no guarantee that one will emerge;
- ▶ Consult their own professional advisers; and
- ▶ Consider their specific circumstances.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Shareholders in conjunction with this Report should also be read in full, including the Scheme Implementation Agreement ('SIA') dated 15 March 2023 and the Scheme Booklet.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Shareholders as a whole. BDOCF has not considered the impact of the Proposed Transaction on the particular circumstances of individual Shareholders. Individual Shareholders may place a different emphasis on certain elements of the Proposed Transaction relative to the emphasis placed in this Report. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Proposed Transaction is in their best interests having regard to their individual circumstances.

The decision of an individual Shareholder to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances and accordingly, the Shareholders are advised to consider their own circumstances and seek their own independent advice.

Voting in favour of or against the Proposed Transaction is a matter for individual Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Shareholders should carefully consider the SIA and the Scheme Booklet. Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

With respect to the taxation implications of the Proposed Transaction, it is strongly recommended that the Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Proposed Transaction is fair and reasonable to, and in the best interests of, the Shareholders.

This Report has been prepared at the request of the Directors for the sole benefit of the Shareholders entitled to vote, to assist them in their decision to vote in favour of or against the Proposed Transaction. This Report is to accompany the Scheme Booklet to be sent to the Shareholders to consider the Proposed Transaction and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Directors and the Shareholders in relation to this Report.

This Report should not be used for any other purpose and we do not accept any responsibility for its use outside its stated purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Scheme Booklet. Apart from this Report, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Transaction. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Corporations Act 2001 (Cth) ('the Corporations Act'), the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by the Australian Securities and Investments Commission ('ASIC'), the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- ▶ We have performed our analysis on the basis that the conditions precedent to the Proposed Transaction are satisfied;
- ▶ That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ All information which is material to the Shareholders' decision on the Proposed Transaction has been provided and is complete, accurate and fairly presented in all material respects;
- ▶ ASX announcements and other publicly available information relied on by us are accurate, complete and not misleading;

- ▶ If the Proposed Transaction is approved, that it will be implemented in accordance with the stated terms;
- ▶ The legal mechanism to implement the Proposed Transaction is correct and effective;
- ▶ There are no undue changes to the terms and conditions of the Proposed Transaction or complex issues unknown to us; and
- ▶ Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Proposed Transaction. Vita has engaged other advisors in relation to those matters.

Vita has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by the Board, executives and management of all the entities.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

The Proposed Transaction will be implemented by scheme of arrangement. Section 411 of the Corporations Act relates to schemes of arrangement. Under section 411 of the Corporations Act, in order for a scheme of arrangement to be approved, certain steps, including the following, must occur:

- ▶ Unless the Court orders otherwise, there must be a majority in number (i.e. more than 50%) of the shareholders present and voting (either in person or by proxy); and
- ▶ No less than 75% of the votes cast on the resolution must vote in favour of the scheme.

Part 3 of Schedule 8 of the Corporations Regulations details the prescribed information relating to schemes of arrangement. Specifically, Clause 8303 of Schedule 8 states that an independent expert's report prepared to determine whether, in the opinion of the expert, the proposed scheme is in the best interests of the company's shareholders must accompany a scheme document if:

- ▶ A party to the proposed scheme has a prescribed shareholding in the company subject to the scheme; or
- ▶ The directors of the company are also directors of the company subject to the scheme.

We have been requested to prepare this independent expert's report to provide additional information to the Shareholders to assist them to form a view on whether to vote in favour of or against the Proposed Transaction.

3.4.2 Listing Requirements

We have been instructed that Vita will not be using this Report or our assessment of the Proposed Transaction for the purpose of complying with the listing requirements of the ASX or any other stock exchange.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the Scheme Meeting, results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to Vita. BDOCF is not responsible for updating this Report following the Meeting or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

Vita recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by Vita, its management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Proposed Transaction is in the best interests of the Shareholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is best interests is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by Vita (either by management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, Vita has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('\$') references in this Report are in Australian dollars unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- ▶ Vita annual report for the year ended 30 June 2022 and half year report for the 6 months ended 31 December 2022;
- ▶ Vita management accounts as at 31 January 2023 and 28 February 2023;
- ▶ Vita ASX announcements;
- ▶ The Financial Models ('Financial Model') provided by Vita;
- ▶ The Scheme Implementation Agreement dated 15 March 2023;
- ▶ The Scheme Booklet;
- ▶ Capital IQ;
- ▶ IBISWorld;
- ▶ Consensus Economics;
- ▶ MergerMarket;
- ▶ Other research publications and publicly available data as sourced throughout this Report;
- ▶ Various transaction documents provided by the Management of Vita and their advisors; and
- ▶ Discussions and other correspondence with Vita, management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from the Company's management and is adopted by the Directors in order to provide us with a guide to the potential financial performance of Vita. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecast may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Vita. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by management to complete our valuation work. In this instance, the forecasts we have adopted for our valuation work will not be the same as the forecasts provided by management.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management, that all material information concerning the prospects and proposed operations of Vita has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Chris Catanzaro have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Catanzaro, BCom (Hons), BBusMan, CA, CFA are directors of BDOCF. Both Mr Whittaker and Mr Catanzaro have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Catanzaro are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd



Mark Whittaker
Director



Chris Catanzaro
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE PROPOSED TRANSACTION

4.0 Overview of the Proposed Transaction

This section sets out an overview of the Proposed Transaction and is structured as follows:

- ▶ Section 4.1 provides a brief description of the Proposed Transaction;
- ▶ Section 4.2 describes the key parties involved in the Proposed Transaction;
- ▶ Section 4.3 summarises the conditions precedent to the Proposed Transaction; and
- ▶ Section 4.4 details the rationale for the Proposed Transaction.

This section is a summary only and should not be treated as a complete description of the Proposed Transaction. The Shareholders should refer to the Scheme Booklet and any subsequent disclosures for additional information relating to the Proposed Transaction and the key parties involved.

4.1 Summary of the Proposed Transaction

On 15 March 2023, Vita announced that it had entered an SIA with Practice, a wholly owned subsidiary of the Bidder Parent, under which it is proposed that Practice will acquire 100% of the shares on issue in Vita by way of a scheme of arrangement.

If the Proposed Transaction is approved and implemented, Shareholders will be entitled to receive:

- ▶ Cash consideration of \$0.06255 for each Vita share held ('the Cash Consideration') to be paid by Practice; and
- ▶ Subject to the Proposed Transaction being implemented, Vita also expects to declare and pay a dividend of \$0.06425 per Vita share, which Vita expects will be fully franked ('the Permitted Dividend'). The Permitted Dividend may enable eligible Shareholders to receive up to a maximum of \$0.02754 per Vita share in additional benefit from franking credits, depending on their tax circumstances. If the Scheme does not proceed to become effective, the Permitted Dividend will not be paid.

The amount paid under the Permitted Dividend will not reduce the Cash Consideration. Resultantly, the total value shareholders will be eligible to receive ('the Total Cash Payment') is expected to be \$0.12680 per Vita share (before the benefit of any franking credits).

The quantum of the Permitted Dividend was determined with reference to certain cash and debt-like items including:

- ▶ Vita's anticipated net cash balance;
- ▶ Settlement of Vita's head office lease obligations;
- ▶ Settlement of Vita's directors' and officers' insurance obligations relating to the ICT divestment; and
- ▶ Future tax refunds and other items related to the Proposed Transaction (including transaction costs).

Management have instructed us that they do not expect any of these items to change in such a way that would materially change the value of the Permitted Dividend from \$0.06425 per share.

For completeness and as set out in the Scheme Booklet, we note that if the Vita Board determines not to declare the Permitted Dividend or if the Permitted Dividend is declared but is lower than \$0.06425 per share, Vita intends to seek Court approval for the release of a supplementary Scheme Booklet disclosing the implications of this for Vita Shareholders. This supplementary disclosure will include any changes to the recommendation of the Vita Board on the Scheme as well as any changes to our opinion on the Scheme. If this occurs, it is likely that the Scheme Meeting would need to be postponed to a date determined by the Court. Noting this, for the purposes of this Report, we consider it appropriate to assume the Total Cash Payment will be \$0.12680.

For completeness we note that Practice has agreed to make available to Vita an unsecured, interest free and subordinated loan of \$5.6 million to partially fund the payment of the Permitted Dividend. Vita can only access the loan if the Scheme becomes effective.

Shareholders should refer to the Scheme Booklet and subsequent disclosures for more detailed information in relation to the Proposed Transaction.

4.2 Description of the Key Parties involved in the Proposed Transaction

Practice is an Australian proprietary company which is wholly-owned by A.C.N. 002 889 545 Pty Ltd and ultimately held by Sonic Healthcare Limited (the Bidder Parent).

Practice was incorporated in 2007 for the purpose of holding and operating certain general practice medical centres. As at 21 April 2023, Practice owns and operates general practice medical centres located in Kuranda (QLD) and Redlynch (QLD).

The Bidder Parent is one of the world's leading healthcare providers, with a reputation for excellence in laboratory medicine/pathology, radiology and primary care medical services, across operations in Australasia, Europe and North America.

Shareholders should refer to section 6 of the Scheme Booklet for additional information on Practice and the Bidder Parent.

4.3 Key Conditions of the Proposed Transaction

The Proposed Transaction is subject to certain conditions that are set out in full in clause 3 of the SIA. These conditions must be satisfied or waived (as applicable) for the Proposed Transaction to be implemented. These conditions are summarised in section 2.5 of the Scheme Booklet and include:

- ▶ ASIC and ASX consents or approvals that are necessary or desirable are obtained and remain in place as at the delivery time on the Second Court Date;
- ▶ No change of Vita's Board recommendation;
- ▶ No Vita prescribed occurrence between 15 March 2023 and the delivery time on the Second Court Date;
- ▶ Shareholders approving the Proposed Transaction at the Scheme Meeting. Schemes must be approved by a majority in number (more than 50%) of shareholders and at least 75% of the votes cast in favour of the Proposed Transaction;
- ▶ The Court approving the Proposed Transaction in accordance with section 411(4)(b) of the Corporations Act;
- ▶ The independent expert concluding, and continuing to conclude up to the Second Court Date, that the Proposed Transaction is in the best interest of the Shareholders;
- ▶ No material adverse change in relation to Vita between 15 March 2023 and the delivery time on the Second Court Date (refer to section 7.3 of the Scheme Booklet for a definition of materially adverse change); and
- ▶ No legal or regulatory restraint is in place that prevents, prohibits or materially restricts the implementation of the Scheme on the Second Court Date.

We recommend that the Shareholders consider all conditions of the SIA and Scheme Booklet.

4.4 Strategic Rationale for the Proposed Transaction

The Directors have announced that they unanimously recommend that the Shareholders vote in favour of the Proposed Transaction in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the Proposed Transaction is in the best interests of the Shareholders. Specifically, the Directors unanimously recommend Shareholders vote in favour of the Proposed Transaction for the following reasons:

- ▶ The Total Cash Payment of \$0.12680 per share represents an attractive premium to Vita's closing share price on 14 March 2023 (the last trading day prior to the announcement of the Proposed Transaction);
- ▶ The Proposed Transaction provides Shareholders with the opportunity to achieve certainty of value at an attractive premium, thereby avoiding the uncertainties and risks associated with a continuing investment in Vita's business - this includes the significant future funding and time required for the Artisan business to achieve a breakeven position;
- ▶ No superior proposal has emerged; and
- ▶ If the Scheme does not proceed and no other proposals emerge, the price of a Vita share may fall.

5.0 Background of Vita

This section is set out as follows:

- ▶ Section 5.1 provides background information on Vita;
- ▶ Section 5.2 outlines Vita's Artisan Clinics;
- ▶ Section 5.3 summarises the corporate structure of Vita;
- ▶ Section 5.4 summarises the equity structure of Vita;
- ▶ Section 5.5 summarises the share market performance of Vita; and
- ▶ Section 5.6 summarises the historical financial information of Vita.

5.1 Background

Headquartered in Brisbane, Australia, Vita is an ASX listed (ASX: VTG) company operating in the skin health and wellness industry ('SHAW'). The Company owns and operates a network of aesthetic clinics ('Artisan Clinics').

Vita was founded in 1995 as Fone Zone Pty Ltd ('Fone Zone') following the opening of Australia's first shopping centre based mobile phone store and representing one of Telstra Group Limited's ('Telstra') (ASX: TLS) first licensed dealers. The Company quickly expanded their operations, listing on the ASX in 2005 and operating 164 Fone Zone stores by 2008. In 2009, Fone Zone re-branded as Vita Group and entered into an exclusive master license dealer agreement with Telstra. The agreement enabled Vita to become the largest operator of Telstra branded retail stores in Australia, owning and operating over 100 Telstra retail stores.

In 2021, following Telstra's announcement of its intention to take back ownership of their stores, Vita successfully sold their ICT business (which included all Telstra stores and Sprout, their accessory brand) to Telstra. Following the sale of the ICT business, Vita's resources are now focused on the Artisan Clinics.

5.2 Overview of Artisan Clinics

Vita entered the SHAW industry in 2017 following an acquisition of Clear Complexions, a medical-grade skin health business with 6 clinics across Sydney and Canberra. Throughout 2018, Vita continued expanding their SHAW portfolio and launched their own brand, Artisan Aesthetic Clinics. Artisan scaled to 20 clinics through a mixture of acquisition and greenfield openings before undertaking some consolidation to end on the current 18 clinics.

The services offered across Vita's clinics include:

- ▶ Cosmetic injections;
- ▶ Skin treatments;
- ▶ Laser and light treatments;
- ▶ Body contouring; and
- ▶ Skin tightening.

With a number of clinics throughout Australia, Vita understand the importance of the ongoing process of brand standardisation as it enables:

- ▶ Focus on the promotion and strengthening of the Artisan brand;
- ▶ The development of operational frameworks within the evolving business model;
- ▶ Efficiencies in operations and partner engagement; and
- ▶ Consistency in client and team experience, who may visit or work across multiple locations.

To assist with this process, Vita utilise their proprietary software 'Cosmedcloud' which they acquired in FY19. The software is a cloud-based clinic management software platform that has been purpose built for cosmetic clinics. The core functionality of the software includes:

- ▶ Customisable tools for anti-wrinkle and dermal filler management with injection recording;
- ▶ Treatment plans and clinical assessments;
- ▶ Telehealth and remote prescribing;
- ▶ In-clinic collaboration with scope of practice management;
- ▶ Business reporting capability; and
- ▶ Payment gateway integration.

To enhance the in-clinic client experience, Vita has also been working to develop, systemise and embed an evolved in-clinic client experience into their Cosmedcloud software. Vita began to roll this new process out from April 2022 to June 2022 across its clinics. The enhanced process is designed to repeat approximately every 4 months to ensure customers have a continuous journey. Specifically, the process includes:

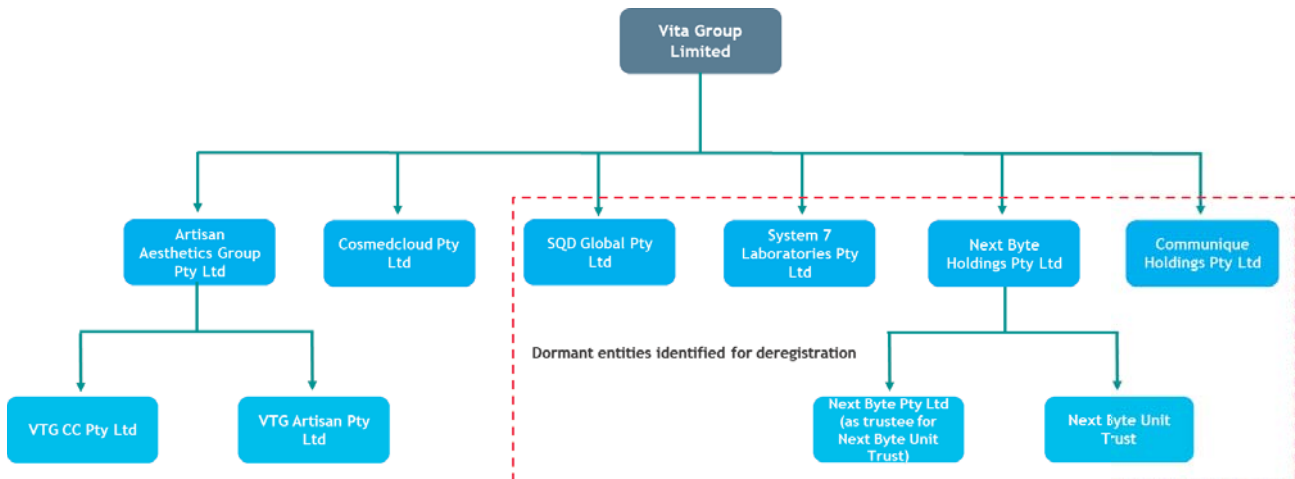
- ▶ A multi-disciplinary team collaboration space, enabling both in-clinic and cross-clinic collaboration of treatment optionality;
- ▶ A client assessment and modality system, which enables client goal alignment and ease of clinician modality selection;
- ▶ A systemised, perpetual treatment planning process, enabling clinicians to build individualised and calendarized plans in partnership with their clients; and
- ▶ An automated and personalised client treatment plan communication with embedded online booking functionality and modality information links.

Vita has also been taking steps to enhance their outside-of-clinic client experience. The Company has actioned this by strengthening their marketing campaigns, developing marketing automation and launching their concierge hub (a centralised function, which will initially manage new client social media leads with plans to support client re-engagement activities). Vita’s marketing automation program will be integrated with Cosmedcloud and will progressively systemise the way personalised client digital journeys and offerings are managed and tailored.

5.3 Corporate Structure

Figure 5.1 below sets out a summary of Vita’s corporate structure.

Figure 5.1: Vita Corporate Structure



Source: Vita Management

With regard to Figure 5.1 above, we note:

- ▶ Vita holds a 100% equity interest in each of the subsidiaries displayed; and
- ▶ SQD Global Pty Ltd has seven 100% owned subsidiaries. These include Geek Squad Pty Ltd, Tribal Accessories Pty Ltd, Camelon ICT Solutions Pty Ltd, TCB Comms Pty Ltd, Kan Tel Pty Ltd, Sales Comms Pty Ltd and The Mobile Phone Shop Pty Ltd.

5.4 Equity Structure of Vita

As at 30 March 2023, Vita had 175,871,832 ordinary shares on issue. The substantial shareholders are set out in Table 5.1. Table 5.1 does not consider the impact of any changes in shareholding as a result of the Proposed Transaction.

Table 5.1: Substantial Shareholders as at 30 March 2023

Shareholders	Number of Shares	Percentage Holding
1 Maxine Horne	32,673,966	18.58%
2 Harvest Lane Asset Management Pty Ltd	18,068,686	10.27%
3 Spheria Asset Management Pty Ltd	18,006,474	10.24%
Other shareholders	107,122,706	60.91%
Total shares on issue	175,871,832	100.00%

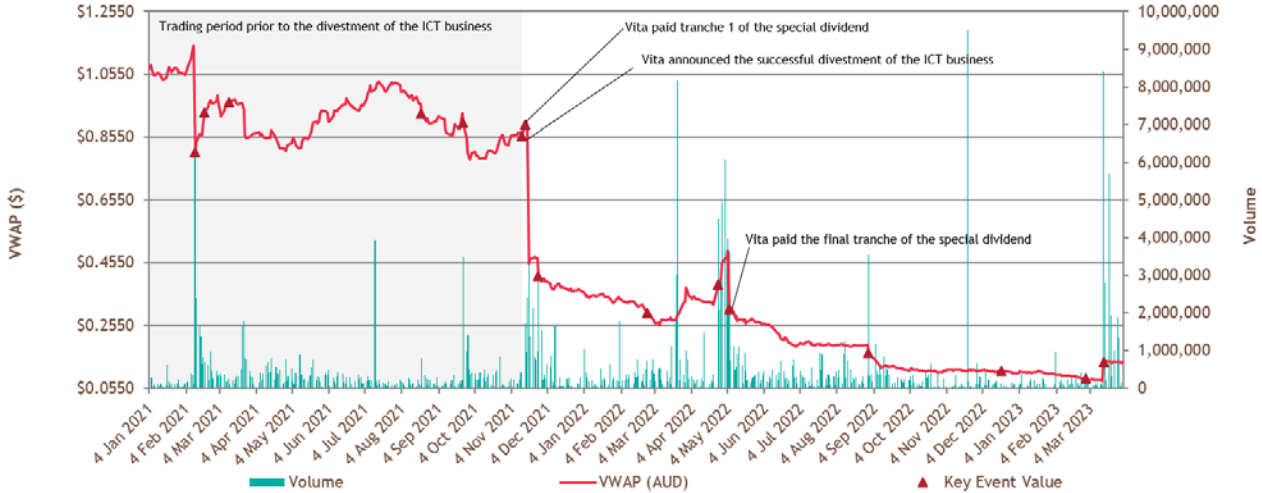
Source: Vita FY22 Annual Report and ASX Announcements

5.5 Share Trading Data of Vita

5.5.1 Share Price Performance

Figure 5.2 displays the daily volume weighted average price ('VWAP') and daily volume of Vita shares traded on the ASX over the period 1 January 2021 to 31 March 2023.

Figure 5.2: Daily VWAP and Volume of Vita Shares Traded from 1 January 2021 to 31 March 2023



Source: Capital IQ as at 3 April 2023

With regard to Figure 5.2 above, we note Vita announced the successful divestment of their ICT business on 12 November 2021 and had a record date for special dividends of \$0.39 and \$0.133 on 15 November 2021 and 6 May 2022 respectively. We note, over the period following the record date of the Company's final special dividend on 6 May 2022, Vita's daily VWAP displays a period low of \$0.0800 on 14 March 2023 and a period high of \$0.2961 on 9 May 2022.

In addition to the share price and volume data of Vita shown above, we have also provided additional information in Table 5.2 below to assist readers to understand the possible reasons for the movement in Vita's share price over the period analysed, in particular, the divestment of the ICT business and subsequent special dividends. The selected ASX announcement references in Table 5.2 below correspond to those displayed in Figure 5.2 above.

Table 5.2: Selected Vita ASX Announcements from 1 January 2021 to 31 March 2023

Date	Announcement
11/02/2021	Vita announced a market update in response to Telstra's same-day announcement of its intent to transition Telstra's retail store network to a full corporate ownership model. Vita confirms this will mean the conclusion of its current TDA on 30 June 2025 and that Vita and Telstra are yet to finalise transition details but are working together collaboratively toward a solution.
19/02/2021	Vita released its financial report to shareholders for the half-year ended 31 December 2020, alongside an announcement of an interim dividend of \$0.056 per ordinary fully paid share to be paid to shareholders on 9 April 2021.
12/03/2021	Vita is removed from the S&P/ASX All Ordinaries Index as S&P Dow Jones Indices announces rebalance.
20/08/2021	Vita released its annual report and investor presentation to shareholders for the financial year ended 30 June 2021.
24/09/2021	Vita announced it had entered into a share sale agreement for the sale of its retail information and communication technology business to Telstra (ASX: TLS) for cash consideration of \$110 million, subject to a net working capital and net-debt adjustment mechanism. The transaction is expected to provide shareholders with a fully franked special dividend of approximately \$65 million to \$75 million and Vita intends to retain approximately \$35 million to fund growth of the Artisan Clinics.
12/11/2021	Vita announced the completion of the sale of the Company's Retail ICT and Sprout business to Telstra. The Company also announced that the board determined to pay \$0.39 per share, as the first tranche of the fully-franked special dividend.
15/11/2021	Vita paid the first tranche of their special dividend at a distribution amount of \$0.39 per share.
26/11/2021	Vita released both its 2021 annual general meeting presentation and address and guidance for H1 FY22. In its guidance for H1 FY22 release, Vita announced that the Company expected to deliver revenues from the Artisan business in the range of \$12.5 million to \$12.9 million for the six months to 31 December 2021, representing a 15% to 17% decrease on the prior year.
25/02/2022	Vita released its FY22 half year financial report and delivered results in line with guidance provided on 26 November 2021 (see above announcement). Specifically, Vita reported revenue of \$12.6 million, representing a 16% decrease on the prior year. The Company primarily attributed this to the lost trading days as a result of Covid-19 lockdowns and the higher-than-expected loss of team members in their Queensland operations.

Date	Announcement
26/04/2022	Vita announced it would pay \$0.133 per share, equating to \$22 million, as the final tranche of the special dividend (announced on 24 September 2021). Vita also announced the re-activation of its dividend reinvestment plan for the final tranche of the special dividend. The final tranche of the special dividend was scheduled for payment to shareholders on record as at 6 May 2022.
06/05/2022	Vita paid the final tranche of the special dividend and announced a revised issue price for the issue of securities under its dividend reinvestment plan for the final tranche of the special dividend. The Board exercised its discretion under rule 7.4 of the dividend reinvestment plan to substitute \$0.28 as the dividend reinvestment plan issue price.
30/08/2022	Vita released financial results for the year ended 30 June 2022. The Company announced reported revenues from continuing operations of \$24.6 million for the year, representing a 13% decrease on the prior year. The Company also announced that EBITDA (on a pre-AASB 16 Leases basis which includes lease rental costs) from continuing operations was a loss of \$8.8 million.
19/12/2022	Vita announced that following the lodgement of its income tax return for the 2022 financial year and the ATO finalising its review of Vita's eligibility under the temporary loss carry back tax offset initiative, the Company received a tax refund in the amount of \$5.06 million.
28/02/2023	Vita released its announcement, presentation and financial results for the half year ended 31 December 2022. The Company announced reported revenues from continuing operations of \$14.2 million, representing a 12% increase on the prior year. However, the Company still reported a loss of \$4.8 million at the EBITDA level (on a pre-AASB 16 Leases basis which includes lease rental costs).
15/03/2023	Vita announced it had entered into a scheme implementation agreement with Practice Management Pty Ltd under which Practice Management Pty Ltd will acquire 100% of the issued shares of Vita Group by way of a court approved scheme of arrangement.

Source: Vita ASX Announcements

In Table 5.3 below we have set out Vita's VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to 14 March 2023, being the last trading day prior to Vita publicly announcing the Proposed Transaction (the Proposed Transaction was announced on 15 March 2023).

Table 5.3: Vita's VWAP for Specified Periods Prior to 14 March 2023

Length of Relevant VWAP Period	VWAP up to 14 March 2023
1 Week	\$0.0815
1 Month	\$0.0874
3 Months	\$0.0967
6 Months	\$0.1073
9 Months	\$0.1430
12 Months	\$0.2578

Source: Capital IQ as at 22 March 2023

- VWAP data may differ from the data set out in the Scheme Booklet due to differences in databases used. For the purposes of the analysis set out in this Report, the differences are immaterial.
- The 12-month VWAP is trading at a higher price relative to the other periods displayed. For completeness, we note this period includes trading days preceding the payment of the final special dividend related to the ICT business divestment.

5.5.2 Liquidity of Vita Shares on the ASX

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 5.4 summarises the monthly liquidity of Vita shares from 6 May 2022 (being the first date Vita shares traded ex-dividend from the final tranche of the special dividend announced on 26 April 2022) to 31 March 2023. Liquidity has been summarised by considering the following:

- ▶ Volume of Vita share trades per month;
- ▶ Value of total trades in Vita shares per month;
- ▶ Number of Vita shares traded per month as a percentage of total Vita shares outstanding at the end of the month;
- ▶ Monthly high and low share prices; and
- ▶ VWAP per month.

Table 5.4: Liquidity of Vita Shares on the ASX

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price	Monthly VWAP	Monthly High Share Price
March 2023 (from 16th)	15,570,110	175,871,830	8.85%	\$0.135	\$0.140	\$0.145
Total Post-Transaction Announcement	15,570,110	175,871,830	8.85%	\$0.135	\$0.140	\$0.145
March 2023 (to 14th)	1,124,870	175,871,830	0.64%	\$0.080	\$0.083	\$0.085
February 2023	4,242,770	175,871,830	2.41%	\$0.086	\$0.094	\$0.100
January 2023	2,425,390	175,871,830	1.38%	\$0.100	\$0.105	\$0.110
December 2022	2,987,230	175,871,830	1.70%	\$0.100	\$0.109	\$0.115
November 2022	12,039,430	175,871,830	6.85%	\$0.110	\$0.111	\$0.115
October 2022	3,983,940	175,871,830	2.27%	\$0.105	\$0.111	\$0.120
September 2022	7,654,810	175,871,830	4.35%	\$0.115	\$0.130	\$0.160
August 2022	11,568,060	166,943,680	6.93%	\$0.155	\$0.183	\$0.195
July 2022	6,436,900	165,604,450	3.89%	\$0.190	\$0.195	\$0.205
June 2022	7,443,770	165,604,450	4.49%	\$0.185	\$0.224	\$0.260
May 2022 (from 6th)	9,208,620	165,604,450	5.56%	\$0.260	\$0.279	\$0.320
Total Pre-Transaction Announcement	69,115,790	170,973,270	40.42%	\$0.080	\$0.166	\$0.320

Source: Capital IQ as at 3 April 2023

Assuming a weighted average number of 170,973,270 Vita shares on issue over the period, approximately 40.42% of the total shares on issue were traded over the period 6 May 2022 to 14 March 2023.

5.6 Historical Financial Information of Vita

This section sets out the historical financial information of Vita. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in Vita's annual reports, including the full Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Cash Flows.

Vita's financial statements have been audited by Grant Thornton Audit Pty Ltd. BDOCF has not performed any audit or review of any type on the historical financial information of Vita and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.6.1 Consolidated Statement of Comprehensive Income

Table 5.5 summarises the Consolidated Statement of Comprehensive Income of Vita for the 12-month periods ended 30 June 2021 and 30 June 2022 and the 6-month period ended 31 December 2022.

Table 5.5: Vita Consolidated Statement of Comprehensive Income

	12 Months Ended 30-Jun-21 Audited (\$'000)	12 Months Ended 30-Jun-22 Audited (\$'000)	6 Months Ended 31-Dec-22 Reviewed (\$'000)
Revenue	28,392	24,619	14,167
Changes in inventories	(7,134)	(6,427)	(3,704)
Gross profit	21,258	18,192	10,463
Other income	70	855	86
Employee benefits expense	(17,957)	(18,806)	(10,364)
Marketing expense	(498)	(534)	(463)
Other expenses	(5,649)	(5,742)	(3,313)
Depreciation and amortisation expense	(8,207)	(6,013)	(2,770)
Impairment of goodwill	-	-	(12,392)
Operating income	(10,983)	(12,048)	(18,753)
Finance income	42	67	185
Finance expenses	(920)	(624)	(270)
Net finance costs	(878)	(557)	(85)
Loss before income tax	(11,861)	(12,605)	(18,838)
Income tax expense	3,558	3,952	893
Loss for the year from continuing operations	(8,303)	(8,653)	(17,945)
Profit/(loss) from discontinued operation (net of tax)	34,641	1,227	1,935
Profit/(loss) for the year	26,338	(7,426)	(16,010)

Source: Vita FY22 Annual Report and HY23 Reports

With reference to Table 5.5 above, we note the following:

- ▶ Revenue is comprised of sale of goods, commission, and treatment sales. Revenue and changes in inventory have been relatively consistent in FY21 and FY22. Revenue and changes in inventory for HY23 appear to be tracking in line with the previous financial years displayed. For completeness, we note each period has been impacted by Covid-19 (to varying degrees). However, FY22 was particularly affected due to the extended lock down periods in NSW and Victoria;
- ▶ Employee benefits expenses are comprised of wages and salaries, superannuation expenses and employee entitlements. The increase from FY21 to FY22 is primarily driven by an increase in wages and salaries of approximately \$1.8 million which is partly offset by a decrease in employee entitlements of approximately \$1.2 million. We note the increase in wages and salaries from FY21 to FY22 occurs as the FY21 expense is offset by Jobkeeper income of approximately \$1.9 million;
- ▶ Depreciation and amortisation expenses relate to plant and equipment, right of use assets, brands, customer relationships and software. The decrease in depreciation and amortisation expenses from FY21 to FY22 is in line with the decrease in plant and equipment and right of use assets on the balance sheet as a result of the sale of the ICT business;
- ▶ Vita incurred an impairment charge to goodwill in HY23 of approximately \$12.4 million. The Artisan clinics have experienced continued business headwinds relating to impacts associated with Covid-19, changing macro-economic environments and the annualising impacts from higher-than-expected staff turnover in prior periods. Whilst the Company remains optimistic about the Artisan Clinics medium-term business prospects, after revisiting the recoverable amount assumptions and calculations of their cash generating units, the impairment charge was made against the goodwill; and
- ▶ Despite the Company recording a loss for the year from continuing operations in each period, Vita records a profit for the year of \$26.3 million in FY21. This relates to Vita's discontinued operations and refers to the sale of their ICT business which was disposed to Telstra for cash consideration of \$110 million (subject to net working capital and net-debt adjustments calculated as at 30 September 2021). As the sale was finalised during FY22, this operating segment still generated revenue for the Company in FY21 and FY22. The discontinued operations generated a profit of approximately \$34.6 million in FY21, offsetting the loss for continuing operations and generating the \$26.3 million of profit for the year in FY21. In FY22, the discontinued operations generated a profit of \$1.2 million related to the gain on sale of the operations. In HY23, despite the ICT sale being finalised, Vita still reported a profit from the discontinued operations due to final adjustments following the completion of a detailed tax return process.

5.6.2 Consolidated Balance Sheet

Table 5.6 summarises Vita's Consolidated Balance Sheet as at 30 June 2021, 30 June 2022 and 31 December 2022.

Table 5.6: Vita's Consolidated Balance Sheet

	As at 30-Jun-21 Audited (\$'000)	As at 30-Jun-22 Audited (\$'000)	As at 31-Dec-22 Reviewed (\$'000)
Assets			
Current assets			
Cash and cash equivalents	38,208	18,030	16,775
Trade and other receivables	23,757	1,612	338
Inventories	21,181	1,233	1,009
Current tax receivables	-	2,396	3,084
Other current assets	2,322	876	1,178
Total current assets	85,468	24,147	22,384
Non-current assets			
Term deposits	-	2,025	2,025
Plant and equipment	25,581	7,888	7,238
Right of use assets	37,158	6,224	5,837
Intangible assets and goodwill	112,797	24,786	12,320
Deferred tax assets	11,238	4,563	3,613
Total non-current assets	186,774	45,486	31,033
Total assets	272,242	69,633	53,417

	As at 30-Jun-21 Audited (\$'000)	As at 30-Jun-22 Audited (\$'000)	As at 31-Dec-22 Reviewed (\$'000)
Liabilities			
Current liabilities			
Trade and other payables	61,956	4,196	3,549
Interest bearing loans and borrowings	6,241	1,315	1,573
Lease liabilities	15,620	3,392	3,382
Current tax liabilities	3,116	-	-
Provisions	4,737	1,261	1,128
Contract and other liabilities	3,215	2,552	2,394
Total current liabilities	94,885	12,716	12,026
Non-current liabilities			
Interest bearing loans and borrowings	918	275	152
Lease liabilities	29,202	7,894	7,155
Provisions	4,590	1,887	3,260
Contract and other liabilities	1,549	1,037	1,010
Total non-current liabilities	36,259	11,093	11,577
Total liabilities	131,144	23,809	23,603
Net assets	141,098	45,824	29,814
Equity			
Contributed equity	44,651	47,526	47,526
Reserve	804	-	-
Retained earnings	95,643	(1,702)	(17,712)
Total equity	141,098	45,824	29,814

Source: Vita FY22 Annual Report and HY23 Reports

With reference to Table 5.6 above, we note the following:

- ▶ Cash and cash equivalents is comprised of cash at bank, cash on hand and short-term deposits. Cash and cash equivalents decreases from FY21 to FY22 by approximately \$20.2 million. The decrease is primarily driven by the payment of two special dividends relating to the sale of the ICT business and a dividend relating to the profits generated by the discontinued operations (together totalling \$90.6 million) paid to shareholders and the loss for the year of approximately \$7.4 million. However, this decrease is partly offset by the cash injection relating to cash generated from the discontinued operations and the proceeds from the sale of the ICT business;
- ▶ The decrease in trade and other receivables and inventories from FY21 to FY22 of approximately \$22.1 million and \$20.0 million is in line with the disposal of the Company's ICT business;
- ▶ Vita's term deposit arising in FY22 relates to a security over its bank guarantee and corporate credit card facility;
- ▶ The decrease in the value of plant and equipment from FY21 to FY22 is primarily driven by depreciation charges of \$5.6 million and disposals through the sale of the ICT business of approximately \$14.5 million;
- ▶ Right of use assets decreased from FY21 to FY22 by approximately \$30.9 million. Despite asset additions during the period of \$2.4 million, the increase is offset by general disposals, amortisation, impairment and disposals through the sale of the ICT business totalling approximately \$33.4 million;
- ▶ Intangible assets and goodwill is comprised of brands, customer relationships, software and goodwill. Intangible assets and goodwill decreased from FY21 to FY22 by approximately \$88.0 million. This decrease is primarily driven by a \$87.3 million reduction of goodwill through the sale of the ICT business. This asset also decreases from FY22 to HY23 by approximately \$12.5 million, relating to the impairment of goodwill discussed in Section 5.6.1;
- ▶ The decrease in trade and other payables from FY21 to FY22 of approximately \$57.8 million is in line with the disposal of the Company's ICT business;
- ▶ Interest bearing loans and borrowings (current liabilities) decreased from FY21 to FY22 by approximately \$4.9 million. The decrease was driven by a reduction in obligations under the chattel mortgage (as the value of the assets under the chattel mortgage decreased) and by the interest rate and facility fee charged on the Company's term debt reducing to \$nil;
- ▶ The reduction in both current and non-current lease liabilities from FY21 to FY22 of \$12.2 million and \$21.3 million respectively is primarily driven by the sale of the Company's ICT business. For completeness, we note that as at 30 June 2022, Vita has a lease commitment in place relating to its head office premises amounting to \$5.5 million. However, it was primarily used to facilitate the ICT business and following the divestment is larger than required for continuing operations;

- ▶ The reduction in both current and non-current provisions from FY21 to FY22 of \$3.5 million and \$2.7 million respectively is primarily driven by the sale of the Company's ICT business;
- ▶ Movements in contributed equity from FY21 to FY22 relate to the 10,267,379 new shares issued at \$0.28 per share as part of the Company's dividend reinvestment plan;
- ▶ The decrease to \$nil in Vita's reserve from FY21 to FY22 relates to the movements in share-based payment reserves as performance rights were either expensed or forfeited/cancelled; and
- ▶ The decrease in retained earnings from FY21 to FY22 relates to the net loss incurred for the period of \$7.4 million and the dividends paid to shareholders of \$90.6 million. Management have instructed us that while retained earnings on a consolidated basis are negative, losses are isolated to subsidiaries. Vita Group Ltd has positive retained earnings in excess of the permitted dividend amount.

5.6.3 Consolidated Statement of Cash Flows

Table 5.7 summarises Vita's Consolidated Statement of Cash Flows for the 12-month periods ended 30 June 2021 and 30 June 2022 and the 6 month period ended 31 December 2022.

Table 5.7: Vita's Summarised Consolidated Statement of Cash Flows

	12 Months Ended 30-Jun-21 Audited (\$'000)	12 Months Ended 30-Jun-22 Audited (\$'000)	6 Months Ended 31-Dec-22 Reviewed (\$'000)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	32,899	27,434	15,125
Payments to suppliers and employees (inclusive of GST)	(36,989)	(34,970)	(18,915)
Receipts from government stimulus	2,286	-	-
Interest received	42	67	185
Finance expenses	(825)	(676)	(250)
Income taxes paid	-	(700)	2,983
Net operating cash flows from/(used in) continuing operations	(2,587)	(8,845)	(872)
Net operating cash flows from discontinued operations	49,316	15,682	2,163
Net cash inflow from operating activities	46,729	6,837	1,291
Cash flows from investing activities			
Purchase of plant and equipment	(2,419)	(2,248)	(897)
Purchase of intangible assets	-	1	(41)
Acquisition of businesses and subsidiaries, net of cash acquired	(2,134)	-	-
Proceeds from sale of plant and equipment	5	6	30
Investment in term deposit	-	(2,025)	-
Net investing cash flows from/(used in) continuing operations	(4,548)	(4,266)	(908)
Net investing cash flows from/(used in) discontinued operations	(5,770)	(407)	-
Proceeds from sale - ICT, net of cash and cash equivalents disposed	-	79,809	-
Net cash inflow (outflow) from investing activities	(10,318)	75,136	(908)
Cash flows from financing activities			
Proceeds from issues of shares	1,327	2,875	-
Proceeds from borrowings	1,661	1,662	1,497
Repayment of borrowings	(2,091)	(1,497)	(1,369)
Lease principal payments	(2,902)	(3,558)	(1,766)
Dividends paid	(13,162)	(90,586)	-
Net financing cash flows/(used in) continuing operations	(15,167)	(91,104)	(1,638)
Net financing cash flows (used in) discontinued operations	(19,849)	(11,047)	-
Net cash (outflow) from financing activities	(35,016)	(102,151)	(1,638)
Net (decrease)/increase in cash and cash equivalents	1,395	(20,178)	(1,255)
Cash and cash equivalents at the beginning of the year	36,813	38,208	18,030
Cash and cash equivalents at the end of the year	38,208	18,030	16,775

Source: Vita FY22 Annual Report and HY23 Reports

With reference to Table 5.7 above, we note the following:

- ▶ Cash flow from operating activities are positive in each period due to the cash from the discontinued operations offsetting the loss generated from the continuing operations;

- ▶ Vita made acquisitions of businesses and subsidiaries in FY21 and received the proceeds from the sale of their ICT business in FY22. These events have been discussed in more detail below:
 - In FY21, Vita invested \$2.1 million of cash (total purchase consideration of \$2.9 million) to acquire Coco Skin Laser Health and Euphoria Cosmedic Clinic. The acquisition of Coco Skin Laser Health added an additional clinic to Vita's growing network (contributing revenue of approximately \$1.1 million in the year remaining), while the acquisition of Euphoria Cosmedic Clinic was an acquisition of capability (i.e. of a customer database and cosmetic machinery, which was rolled into an existing Artisan Clinic); and
 - In FY22, Vita finalised the divestment of their ICT business which, net of cash and cash equivalents disposed, represented a cash increase of approximately \$79.8 million;
- ▶ Vita issued shares and dividends in both FY21 and FY22, discussed in more detail below:
 - In FY21, Vita issued 441,210 new shares at \$0.6947 due to the exercise of performance rights, 459,071 new shares at \$1.0487 under the dividend reinvestment plan and 947,649 new shares at \$0.8971 also under the dividend reinvestment plan. Vita also paid dividends to their shareholders at 8.0 cents per share following a profitable year where the Company recorded a NPAT of \$26.3 million; and
 - In FY22, Vita issued 10,267,379 new shares issued at \$0.28 per share as part of the Company's dividend reinvestment plan. Utilising profits generated by the Company's discontinued operations in FY21, Vita paid a dividend to shareholders at 2.4 cents per share. Vita also paid two special dividends at 39.0 cents and 13.3 cents per share, utilising the cash generated by the divestment of the ICT business.

6.0 Industry Overview

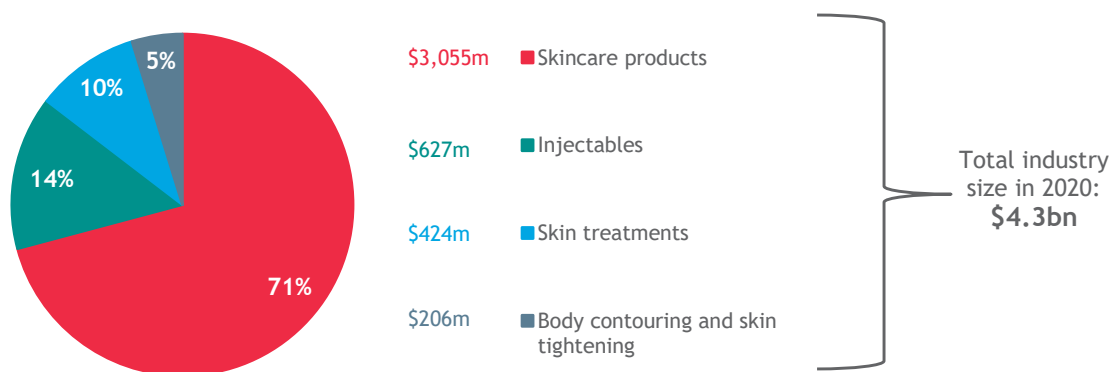
Vita operates in the SHAW industry. This section sets out an overview of this industry.

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

6.1 Overview of SHAW Market

Vita’s Artisan Aesthetic Clinics business operates within the SHAW industry. The Australian market for this industry is estimated at approximately \$4.3 billion as of December 2020 and consists of products and services designed to improve body and skin aesthetics.¹ These products and services, and their respective estimated percentage of industry revenue as of December 2020, are outlined in Figure 6.1 below.

Figure 6.1: Percentage of Industry Revenue of SHAW Products and Services



Source: SILK Laser Clinics IPO Prospectus, BDOCF analysis

Vita’s branded clinics operate under Vita’s Artisan Aesthetic Clinics brand. This is a service-based brand providing personalised skin treatment plans. While the skincare products segment holds the largest portion of the market, Artisan is primarily orientated towards the injectables, skin treatments, body contouring and skin tightening segments.

6.2 Industry Structure

The broad range of services provided in the SHAW industry are offered by multiple types of enterprises. The range of these enterprises includes:

- ▶ Traditional medical centres, dermatologists, or for certain conditions, general practitioners;
- ▶ Beauty salons;
- ▶ Product retailers, both online and in person; and
- ▶ Specialist clinics.

Each of these enterprises address a different subset of the SHAW market. Vita’s primary competitors are specialist clinics who offer a broad range of medical grade products and services, similar to Artisan, and who attempt to build similar long-term, service-orientated customer relationships. The remaining industry enterprises do compete with Artisan, but more indirectly and usually offer the services in competition with Artisan as an addition to their core business, or do not offer the same scope of medically oriented treatments and services that Artisan provides.

6.3 Key Industry Participants

The specialist clinic market is primarily comprised of a significant number of independent clinics and a handful of larger national chains who provide a similar set of services to Vita. Of the 1,110 estimated specialist clinics in Australia as of September 2020, small chain/single clinic operators account for approximately 69% of the total number of clinics, with the four largest operators accounting for approximately 31% of the total number of clinics.¹ These largest operators include Laser Clinics Australia, ClearSkinCare Clinics, SILK, and Results Laser Clinics.¹ The largest of these competitors being Laser Clinics Australia, who operates about 12% of the number of clinics nationwide.¹ The lack of consolidation in the market is largely due to the regulatory environment. The regulations require registered medical practitioners to be involved in the prescribing, delegation and administration of treatments, facilitating the proliferation of single clinic operators.

¹ SILK Laser Clinics IPO Prospectus; Silk Laser Australia Ltd Announcement September 2021.

6.4 SHAW demand drivers

Table 6.1 below outlines the key drivers of the SHAW industry.

Table 6.1: SHAW Industry Key Drivers

Driver	Description
Consumer Sentiment and Discretionary Spending	Generally considered a discretionary item, aesthetic treatments are sensitive to changes in consumer sentiment and discretionary spending. Consumer sentiment refers to the general outlook of the population in regard to their individual economic and financial situation over the previous and forthcoming year, and discretionary income is the excess of disposable income beyond necessary household expenses. Generally, as consumer sentiment goes down so does industry revenue, similarly, as discretionary spending goes up industry revenue tends to follow. The inverse of these relationships is also generally true.
Health Consciousness	Health consciousness tends to be a good proxy for image consciousness. When consumers are concerned with their image, they tend to spend more on looks, particularly via high-margin beauty products and services. Changes in attitudes toward aesthetic procedures in the previous decades have led to an increase in market size as people become increasingly concerned with their personal health and appearance. Some trends that highlight this change in attitude include an increasing acceptance of injectables as an anti-aging solution, rising interest in wellness that is increasingly focused on skin health and appearance, and a growing fitness trend leading to many wanting a 'healthy figure'. These trends are reinforced by reports on consumption of alcohol and tobacco, fruits and vegetables, levels of obesity, and participation in sports and physical recreation, with results implying people are becoming more conscious of the health impacts of their lifestyle choices.
Growth in Target Market	The largest market in this industry are females aged 35 to 54, although participation in the industry is high for all females aged 18 and older. Growth in this demographic promotes demand for hair and beauty treatments, in particular, high-end products and services. Australia's female population has grown at an annualised rate of 1.4% over the past five years preceding 2023, providing a larger market for SHAW's offerings. The dominance of this demographic can be largely attributed to the substantial amount of discretionary income those aged 35-54 have available to spend on SHAW services, whereas their younger counterparts are at an earlier career stage and gravitate towards 'do it yourself' treatments. Those aged 55 and over are largely in retirement or nearing it, and therefore have lower discretionary expenditure. However, Australia's ageing population has boosted demand from this older demographic.
Innovations in Industry Technology	Technological developments and innovation in products and services has enabled price decreases in services, while providing services that return better results. These factors have combined to not only make the products and services more accessible to consumers but has made the aesthetic products and services offered more enticing, enabling the targeting of new customers and growing interest and participation in the industry.

Source: IBISWorld Hairdressing and Beauty Services in Australia January 2023, SILK Laser Clinics IPO Prospectus, BDOCF analysis

7.0 Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

RG 111 outlines a number of methodologies that a valuer should consider when valuing securities or assets for the purposes of, among other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The valuation methodologies we have considered in this Report include the discounted cash flow ('DCF'), capitalisation of maintainable earnings ('CME'), asset-based valuation ('ABV') and market-based valuation ('MBV') methodologies.

RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the securities or assets being valued.

7.1 Discounted Cash Flows

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- ▶ An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- ▶ Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

7.2 Capitalisation of Maintainable Earnings

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered appropriate when relevant comparable information is available.

7.3 Asset Based Valuation

An ABV is used to estimate the fair market value of an entity based on the book value of its identifiable net assets. The ABV approach using a statement of financial position alone may ignore the possibility that an entity's value could exceed the book value of its net assets. However, when used in conjunction with other methods which determine the value of an entity to be greater than the book value of its net assets, it is also possible to arrive at a reliable estimate of the value of intangible assets including goodwill.

Alternatively, adjustments can be made to the book value recorded in the statement of financial position in circumstances where a valuation methodology exists to readily value the identifiable net assets separately and book value is not reflective of the true underlying value. Examples of circumstances where this type of adjustment may be appropriate include when valuing certain types of identifiable intangible assets and/or property, plant and equipment.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

7.4 Market Based Valuation

An MBV methodology determines a value for an entity by having regard to the value at which securities in the entity have recently been purchased. This approach is particularly relevant to:

- ▶ Entities whose shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where a sufficient volume of shares is traded and the shares are traded over a sufficiently long period of time; and/or
- ▶ Entities for which it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares in circumstances where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

7.5 Industry Based Metrics (Comparable Analysis)

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to alternative measures of value.

8.0 Valuation of Vita

This section sets out our valuation of the shares in Vita and is structured as follows:

- ▶ Section 8.1 sets out our view of the most appropriate methodologies to value Vita;
- ▶ Section 8.2 sets out our DCF valuation of Vita;
- ▶ Section 8.3 sets out our ABV of Vita;
- ▶ Section 8.4 sets out our MBV of Vita;
- ▶ Section 8.5 sets out a comparison and cross-check of our valuation methodologies; and
- ▶ Section 8.6 sets out our conclusion on the value of Vita for the purposes of this Report.

8.1 Our Valuation Approach for Vita

We have considered each of the valuation methodologies outlined in Section 7 above and determined, in our view, the most appropriate methodologies for calculating the value of Vita. In relation to the valuation methodologies applied we note:

- ▶ Vita is loss making at an EBITDA and net profit level. The Artisan Clinics business continues to be impacted by business headwinds and has not yet demonstrated that it is able to consistently generate positive cash flows through operations. In our view, Vita does not currently have maintainable earnings suitable for use in a CME valuation methodology;
- ▶ Vita is expected to have cash outflows in the immediate future as it continues to progress and implement the Artisan Clinics business model. Cash inflows are expected from FY26 (albeit that Management are targeting initial monthly underlying EBITDA (excluding legacy ICT costs) break-even during FY24), as the business model matures. A forecast cash flow profile of this nature can be captured by a DCF valuation methodology and we consider it appropriate to adopt a DCF valuation methodology. Our DCF valuation has regard to the DCF valuation model ('the DCF Model') we have developed based on Vita's impairment model and other cash flow projections prepared by Management;
- ▶ It is generally possible to complete an MBV of a company when there is a readily observable market for the trading of the company's shares. The shares of Vita are listed on the ASX and it is possible to observe the market price of trades in Vita shares. We consider it appropriate to adopt an MBV approach to value Vita;
- ▶ An ABV is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business. An ABV does not capture the growth potential and intangible assets associated with a business. Notwithstanding these limitations, to provide additional information to the Shareholders, we have considered an ABV that has regard to Vita's balance sheet;
- ▶ As a cross-check to our adopted valuation methodologies and to provide additional information to Shareholders, we have considered the multiples implied by broadly comparable companies; and
- ▶ Having regard to each of the valuation methodologies adopted, we have formed a view on an appropriate valuation range for the Company.

8.2 DCF Valuation of Vita

Our DCF valuation of Vita is set out as follows:

- ▶ Section 8.2.1 sets out the basis of the DCF Model adopted for our DCF valuation;
- ▶ Section 8.2.2 sets out the key assumptions of our DCF valuation;
- ▶ Section 8.2.3 sets out our DCF valuation;
- ▶ Section 8.2.4 sets out a sensitivity analysis of our DCF valuation;
- ▶ Section 8.2.5 sets out the valuation adjustment for surplus assets and liabilities;
- ▶ Section 8.2.6 sets out our equity valuation of Vita; and
- ▶ Section 8.2.7 sets out our DCF valuation of each Vita share on a controlling interest basis.

8.2.1 Basis of the Financial Model Adopted for the DCF

Our DCF valuation of Vita is based on the following:

- ▶ Various financial models provided by Management ('the Financial Models'), including:
 - Management's revenue and EBITDA forecast models used for internal management purposes; and
 - Management's December 2022 impairment testing model.

- ▶ Each of these models have been created by Management at different times for internal purposes and include various forecast periods and assumptions relating to the expected future performance of Vita. These models adopt Management's best estimates of:
 - Revenue and other income growth rates;
 - COGS and other expenses growth rates; and
 - Clinician and room utilisation rates and expected future pricing;
- ▶ Additionally, we have considered various internal policies and board presentations provided by Management relating to Vita's working capital management policies and various contracts, forecasts, and obligations relating to Vita's outstanding obligations, particularly in regard to Directors' and officers' liability insurance ('D&O Insurance'), Vita's head office lease obligations and tax expectations;
- ▶ Our critical analysis of the reasonableness of the Financial Models and the underlying assumptions including:
 - Analysing the integrity and mathematical accuracy of the Financial Models;
 - Where required, making changes to the financial assumptions underpinning the Financial Models;
 - Making enquiries of Management to confirm the reasonableness of company specific assumptions and the basis of the forecast; and
 - Considering the impact of key industry risks, growth prospects and general economic outlook;
- ▶ Completing research to determine reasonable macro-economic assumptions to adopt;
- ▶ Completing research to determine an appropriate discount rate to adopt; and
- ▶ Undertaking a sensitivity analysis regarding material assumptions.

Our work in relation to the Financial Models did not include undertaking a review in accordance with ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*. We do not express an opinion on the achievability of the forecast and the assumptions adopted in the Financial Models do not represent projections. Rather, the assumptions are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. Nothing has come to our attention through our procedures to suggest the assumptions underlying the Financial Model are not reasonable for the purposes of the DCF valuation.

Many of the assumptions adopted in the DCF Model are subjective and may be subject to material change in short periods of time. Changes in these assumptions may have a material impact on the overall value determined in this Report. There can be no guarantee that the cash flow forecasts or valuation calculations will hold for any length of time as circumstances are continually changing. Noting the uncertainty inherent in future cash flows, we have set out a sensitivity analysis in Section 8.2.4 below.

8.2.2 Key Assumptions of our DCF Valuation

This section sets out the key assumptions adopted in the Financial Model.

General Assumptions

Regarding the general assumptions in the DCF Model, we note the DCF Model:

- ▶ Includes forecasted monthly earnings and cash flow forecasts until FY27 in nominal terms as well as annual cash flow forecasts for a further five-year period, which have been estimated with reference to an assumed long-term rate of growth;
- ▶ Adopts a valuation date as at 1 June 2023;
- ▶ Assumes Vita will not acquire or open any clinics beyond those already operated by the Company. Vita has de-emphasised merger and acquisitions activity in favour of execution of programs to drive organic growth by increasing utilisation and contribution from the existing clinic network. No capital expenditure has been included beyond that required to maintain Vita's current clinics based on Management estimates. Management have advised that Vita will recommence the clinic network expansion program once satisfied that the existing clinics are consistently delivering on Management's expectations; and
- ▶ Assumes that Vita will be capable of sourcing required staff to meet revenue growth forecasts.

Projected Revenue

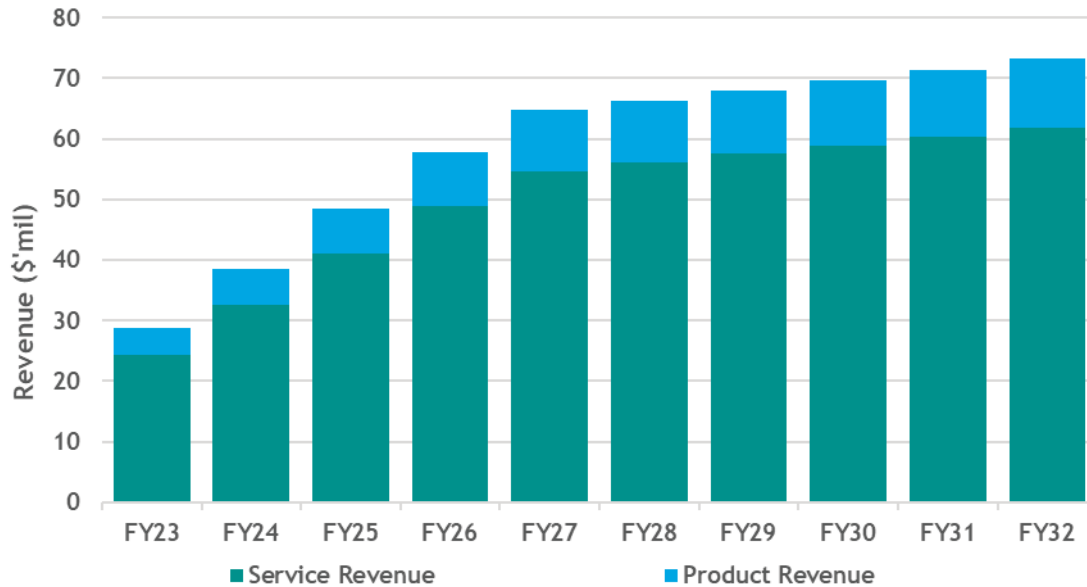
In relation to the revenue forecast set out in the DCF Model, we note:

- ▶ The ramp-up is based on the growth Management expect to be able to achieve;
- ▶ Vita determines current total utilisation in terms of:
 - Room utilisation - the current percentage of time that clinic rooms are utilised to service clients as a proportion of total potential time the rooms could be utilised); and

- Clinician utilisation - the percentage of time clinicians are currently serving clients compared to the total time clinicians have available to serve clients (excluding breaks, training, annual leave, etc);
- ▶ Due to the early-stage nature of Vita there currently exists room to improve room utilisation and, to a lesser degree, clinician utilisation; and
- ▶ We have assumed that Vita’s total revenue split between service revenue and product revenue will continue in a broadly similar manner to that currently experienced by Vita. We understand that product revenue generally moves in line with service revenue and have continued this assumption in our forecast; and

Figure 8.1 below summarises the assumed revenue for our DCF valuation of Vita.

Figure 8.1: Projected Revenue



Source: The DCF Model

Cost of Goods Sold (‘COGS’)

Regarding the COGS assumptions in the DCF Model, we note:

- ▶ We have been provided with the COGS assumptions by Management and have adopted these in the DCF Model;
- ▶ We have assumed that product and service revenue increase proportionally. We have adopted a consolidated COGS value that is comprised of COGS relating to both product and service revenue. Items include stock adjustments, commission expenses, product cost and treatment consumables; and
- ▶ COGS as a percentage of revenue remains at approximately 32% over the forecast period.

Expenses

The main expenses (aside from COGS) in the DCF Model include:

- ▶ Employment expenses;
- ▶ Marketing expenses;
- ▶ General expenses;
- ▶ Rent and outgoings expenses;
- ▶ Lease expenses;²
- ▶ Depreciation; and
- ▶ Net interest.

We note that, excluding the one month in FY23, expenses (excluding COGS) as a percentage of revenue is highest in FY24 at approximately 79.0% of revenue and steadily declines to a low of 62.7% of revenue in FY27 after which it remains steady. We also note that employment expenses (excluding COGS) represent the largest portion of total expenses, equal to approximately 52% over the forecast period.

² We have included a ‘new head office expense’ to account for an estimate of a reasonable head office cost Vita may expect to pay for a facility that meets their size requirements. In determining this value we have had regard to Vita’s current space requirements and a rent-premium usually associated with smaller rental facilities.

Support Costs

The DCF Model separates the expenses detailed above between two segments:

- ▶ Support - Costs attributable to the head office as differentiated from clinic costs including employment costs relating to executive and head office staff (the largest contributor) as well as a range of general expenses such as insurance, information technology, marketing and professional services fees; and
- ▶ Artisan - The remaining expenses of Vita as listed above, excluding those attributable to the support segment.

We note that we have generally adopted similar assumptions for cost increases across both segments, noting the important difference in employment cost assumptions between the support and artisan segment. Employment costs within the artisan segment increase based on revenue growth.

For expenses within the support segment, we have considered three different scenarios as follows:

- ▶ As is Support Costs: The full amount of support costs remain and increase at a rate broadly similar to the other fixed expenses within the DCF Model. This assumes business as usual for Vita;
- ▶ 25% Reduction: The 'as is' support costs are reduced by 25% - this assumes that a potential acquirer of Vita is able to reduce the support costs by 25%; and
- ▶ 50% Reduction: The 'as is' support costs are reduced by 50% - this assumes that a potential acquirer of Vita is able to reduce the support costs by 50%.

We considered the 25% and 50% reduction scenarios above as appropriate for what a potential acquirer may be able to reduce support costs by based on our previous experience with a range of transactions and the underlying nature of the support costs. Ultimately, the ability to realise a reduction in support costs and the quantum of any reduction will depend on the specific circumstances of each individual acquirer.

We note that in the scenarios where support costs have been reduced, we have not made any specific allowance for up-front costs (e.g. statutory redundancies and entitlement payouts) that may be incurred as part of reducing the support costs. In adopting this approach, we considered that a potential acquirer is likely to take steps to minimise up-front costs including any statutory redundancies and entitlement payouts. By way of example, the potential acquirer may rely on natural attrition (i.e. not fill vacant positions as employees leave the company) or look to redeploy the employees into their broader business in preference to paying up-front costs. We have also assumed the business will be able to continue in its existing form without experiencing a material increase in business risk, which may arise in circumstances where the support costs are reduced (e.g. impact on revenue from changing underlying support structure).

Income Tax

The DCF Model calculates income tax expense on the forecast unlevered net income at 25.0% in years where forecast revenue is below \$50 million, and 30% in years where forecast revenue is greater than \$50 million. We note that no tax expense is incurred until FY29 due to the accumulation of deferred tax assets resulting from the forecast tax losses.

Working Capital

Movements in working capital have been included in the DCF Model. We note that due to the historical variability encountered by Vita due to the effects of Covid-19 and the materially different nature of Vita's business prior to the ICT divestment, we have given greater weight to Company balance sheet forecasts rather than actual historical working capital in determining appropriate working capital assumptions.

We note that Vita experiences seasonality in their revenue, particularly at the end of calendar years. We understand that this seasonality is not expected to materially impact working capital requirements.

Discount Rate

The discount rate represents the rate of return that capital providers expect from their capital contribution and is typically based on the weighted average cost of capital ('WACC') for the asset being valued. In broad terms, the WACC considers the rate of return required by capital providers given the riskiness of the future cash flows and the cost of financing using debt instruments for the relevant asset.

In selecting a discount rate appropriate for the Company, we have considered the following:

- ▶ The projected cash flows of Vita and the performance of the Company following the divestment of their ICT business;
- ▶ The required rate of return of comparable companies;
- ▶ The capital structure of Vita;
- ▶ The cost of equity derived from applying the capital asset pricing model ('CAPM') methodology (a commonly used methodology for deriving the cost of equity). In relation to CAPM, we note the cost of equity capital is determined by multiplying the market risk premium by an appropriate beta and adding the risk-free rate. Our view on the appropriate inputs to the CAPM to apply in the circumstances are as follows:

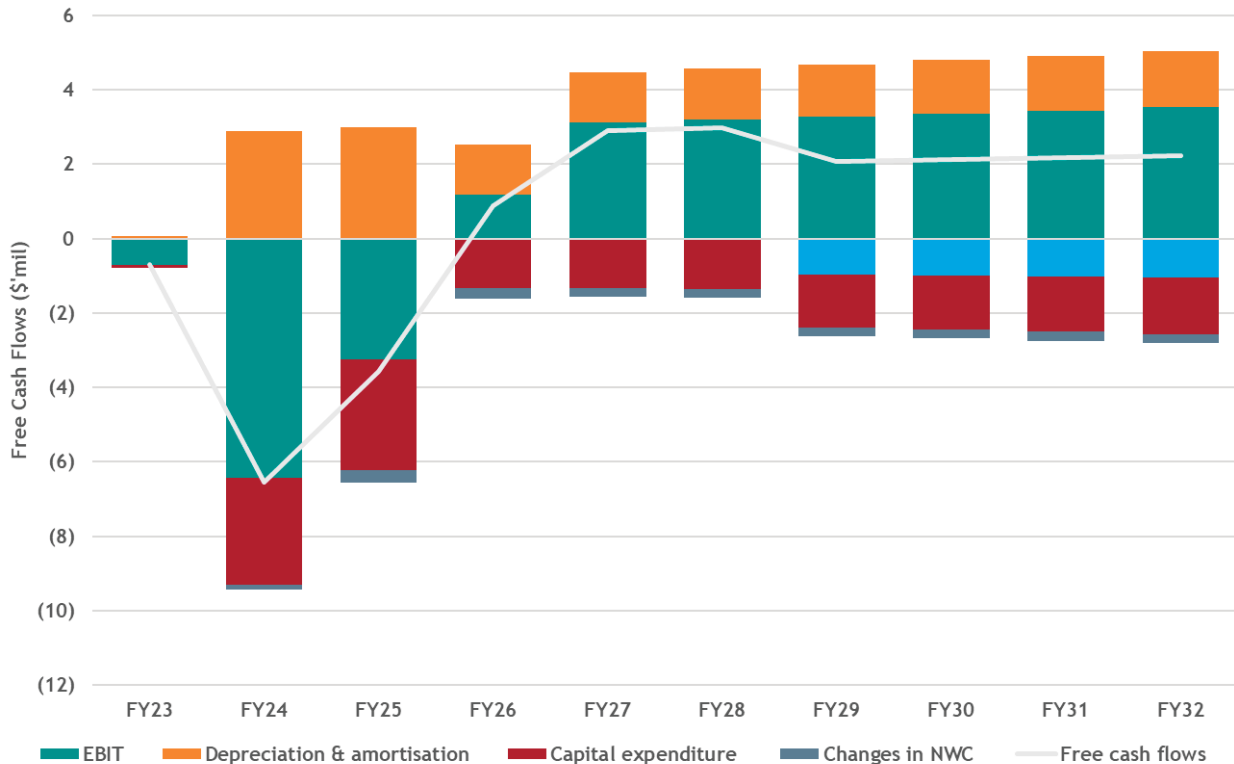
- A risk-free rate of 3.4% based on the Australian Government 10-year bond rate as at 31 March 2023;
- An equity market risk premium of 6.0%. To assess an appropriate market risk premium, we have considered equity risk premiums of companies that operate in developed markets. We have had regard to numerous empirical studies that indicate that market risk premiums can be estimated within the range of 4.5% to 7.0% and that the average tends to vary between countries. For the purposes of this Report we considered it appropriate to adopt a market risk premium of 6.0%. Our adopted market risk premium is further supported by market evidence across brokers, valuers and regulators;
- A beta in the range of 1.0 to 1.1. To determine an appropriate beta for Vita, we have considered the equity and asset betas of broadly comparable companies;
- ▶ The CAPM assumes investors are diversified and not concerned with the specific risk of a particular investment. In our view, investors may apply a company specific risk premium to reflect certain risks that cannot be readily allowed for in the base case cash flows for a company. In the case of Vita, these risks include their ability to become cash flow positive;
- ▶ We have adopted an alpha in the range of 6% to 8%. In determining this alpha we have had regard to Vita’s market capitalisation, noting a small stock premium is generally applied to smaller companies as outlined in various professional studies;
- ▶ A value for imputation credits (γ) of nil. This assumption has been made with reference to the fact that imputation credits for Australian companies are available to domestic investors only and that not all investors in Vita are Australian. The marginal investor is likely to be an investor who is not entitled to claim imputation credits; and
- ▶ Current market conditions including heightened market uncertainties in relation to inflation rates and interest rates.

Taking the above factors into consideration as well as the nature of Vita, we believe it is not unreasonable to adopt a nominal after-tax discount rate for the Company in the range of 15.0% to 18.0%. We have set out a sensitivity analysis on the discount rate in Section 8.2.4 to assist users of this Report that may have an alternative view on an appropriate discount rate or would like to understand the impact of applying an alternative discount rate.

Projected Free Cash Flow to the Firm

Figure 8.2 graphs the projected free cash flows that we have adopted for our DCF valuation of Vita over the explicit period to FY32. Please note that the cash flow for FY23 is related to June 2023 and therefore does not cover the annual cash flow of FY23.

Figure 8.2: Projected Free Cash Flow - ‘As is’ Support Costs Scenario



Source: The DCF Model

Note: FY2023 includes only those cash flows included within the valuation forecast period.

With regard to Figure 8.2, we note free cash flow is comprised of the following:

- ▶ **EBIT:** the EBIT figure becomes positive in FY26 following positive revenue growth outpacing the relatively stable growth in fixed asset costs;
- ▶ **Depreciation and amortisation:** we have added back depreciation and amortisation as a non-cash expense. We note the cash flow forecast includes depreciation relating to the head office lease, which has been adjusted for as a surplus liability. We have included a new head office expense, representing an estimate of the cost of an appropriately sized head office for Vita;
- ▶ **Changes in net working capital:** as noted above, the changes in net working capital are based on Management expectations rather than actual historical figures due to external factors (Covid-19 and ICT divestment) causing volatility in historical figures;
- ▶ **Tax:** we note that no tax expense is incurred until FY29 due to the accumulation of deferred tax assets that offset the tax expenses incurred in the forecast period with taxable income; and
- ▶ **Capital expenditure ('CAPEX'):** we have adopted the maintenance CAPEX forecast by Management to maintain its existing machinery in addition to the forecast CAPEX to fit-out four existing clinics (Pamper, Coco, Chatswood, and Cairns), adjusting for CAPEX incurred since the date of Management's estimates. Longer term we have assumed depreciation will equal CAPEX.

8.2.3 DCF Valuation of Vita

The DCF valuation is based on:

- ▶ the Projected FCFF set out in Figure 8.2; and
- ▶ a terminal value calculated by utilising the Gordon Growth Method and applying a perpetual growth assumption of 2.5% to the final forecast year's net after tax FCFF.

Having regard to the assumptions outlined above, Table 8.1 summarises our estimated enterprise value for Vita using a DCF valuation methodology having regard to Management's best estimate of the future performance of Vita and the three assumed scenarios. We note the low and high values are determined by using the high and low ends of our discount rate range, respectively.

Table 8.1: DCF Valuation of Vita

	Low (\$000's)	High (\$000's)
Scenario 1 - As is support costs	(52)	2,308
Scenario 2 - 25% reduction to support costs	10,255	14,928
Scenario 3 - 50% reduction to support costs	20,383	27,390

Source: BDOCF Analysis

In considering the output set out in Table 8.1 above, we reiterate to Shareholders that in the scenarios where support costs have been reduced, we have not made any specific allowance for up-front costs (e.g. statutory redundancies and entitlement payouts) that may be incurred as part of reducing the support costs. We have also assumed the business will be able to continue in its existing form without experiencing a material increase in business risk, which may arise in circumstances where the support costs are reduced (e.g. impact on revenue from changing underlying support structure).

8.2.4 Sensitivity of the DCF Valuation

The DCF valuation of Vita is based on a number of assumptions which are subject to uncertainty. We have completed a sensitivity analysis on the enterprise value of Vita by adjusting the following variables in isolation, all other things held equal:

- ▶ ±5% increase in revenue growth;
- ▶ ±5% increase in COGS;
- ▶ ±5% increase in employment expenses;
- ▶ An absolute ±2% change in the discount rate; and
- ▶ An absolute ±1% change in the terminal growth rate.

Table 8.2 below summarises the impact of the abovementioned variables on our DCF valuation of Vita using the high and low ends of our discount range, holding all factors constant, except the relevant sensitivity variable. We note we have adopted a discount rate of 16.5%, being the mid-point of our range, for this analysis.

Table 8.2: Sensitivity Analysis of Key Inputs

(\$000's)	Scenario 1 (As is support costs)	Scenario 2 (25% support cost reduction)	Scenario 3 (50% support cost reduction)
Base (16.5% discount rate)	982	12,319	23,487
Revenue			
5% increase	14,707	25,779	36,784
5% decrease	(14,712)	(1,354)	9,931
COGS			
5% increase	(3,308)	8,383	18,995
5% decrease	5,372	16,144	27,588
Employment expenses			
5% increase	(6,595)	5,572	16,667
5% decrease	8,512	18,779	28,839
Discount rate			
2% increase	(347)	9,661	19,487
2% decrease	2,835	15,955	28,922
Terminal growth rate			
1% increase	1,676	13,586	25,331
1% decrease	385	11,230	21,901

Source: BDOCF Analysis

8.2.5 Adjustment for Surplus Assets and Liabilities

The DCF value excludes, amongst other issues, the impact of any surplus assets or liabilities held by the Company. In our view, it is appropriate to add the Company's cash and cash equivalents and add/subtract the value of any other surplus assets/liabilities.

We have considered the carrying values recorded in Vita's financial statements as at 31 December 2022, the carrying values included in management accounts for January and February 2023, and Management's forecasts for FY23. Based on this information and our broader enquiries, we have summarised the values we have adopted for Vita's surplus assets and liabilities in Table 8.3 below.

Table 8.3: Values Adopted for the Surplus Assets and Liabilities

	(\$000's)
Surplus assets and liabilities	
Cash and cash equivalents	12,056
D&O insurance adjustment	(1,846)
Head office lease adjustment	(4,029)
Make good provision	(105)
Earn out adjustment	(40)
Current tax receivables	3,084
Interest bearing loans and borrowings	(577)
Total	8,543

Source: HY23 Report, January and February management accounts, Management and BDOCF Analysis

In relation to Table 8.3 we note:

- ▶ We have adjusted values for each of the relevant balance sheet items based on Management's projection of the Vita balance sheet as at 31 May 2023 (see Section 8.3 below for further details);
- ▶ Cash and cash equivalents relates to Vita's surplus cash balance net of transaction costs, which are estimated at \$1.5 million irrespective of whether the Proposed Transaction is approved. We note that the transaction costs include the \$0.8 million to \$0.9 million of costs incurred to develop the Proposed Transaction in addition to the \$0.6 million of staff retention costs, which remain subject to the Board's discretion as at the date of this Report (refer section 11.5 of the Scheme Booklet for additional discussion);
- ▶ The value of the D&O provision is based on a calculation of Vita's broker, Marsh, who has considered various alternative options to reduce Vita's D&O premiums. The provision relates to the portion of Vita's D&O expense that relates to the ICT divestment and is surplus to the requirements of ordinary operations for the current business. The monthly surplus was discounted at the risk free rate over the remaining months leading to an additional liability for the remaining D&O surplus obligation of approximately \$1.8 million as at 31 May 2023;
- ▶ The head office lease adjustment is based on the February 2023 head office lease outstanding, adjusted for Management's budgeted interest and depreciation relating to the head office lease for the period up to 31 May 2023;
- ▶ The earn out adjustment relates to outstanding clinician earn outs forecasted as at 31 May 2023; and

- ▶ Current tax receivables and interest-bearing loans and liabilities are equal to the values on our forecast balance sheet as at 31 May 2023.

All other operating assets and liabilities in Vita's balance sheet are allowed for within our DCF valuation of Vita. We have also been informed by Management that there are no other material surplus assets or liabilities that have not been recorded in the financial statements as at the date of this Report.

Under the terms of the Proposed Transaction, Vita is permitted to pay the Permitted Dividend which can be funded through Vita's existing cash balance or via additional debt (under the terms of the Proposed Transaction, Vita is able to source an unsecured, interest free and subordinated loan of \$5.6 million from Practice to partially fund the payment of the Permitted Dividend). This debt will be used solely to distribute cash to the shareholders, by way of the dividend, and as such will not impact the implied valuation paid by Practice or the total cash consideration received by the shareholders. For completeness, we note that Table 8.5 above does not make any adjustment to cash or debt as a result of any dividend that Vita is able to pay under the SIA as part of the Proposed Transaction.

The inclusion of the Permitted Dividend in the Proposed Transaction was to assist in 'unlocking' the accumulated \$25.6 million franking credit position of Vita. While these franking credits will have value in circumstances that they are distributed to domestic shareholders who are able to utilise them, in our view, no adjustment is required to the equity value of the Company to allow for any undistributed franking credits. In considering this view, we note that undistributed franking credits are different to other assets in that they cannot be readily realised for cash.

The Shareholders should refer to Section 2.3.4 of this Report for additional discussion on the value of franking credits to them.

8.2.6 Equity Value of a Vita Share based on DCF Valuation

Having regard to the assumptions outlined above, Table 8.4 summarises our estimated equity value of Vita using the midpoint of our DCF valuation methodology.

Table 8.4: DCF Valuation of Vita

	Reference	Scenario 1 (\$000s)	Scenario 2 (\$000s)	Scenario 3 (\$000s)
DCF Value	Section 8.2.3	982	12,319	23,487
Surplus Assets and Liabilities	Section 8.2.5	8,543	8,543	8,543
Equity Value of Vita		9,525	20,862	32,030

Source: BDOCF Analysis

¹ The DCF value shown is the mid-point discount rate of 16.5%.

8.2.7 Value of a Vita Share based on DCF Valuation

Table 8.5 below sets out the value of Vita on a per share basis.

Table 8.5: Value of a Vita Ordinary Share on a Controlling Interest Basis

	Reference	Scenario 1 (\$000's)	Scenario 2 (\$000's)	Scenario 3 (\$000's)
Equity Value Attributable to all Security Holders	Table 8.5	9,525	20,862	32,030
Number of Vita Ordinary Shares on Issue	Section 5.3	175,871,832	175,871,832	175,871,832
Equity Value of Vita on a Controlling Interest Basis per Share (\$/share)		0.054	0.119	0.182

Source: BDOCF Analysis

8.3 Asset Based Valuation of Vita

In this section we have set out our ABV of Vita as at 31 May 2023. In relation to our ABV we note:

- ▶ We considered the reviewed balance sheet of Vita as at 31 December 2022 in addition the balance sheets as at 31 January 2023, 28 February 2023 and the forecast balance sheet as at 31 May 2023;
- ▶ We considered it appropriate to make adjustments to the 31 December 2022 reviewed balance sheet for:
 - Cash - Cash and cash equivalents relates to Vita's surplus cash balance net of transaction costs, which are estimated at \$1.5 million irrespective of whether the Proposed Transaction is approved;
 - Lease liabilities - Management provided a monthly forecast of depreciation, interest, payments, and liabilities by property. Total lease liabilities are expected to decrease by \$0.4 million to 31 May 2023;
 - Interest bearing borrowings - Management provided a monthly forecast of accrued interest and loan repayments. Total interest-bearing borrowings are expected to decrease by \$1.1 million to 31 May 2023 due to repayments of the chattel mortgages and insurance debt funding;
 - Term deposits - Term deposits are related to security over a bank guaranty and corporate credit facility. According to Management term deposits decreased to \$1.4 million in February and will remain at the same level;

- Plant and equipment - Management provided a depreciation forecast and a CAPEX forecast. Depreciation is estimated to exceed CAPEX with the result being a \$1.3 million reduction to 31 May 2023;
 - Non-current portion of contract and other liabilities - An amount has been fully excluded as an option related to earn-out payments for a prior acquisition has been cancelled;
- ▶ We have not made any adjustment for franking credits for the reasons summarised in Section 8.2.5 above; and
- ▶ We calculated the net tangible assets of Vita by excluding the values assigned to intangible assets and goodwill.

Table 8.6 below sets out our view of the value of Vita as at 31 May 2023 using an ABV methodology.

Table 8.6: ABV of Vita

	As at 31-Dec-22 Reviewed (\$'000)	As at 31-May-23 Adopted (\$'000)
Assets		
Current assets		
Cash and cash equivalents	16,775	12,056
Trade and other receivables	338	338
Inventories	1,009	1,009
Current tax receivables	3,084	3,084
Other current assets	1,178	1,178
Total current assets	22,384	17,665
Non-current assets		
Term deposits	2,025	1,371
Plant and equipment	7,238	5,975
Right of use assets	5,837	5,837
Intangible assets and goodwill	12,320	12,320
Deferred tax assets	3,613	3,613
Total non-current assets	31,033	29,116
Total assets	53,417	46,781
Liabilities		
Current liabilities		
Trade and other payables	3,549	3,549
Interest bearing loans and borrowings	1,573	555
Lease liabilities	3,382	3,675
Current tax liabilities	0	0
Provisions	1,128	1,128
Contract and other liabilities	2,394	2,394
Total current liabilities	12,026	11,301
Non-current liabilities		
Interest bearing loans and borrowings	152	22
Lease liabilities	7,155	6,439
Provisions	3,260	3,260
Contract and other liabilities	1,010	0
Total non-current liabilities	11,577	9,721
Total liabilities	23,603	21,022
Net assets	29,814	25,759
Net tangible assets		13,439
Total number of Vita shares outstanding		175,871,832

	As at 31-Dec-22 Reviewed (\$'000)	As at 31-May-23 Adopted (\$'000)
Vita's net assets per share (\$/share)		0.147
Vita's net tangible assets per share (\$/share)		0.076

Source: Vita HY23 Report, Management Forecast FY23_FY24 and BDOCF Analysis

In our view, it is appropriate to adopt a net assets per share value of \$0.147 per share. Intangible assets mainly comprises of goodwill. Adjusting for the value of intangible assets, we calculate a net tangible assets per share value of \$0.076 per share. We note our ABV valuation of Vita provides a value per share for Vita on a controlling interest basis.

8.4 Market Based Valuation of Vita

This section sets out our MBV of Vita by considering:

- ▶ The recent share trading data relating to Vita; and
- ▶ The liquidity of Vita ordinary shares.

8.4.1 Analysis of Vita's Share Trading Data

Vita's ordinary shares are listed on the ASX and trade under the ticker 'VTG'. Information relating to the recent share trading data of Vita's ordinary shares along with an analysis of recent announcements made by Vita to the ASX are set out in Section 5.5 of this Report.

For the purposes of our MBV, we have assessed the VWAP of Vita shares over 1 week, 1 month, 3 months, 6 months and 9 months up to 14 March 2023, being the day Vita traded prior to the announcement of the Proposed Transaction.

Table 8.7 below sets out Vita's daily low VWAP, VWAP and daily high VWAP for specified periods up to 14 March 2023.

Table 8.7: Vita's Daily Low VWAP, Daily High VWAP and Period VWAP for Specified Periods up to 14 March 2023

Period before 14 March 2023	Low Daily VWAP	VWAP up to 14 March 2023	High Daily VWAP
1 Week	\$0.0800	\$0.0815	\$0.0825
1 Month	\$0.0800	\$0.0874	\$0.0942
3 Months	\$0.0800	\$0.0967	\$0.1100
6 Months	\$0.0800	\$0.1073	\$0.1250
9 Months	\$0.0800	\$0.1430	\$0.2300

Source: Capital IQ as at 22 March 2023

¹ VWAP data may differ from the data set out in the Scheme Booklet due to differences in databases used. For the purposes of this Report, the differences are immaterial.

With reference to Table 8.8, we note the following:

- ▶ The VWAP of Vita shares over the periods specified up to 14 March 2023 ranges from \$0.0815 to \$0.1430 with the lower value reflective of more recent trading; and
- ▶ The daily low and high VWAP of Vita shares over the 6-month period up to 14 March 2023 are \$0.0800 to \$0.1100 respectively. Over the 9-month period the daily low and high VWAP of Vita shares are \$0.0800 to \$0.2300 respectively. For completeness, we note Vita only recorded a daily VWAP of \$0.0800 on 14 March 2023 and is the lowest daily VWAP Vita's share price traded at in the period up to 14 March 2023.

Following the announcement of the Proposed Transaction, Vita's share price increased from \$0.0800 on 14 March 2023 to \$0.1400 on 15 March 2023. From 15 March 2023 to 31 March 2023 Vita's share price has traded in the range of \$0.1350 to \$0.1450. Vita's recent share price trading is above the Total Cash Payment of \$0.1268, post the announcement of the Proposed Transaction, which likely reflects other factors relating to the Proposed Transaction (including the market's expectation that it will be approved and the ability of market participants to utilise franking credits associated with the Permitted Dividend) and is less relevant in determining an MBV valuation range that can be used to assess the Proposed Transaction.

8.4.2 Liquidity of Vita Shares

Information on the liquidity of Vita shares is set out in Section 5.5 of this Report. Assuming a weighted average number of 170,991,900 Vita shares on issue over the period, approximately 40.42% of the total shares on issue were traded over the period 6 May 2022 to 14 March 2023. We consider that Vita has sufficient liquidity to adopt an MBV approach in this Report.

8.4.3 Conclusion on MBV (Minority Basis)

Having regard to the information set out above, in our view it is appropriate to adopt a value of \$0.080 to \$0.120 per Vita ordinary share on a minority interest basis for our market-based valuation.

The low end of our range incorporates recent weakness in the Vita share price while the high end of our range considers trading data over the previous 6-month period.

For completeness, it is our view that the announcement of the Proposed Transaction on 15 March 2023 impacts trading data and prices of Vita shares. As such, we have not had regard to trading data from 15 March 2023 for the purpose of adopting a value for a Vita share on a minority interest basis.

8.5 Comparison and Cross-check of our Valuation Methodologies for Vita

8.5.1 Comparison of our Valuation Methodologies

We have set out three alternative valuation methodologies above as follows:

- ▶ A DCF with three alternative scenarios. The values calculated under each scenario were:
 - ‘As is’ support costs - \$0.054 per share on a controlling interest basis;
 - 25% reduction in support costs - \$0.119 per share on a controlling interest basis; and
 - 50% reduction in support costs - \$0.182 per share on a controlling interest basis;
- ▶ An ABV with and without the value of intangible assets included on the balance sheet. The values adopted were:
 - Net tangible assets per share of \$0.076 on a controlling interest basis
 - Net assets per share of \$0.147 on a controlling interest basis
- ▶ An MBV on a minority basis in the range of \$0.08 to \$0.12.

In considering a comparison of the DCF, ABV and MBV approach, in our view it is not unusual to expect the MBV value range to be at a discount to the DCF and ABV range. The reason for this is that share prices from market trading typically do not reflect the market value for control of a company while the DCF and ABV approach is on a controlling interest basis. A controlling interest in a company is generally regarded as being more valuable than that of a minority interest as it may provide the owner with:

- ▶ Control over the operating and financial decisions of the company;
- ▶ The right to set the strategic direction of the company;
- ▶ Control over the buying, selling and use of the company’s assets; and
- ▶ Control over the appointment of staff and setting of financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. Empirical research suggests that control premiums are typically within the range of 20% to 40%. We have provided additional discussion on control premiums in Appendix A.

Applying a 30% control premium would increase our MBV to \$0.104 to \$0.156 on a controlling interest basis and results in overlap and broad alignment between the MBV and ABV.

The DCF using the ‘as is’ support costs results in a value below the ABV and MBV. In considering the appropriateness of this, we note it may be possible the market assumes the ‘as is’ support costs are unsustainable and anticipates either further rationalisation or a control transaction. If a 25% reduction in support costs is assumed, it results in a DCF value for Vita that falls within both the ABV and MBV values, which may be more reflective of what the market sees as being achievable for Vita. A 50% reduction in support costs results in a DCF value for Vita that is above the ABV and MBV values. We don’t consider this unreasonable, as we consider this scenario is at the more optimistic end of what may be achievable from the existing ‘as is’ level of support costs.

8.5.2 Cross-check to Comparable Companies

As a cross-check to our valuation, we have considered the multiples implied from broadly comparable companies. This has been summarised in Appendix B.

Having regard to the tables in Appendix B, we note the following:

- ▶ We have considered trading and transaction multiples for two tiers of broadly comparable companies. Tier 1 comparable companies operate Health and Beauty Care Services that may be broadly comparable to Vita. These services include skin, hair and other non-surgical medical aesthetic treatments. Tier 2 comparable companies are businesses that operate in the General Beauty and Personal Care Segment;
- ▶ The comparable companies generally have a track record of generating positive EBITDA (refer Table B.6) while Vita does not currently generate positive EBITDA. This makes it difficult to infer values from the EBITDA multiples of comparable companies;

- ▶ Vita's revenue for FY23 in the DCF Model is approximately \$29.4 million. Assuming Vita's enterprise value of \$12.3 million under the DCF scenario with a 25% reduction in support costs, this would result in a EV/Revenue multiple of approximately 0.42. This is below all of the Tier 1 comparable companies and all but two of the Tier 2 companies. Until such time as Vita is able to generate profits on a sustainable basis, we do not consider it unreasonable that Vita would trade at an EV/Revenue multiple that is at a discount to the comparable companies; and
- ▶ Vita's net tangible assets from Table 8.7 above are approximately \$13.4 million. Assuming Vita's enterprise value of \$12.3 million under the DCF scenario with a 25% reduction in support costs, this would result in a P/BV (where BV is based on NTA) of approximately 1.09. This is below all of the Tier 1 and Tier 2 comparable companies that have a positive NTA figure. Once again, until such time as Vita is able to generate profits on a sustainable basis, we do not consider it unreasonable that Vita would trade at a P/BV multiple that is at a discount to the comparable companies. For completeness, we note that normalising the Vita balance sheet for the surplus liabilities unique to Vita would result in a lower P/BV than what we have calculated above.

In our view, while the comparable multiples indicate that our valuation of Vita is below the value of the comparable companies, this does not indicate that our valuation is unreasonable. In particular, we note that Vita is smaller (and in many cases significantly smaller) than the comparable companies, less diversified and has no track record of generating consistent profits. Overall, we consider the comparable company multiples cross-check does not provide any information to suggest that any of our ABV, MBV or DCF values are inappropriate for use in this Report.

8.6 Conclusion on the Value of Vita Shares

In our view, for the purpose of our assessment of the Proposed Transaction set out in this Report, it is appropriate to adopt a value in the range of \$0.105 to \$0.155 per Vita share on a controlling interest basis. In relation to this valuation range, we note:

- ▶ It broadly aligns to our MBV \$0.080 to \$0.120 after applying a 30% control premium;
- ▶ The low end of the range is above our NTA based on net tangible assets per share of \$0.0764 and allows some value for the underlying intangible assets;
- ▶ The range is either side of our NTA based on net assets per share of \$0.147 which includes the value adopted by Vita for intangible assets on the balance sheet. We note as at 31 December 2022, the most recent reporting period, Vita impaired the value of the Company's goodwill and intangible assets from \$24.4 million to \$12.3 million; and
- ▶ The range is either side of our DCF assuming a 25% reduction in support costs of \$0.119 per share on a controlling interest basis. For completeness we note that the DCF assuming 'as is' support costs resulted in a value below our valuation range while the DCF assuming a 50% reduction in support costs resulted in a value above our valuation range.

APPENDIX A: CONTROL PREMIUM ANALYSIS

A controlling interest in a company is usually regarded as being more valuable than a minority interest as it provides the owner with control over the operating and financial decisions of the company, the right to set the strategic direction of the company, control over the buying, selling and use of the company's assets, and control over appointment of staff and setting financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. For the purposes of our research on control premiums, we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

Generally, control premiums may be impacted by a range of factors including the following:

- ▶ Specific acquirer premium and/or special value that may be applicable to the acquirer;
- ▶ Level of ownership in the target company already held by the acquirer;
- ▶ Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- ▶ The presence of competing bids; and
- ▶ General market sentiment and economic factors.
- ▶ To form our view of an appropriate range of control premium applicable to Vita for the purposes of this Report, we have considered information which includes:
 - ▶ Recent independent expert's reports which apply control premiums in the range of 20% to 40%;
 - ▶ Various industry and academic research, which suggests that control premiums are typically within the range of 20% to 40%;
 - ▶ Our own research on control premiums implied by the trading data of ASX listed companies subject to control transactions. The average and median control premium found in our research are approximately within the range of 20% and 40%, based on one day, one week, and one-month prior trading prices;
- ▶ Various valuation textbooks; and
- ▶ Industry practice.

Having regard to the information set out above, in our view, it is appropriate to consider control premiums within the range of 20% to 40% for the purposes of assessing the Proposed Transaction within the context of this Report.

APPENDIX B: COMPARABLE COMPANIES AND PRECEDENT TRANSACTION ANALYSIS

This section sets out information in relation to companies that we consider broadly comparable to Vita. The information set out below includes a summary of information that we have considered and the assumptions that we have adopted. This section is set out as follows:

- ▶ Section B.1 summarises a variety of metrics for the listed companies we consider broadly comparable to Vita in addition to providing an overview of each company; and
- ▶ Section B.2 summarises transaction multiples and descriptions of transactions involving companies we consider broadly comparable to Vita.

B.1 Metrics from Listed Comparable Companies

We have conducted research into current trading multiples of comparable listed companies. The enterprise values, revenues and EBITDA figures are determined with reference to the latest historical financial accounts available for each company as at the Valuation Date. For completeness, we note that trading multiples are generally reflective of market trades in a minority parcel of shares.

AASB 16 (and its international equivalents) became effective for financial reporting periods beginning from 1 January 2019 onwards. AASB 16 requires operating leases (excluding low value and short-term leases) to be treated on a similar basis to finance leases. While companies are required to state accounts in accordance with AASB 16 on or after 1 January 2019, companies were able at their election to adopt the standard early in certain circumstances. The standard involves recognising a right-of-use ('ROU') asset which offsets the newly capitalised lease liability recorded on the balance sheet at initial recognition. Pre-existing rental expenses and other operating leases are now represented on the income statement as depreciation of the ROU asset and interest charge on the lease liability. Accordingly, operating lease expenses are now excluded from EBITDA estimates and enterprise values are often increased by the recognised lease liabilities in the databases we subscribe to.

Tier 1 comparable companies operate Health and Beauty Care Services that may be broadly comparable to Vita. These services include skin, hair and other non-surgical medical aesthetic treatments. Table B.1 below sets out a summary of the broadly comparable Tier 1 trading companies.

Tier 2 comparable companies are businesses that operate in the General Beauty and Personal Care Segment. They don't offer the same service range as Vita, but offer broadly related products and services. Table B.2 below sets out a summary of the broadly comparable Tier 2 trading companies.

Table B.1: Tier 1 Trading Multiples (Health and Beauty Care Services Businesses)

Company Name	Ex-change	Market Cap (AUDmm)	EV (AUDmm)	NTA (AUDmm)	Revenue LTM (AUDmm)	EBITDA LTM (AUDmm)	EV/Revenue	EV/EBITDA	P/BV
Kaya Limited	NSEI	59	87	-6	65	-6	1.33x	NM	NM
Fameglow Holdings Limited	SEHK	94	104	1	30	0	3.50x	NM	97.2x
The Klinique Medical Clinic Public Company Limited	SET	382	318	70	70	14	4.56x	22.71x	5.5x
European Wax Center, Inc.	Nasdaq-GS	1,353	1,924	-636	305	89	6.31x	21.60x	NM
Beauty Farm Medical and Health Industry Inc.	SEHK	1,237	1,045	-19	349	54	3.00x	19.52x	NM
Miracor Enterprises Holdings Limited	SEHK	101	85	34	74	2	1.14x	43.77x	3.0x
MPM Corpóreos S.A.	BOV-ESPA	105	287	16	252	52	1.14x	5.53x	6.4x
SILK Laser Australia Limited	ASX	105	109	11	90	16	1.21x	6.76x	10.0x
Median							2.16x	20.56x	6.4x
Mean							2.77x	19.98x	24.4x

Source: Capital IQ data as at 30 March 2023, BDO analysis

Note: Companies marked as "NM" have been identified as outliers based on EV/EBITDA multiple (i.e. negative or above 50x), Enterprise values and trading multiples have been adjusted having regard to the impact of AASB 16 (and its international equivalents) based on the information publicly available in Capital IQ. Historical trading multiples reflect the financial information publicly disclosed for the twelve months prior to the Valuation Date.

Table B.2: Tier 2 Trading Multiples (General Beauty and Personal Care Businesses)

Company Name	Ex-change	Market Cap (AUDmm)	EV (AUDmm)	NTA (AUDmm)	Revenue LTM (AUDmm)	EBITDA LTM (AUDmm)	EV/ Revenue	EV/ EBITDA	P/BV
EZZ Life Science Holdings Limited	ASX	18	8	13	24	3	0.33x	2.30x	1.4x
Comvita Limited	NZSE	209	268	179	202	28	1.33x	9.41x	1.2x
McPherson's Limited	ASX	86	100	34	217	13	0.46x	7.98x	2.5x
Pacific Smiles Group Limited	ASX	189	194	44	154	16	1.26x	11.84x	4.3x
e.l.f. Beauty, Inc.	NYSE	6,276	6,246	197	731	117	8.55x	NM	31.9x
MAV Beauty Brands Inc.	TSX	23	199	-107	148	18	1.34x	10.85x	NM
Nu Skin Enterprises, Inc.	NYSE	2,893	3,065	918	3,275	340	0.94x	9.02x	3.2x
Median							1.26x	9.41x	2.8x
Mean							2.03x	8.57x	7.4x

Source: Capital IQ data as at 30 March 2023, BDO analysis

Note: Companies marked as "NM" have been identified as outliers based on EV/EBITDA multiple (i.e. negative or above 50x), Enterprise values and trading multiples have been adjusted having regard to the impact of AASB 16 (and its international equivalents) based on the information publicly available in Capital IQ. Historical trading multiples reflect the financial information publicly disclosed for the twelve months prior to the Valuation Date.

Tables B.3 and B.4 below set out the market capitalisation, debt/EV ratios, and asset betas of the comparable Tier 1 and Tier 2 companies respectively.

Table B.3: Market Capitalisation, Debt/EV Ratios and Asset Betas of Tier 1 Comparable Companies

Company name	Market cap (AUDmm)	2Y average debt/EV	5Y average debt/EV	2Y Asset β (BU)	5Y Asset β (BU)	2Y R2	5Y R2
Kaya Limited	59	5.06 %	2.48 %	1.1	1.2	0.2	0.2
Fameglow Holdings Limited	94	-	-	0.4	0.0	0.0	0.0
The Klinique Medical Clinic Public Company Limited	382	-	-	-0.2	-0.2	0.0	0.0
European Wax Center, Inc.	1,353	22.66 %	22.66 %	1.1	1.1	0.2	0.2
Miricor Enterprises Holdings Limited	101	-	-	0.8	0.8	0.1	0.1
MPM Corpóreos S.A.	105	40.56 %	40.56 %	0.5	0.5	0.2	0.2
SILK Laser Australia Limited	105	1.90 %	1.90 %	0.9	0.8	0.2	0.2
Vita Group Limited	24	-	-	1.1	1.1	0.1	0.1
Median				0.9	0.8	0.1	0.1
Mean				0.7	0.7	0.1	0.1

Source: Capital IQ data as at 24 March 2023, BDO analysis

Table B.4: Market Capitalisation, Debt/EV Ratios and Asset Betas of Tier 2 Comparable Companies

Company name	Market cap (AUDmm)	2Y average debt/EV	5Y average debt/EV	2Y Asset β (BU)	5Y Asset β (BU)	2Y R2	5Y R2
EZZ Life Science Holdings Limited	18	-	-	0.3	0.2	0.0	0.0
Comvita Limited	209	6.11 %	16.83 %	0.9	0.8	0.2	0.1
McPherson's Limited	86	3.63 %	3.79 %	0.3	0.9	0.0	0.1
Pacific Smiles Group Limited	189	1.14 %	2.50 %	0.6	1.0	0.0	0.1
e.l.f. Beauty, Inc.	6,276	4.17 %	11.57 %	0.9	1.3	0.2	0.3
MAV Beauty Brands Inc.	23	62.49 %	51.16 %	0.1	0.4	0.0	0.0
Nu Skin Enterprises, Inc.	2,893	2.97 %	1.51 %	0.9	1.0	0.3	0.2
Median				0.6	0.9	0.0	0.1
Mean				0.6	0.8	0.1	0.1

Source: Capital IQ data as at 24 March 2023, BDO analysis

To provide an additional reference point to the asset beta information set out in Tables B.3 and B.4 above, we have summarised in Table B.5 below the international asset beta and the average Australia, New Zealand and Canada asset beta, as published by Professor Damodaran at NYU for the Healthcare Support Services and Health Care Products sectors.

Table B.5: Asset Betas Published by Professor Damodaran

Industry	Asset β (β U) Australia, New Zealand, Canada	Asset β (β U) Global
Healthcare Products	0.84	1.03
Healthcare Support Services	0.89	0.84

Source: Damodaran online as at 05 January 2023

In addition to the information set out in Tables B.1 to B.4 above, we have summarised historical revenue, COGS and EBITDA, along with certain margins, in Tables B.6 and B.7 below. In Tables B.8 and B.9 we provide a business description for each of the comparable companies.

Table B.6: Comparable Companies - Historical Revenue, COGS and EBITDA

Company Name	Revenue FY20 (AUDmm)	Revenue FY21 (AUDmm)	Revenue FY22 (AUDmm)	Revenue LTM (AUDmm)	COGS FY20 (AUDmm)	COGS FY21 (AUDmm)	COGS FY22 (AUDmm)	COGS LTM (AUDmm)	EBITDA FY20 (AUDmm)	EBITDA FY21 (AUDmm)	EBITDA FY22 (AUDmm)	EBITDA LTM (AUDmm)
Tier 1												
Kaya Limited	85	49	57	65	39	25	29	38	1	-3	-3	-6
Fameglow Holdings Limited	19	14	31	30	13	9	17	17	-4	-4	2	0
The Klinik Medical Clinic Public Company Limited	43	39	70	70	18	16	31	31	9	9	14	14
European Wax Center, Inc.	136	248	305	305	47	65	87	87	23	63	89	89
Beauty Farm Medical and Health Industry Inc.	299	386	-	364	160	205	-	199	60	77	-	56
Miracor Enterprises Holdings Limited	37	22	62	74	21	15	27	38	5	-2	10	2
MPM Corpóreo S.A.	130	176	252	252	71	105	160	160	25	34	52	52
SILK Laser Australia Limited	32	59	81	90	22	34	47	52	4	14	16	16
Tier 2												
EZZ Life Science Holdings Limited	18	22	15	24	13	10	8	8	2	3	2	3
Comvita Limited	183	179	189	202	98	82	75	75	8	17	23	28
McPerson's Limited	223	201	214	217	116	113	123	114	29	6	3	13
Pacific Smiles Group Limited	120	153	140	154	69	83	79	86	16	27	11	16
e.l.f. Beauty, Inc.	461	418	523	731	166	147	187	247	67	42	68	117
MAY Beauty Brands Inc.	149	147	n/a	148	78	87	n/a	86	35	22	n/a	18
Nu Skin Enterprises, Inc.	3,347	3,707	3,275	3,275	853	929	928	928	430	498	340	340

Source: Capital IQ data as at 31 March 2023, BDO Analysis

Table B.7: Comparable Companies - Historical Revenue Growth, COGS Margin and EBITDA Margin

Company Name	Revenue Growth FY20/21	Revenue Growth FY21/22	COGS Margin FY20 (AUDmm)	COGS Margin FY21 (AUDmm)	COGS Margin FY22 (AUDmm)	COGS Margin LTM (AUDmm)	EBITDA Margin FY20 (AUDmm)	EBITDA Margin FY21 (AUDmm)	EBITDA Margin FY22 (AUDmm)	EBITDA Margin LTM (AUDmm)
Tier 1										
Kaya Limited	-42%	15%	46%	51%	52%	58%	1%	-5%	-5%	-9%
Fameglow Holdings Limited	-27%	120%	67%	67%	54%	58%	-24%	-28%	6%	0%
The Klinik Medical Clinic Public Company Limited	-9%	78%	41%	41%	44%	44%	21%	22%	20%	20%
European Wax Center, Inc.	82%	23%	34%	26%	29%	29%	17%	25%	29%	29%
Beauty Farm Medical and Health Industry Inc.	29%	n/a	53%	53%	n/a	55%	20%	20%	n/a	15%
Miricor Enterprises Holdings Limited	-41%	184%	58%	67%	43%	51%	15%	-11%	16%	3%
MPM Corpóreos S.A.	35%	43%	54%	59%	64%	64%	19%	20%	21%	21%
SILK Laser Australia Limited	82%	38%	67%	58%	58%	58%	11%	23%	19%	18%
Tier 2										
EZZ Life Science Holdings Limited	24%	-33%	74%	44%	50%	35%	12%	12%	12%	14%
Comvita Limited	-3%	6%	53%	46%	40%	37%	4%	9%	12%	14%
McPherson's Limited	-10%	7%	52%	56%	58%	53%	13%	3%	2%	6%
Pacific Smiles Group Limited	28%	-9%	57%	54%	57%	56%	13%	18%	8%	11%
e.l.f. Beauty, Inc.	-9%	25%	36%	35%	36%	34%	14%	10%	13%	16%
MAY Beauty Brands Inc.	-1%	n/a	52%	59%	n/a	58%	23%	15%	n/a	12%
Nu Skin Enterprises, Inc.	11%	-12%	25%	25%	28%	28%	13%	13%	10%	10%

Source: Capital IQ data as at 31 March 2023, BDO Analysis

Table B.8: Tier 1 Comparable Companies - Business Description

Company Name	Country of Incorporation	Classification	Business Description
Kaya Limited	India	Specialized Consumer Services	Kaya Limited owns and operates hair and skin care clinics. The company offers solutions in the categories of anti-ageing, pigmentation, acne/acne-scar reduction, laser hair reduction, hair fall, hair transplant, and dandruff and under-nourished hair treatment, as well as beauty enhancement services. It also provides a range of products covering hair and skin care for men and women. The company sells its products through Kaya stores; and online and third-party outlets, as well as its website shop.kaya.in. It operates a network of 71 clinics in India and 23 clinics in the Middle East. The company was founded in 2002 and is headquartered in Mumbai, India.
Fameglow Holdings Limited	Cayman Islands	Specialized Consumer Services	Fameglow Holdings Limited, an investment holding company, provides non-surgical medical aesthetic services in Hong Kong. The company offers energy-based procedures, including procedures that use various energy-based devices that emit a variety of energy on skin surface; and minimally invasive procedures, such as injection treatments, which are non-surgical treatment procedures with minimal penetration to body tissue and no surgical incisions. It also provides traditional beauty services comprising non-medical and non-invasive beauty treatment services. In addition, the company sells skincare products through retail outlets and sales counters; and invests in properties. It operates medical aesthetic centers under the per Face brand located in Causeway Bay, Mong Kok, Tsim Sha Tsui, and Central. The company was founded in 2008 and is headquartered in Cheung Sha Wan, Hong Kong. Fameglow Holdings Limited is a subsidiary of Equal Joy Holdings Limited.
The Klinique Medical Clinic Public Company Limited	Thailand	Health Care Services	The Klinique Medical Clinic Public Company Limited provides medical treatment services under the Klinique brand name in Thailand. Its services include face lift, acne, acne hole, acne marks, shape up, filler, fat dissolving injection, laser hair removal, skin treatment, skin injection, Mesoface, and meso, as well as nose, eye, and facial surgery. The Klinique Medical Clinic Public Company Limited is based in Bangkok, Thailand.
European Wax Center, Inc.	United States	Specialized Consumer Services	European Wax Center, Inc. operates as the franchisor and operator of out-of-home waxing services in the United States. It offers body and facial waxing services; and pre- and post-service products, including ingrown hair serums, exfoliating gels, brow shapers, and skin treatments. The company was founded in 2004 and is headquartered in Plano, Texas.
Beauty Farm Medical and Health Industry Inc.	Cayman Islands	Specialized Consumer Services	Beauty Farm Medical and Health Industry Inc. provides beauty and health management services in the People's Republic of China. It offers traditional beauty services; aesthetic medical services, including non-surgical aesthetic medical services, such as energy-based services and injection services, as well as surgical aesthetic medical services; and subhealth assessment and intervention services. As of June 30, 2022, the company operated 352 stores, including 177 direct stores and 175 franchised stores under the BeautyFarm, Palaispa, Neology, and CellCare brand names. The company was founded in 1993 and is headquartered in Shanghai, the People's Republic of China.
Miricor Enterprises Holdings Limited	Cayman Islands	Specialized Consumer Services	Miricor Enterprises Holdings Limited, an investment holding company, provides medical aesthetic services in Hong Kong. It also offers a range of non-surgical medical aesthetic services, including energy-based and injection procedures. The company operates three medical aesthetic centers under the CosMax+ name. It also sells skin care products, such as cleansers, toners, serums, moisturizers, eye care products, ultraviolet protection products, and masks. Miricor Enterprises Holdings Limited was founded in 2009 and is headquartered in Causeway Bay, Hong Kong.
MPM Corpóreos S.A.	Brazil	Specialized Consumer Services	MPM Corpóreos S.A. operates as a laser hair removal company in Brazil. As of December 31, 2021, it had 729 owned and franchised laser hair removal stores in Brazil; 13 laser hair removal stores in Argentina through the partner Definit brand; 7 private label stores in Colombia; 12 stores in Chile; and 10 Estudioface stores, which offers facial aesthetic services. MPM Corpóreos S.A. was founded in 2004 and is headquartered in Sao Paulo, Brazil.
SILK Laser Australia Limited	Australia	Health Care Services	SILK Laser Australia Limited operates and franchises a network of clinics that offer non-surgical aesthetic services in Australia and New Zealand. Its services include laser hair removal, cosmetic injections, skin treatments, body contouring treatments, and non-invasive cosmetic injections. The company also engages in the retail sale of skincare and other complementary products. As of June 30, 2022, it operated 37 corporate clinics, 19 joint venture clinics, and 66 franchised clinics. The company was formerly known as SILK Laser & Skin Holdings Pty Ltd. SILK Laser Australia Limited was founded in 2009 and is headquartered in Parkside, Australia.

Source: Capital IQ data as at 31 March 2023

Table B.9: Tier 2 Comparable Companies - Business Description

Company Name	Country of Incorporation	Classification	Business Description
EZZ Life Science Holdings Limited	Australia	Life Sciences Tools and Services	EZZ Life Science Holdings Limited provides skin care and consumer health products in Australia, New Zealand, Mainland China, and internationally. The company operates in two segments, Brought in Lines and Company Owned products. It is involved in the wholesale distribution of EAORON branded skin care products to pharmacies, supermarkets, and specialist retailers, as well as grocery retailers. The company also designs, develops, produces, distributes, and sells consumer health products, including vitamins and dietary supplements, sports nutrition, weight management and wellbeing, herbal/traditional, and paediatric products under the EZZ brand through its e-commerce platforms and stores, such as Tmall Global. EZZ Life Science Holdings Limited was incorporated in 2015 and is based in Silverwater, Australia.
Comvita Limited	New Zealand	Personal Care Products	Comvita Limited, together with its subsidiaries, engages in manufacturing and marketing natural health products in Australia, New Zealand, China, rest of Asia, North America, Europe, the Middle East, Africa, and internationally. The company offers Manuka honey, propolis, olive leaf extract, medihoney, gourmet honey, and elixirs and lozenges, as well as oral care and kids health products. It also provides solutions for digestive health, skin, heart health, and immune support. In addition, the company engages in the apian ownership and management, property ownership, and IP ownership. Comvita Limited was incorporated in 1974 and is based in Te Puke, New Zealand.
McPherson's Limited	Australia	Personal Care Products	McPherson's Limited provides health, wellness, and beauty products in Australia, New Zealand, Asia, and internationally. It offers beauty care, hair care, skin care, and personal care items, including facial wipes, cotton pads, and foot comfort products; and vitamins and supplements, as well as various kitchen essentials, such as baking papers, cling wraps, and aluminium foils. The company sells its products primarily under the owned brands, including Dr. LeWinn's, A'kin, Manicare, Lady Jayne, Swisspers, Multix, Fusion Health, Oriental Botanicals, Moosehead, and Maseur. The company was founded in 1860 and is based in Kingsgrove, Australia.
Pacific Smiles Group Limited	Australia	Health Care Facilities	Pacific Smiles Group Limited, together with its subsidiaries, owns and operates dental centers under the Pacific Smiles Dental Centres and nib Dental Care Centres names in Eastern Australia. It provides services and equipped facilities to dentists, including support staff, materials, marketing, and administrative services. The company also offers dental services, such as cosmetic dentistry, child dental care, dental check-ups, emergency dental, endodontics, gum disease treatment, Invisalign, orthodontics, periodontics, prosthodontics, root canal treatment, sleep dentistry, teeth cleaning, teeth whitening, tele dentistry, tooth extraction, and wisdom teeth removal, as well as offers dental crowns, dental implants, dentures, veneers, and SmileStyler clear aligners. It operates 127 dental centers. Pacific Smiles Group Limited was incorporated in 2002 and is based in East Maitland, Australia.
e.l.f. Beauty, Inc.	United States	Personal Care Products	e.l.f. Beauty, Inc., together with its subsidiaries, provides cosmetic and skin care products under the e.l.f. Cosmetics, e.l.f. Skin, Well People, and Keys Soulcare brand names worldwide. The company offers eye, lip, face, face, paw, and skin care products. It sells its products through national and international retailers and direct-to-consumer channels, which include e-commerce platforms in the United States, and internationally primarily through distributors. The company was formerly known as J.A. Cosmetics Holdings, Inc. and changed its name to e.l.f. Beauty, Inc. in April 2016. e.l.f. Beauty, Inc. was founded in 2004 and is headquartered in Oakland, California.
MAV Beauty Brands Inc.	Canada	Personal Care Products	MAV Beauty Brands Inc. operates as a personal care company. The company's products include various hair care, body care, and beauty products, such as shampoo, conditioner, hair styling products, treatments, body wash, and body and hand lotion across various collections that each serve personalized consumer need. It sells its products under the Marc Anthony True Professional, Renpure, Cake Beauty, and The Mane Choice brands. MAV Beauty Brands Inc. markets its products through approximately 100 retailers in 25 countries worldwide. The company was formerly known as MAC Topco Holdings Inc. and changed its name to MAV Beauty Brands Inc. in May 2018. MAV Beauty Brands Inc. was incorporated in 1995 and is headquartered in Vaughan, Canada.
Nu Skin Enterprises, Inc.	United States	Personal Care Products	Nu Skin Enterprises, Inc., together with its subsidiaries, develops and distributes various beauty and wellness products worldwide. It offers skin care devices, cosmetics, and other personal care products, including ageLOC LumiSpa and ageLOC LumiSpa 10, ageLOC Body Spa; and nutraceuticals skin care products. The company also provides wellness products, such as ageLOC Meta, LifePak nutritional supplements, ageLOC TR90 weight management system, and Beauty Focus Collagen+. In addition, it is involved in the research and product development of skin care products and nutritional supplements. The company sells its products under the Nu Skin, Pharmedex, and ageLOC brands through retail stores, website, digital platforms, and independent direct sellers and marketers, as well as a service center. Nu Skin Enterprises, Inc. was founded in 1984 and is headquartered in Provo, Utah.

Source: Capital IQ data as at 31 March 2023

B.2 Transaction Multiples of Comparable Companies

The price achieved in a sales transaction generally provides reliable evidence of earnings multiples for a valuation as it represents the market value of a controlling interest (including a control premium) in the asset being acquired. We note, however, that each sales transaction is a product of a combination of factors which may or may not be specific to the Proposed Transaction, including:

- ▶ Economic factors;
- ▶ Regulatory framework;
- ▶ General investment and share market conditions;
- ▶ Synergy benefits specific to the acquirer; and
- ▶ The number of potential buyers.

We have conducted research into transactions using numerous research publications to which we subscribe.

Tier 1 comparable companies operate Health and Beauty Care Services that may be broadly comparable to Vita. These services include dental, skin and other non-surgical and surgical treatments. Table B.10 below sets out a summary of the broadly comparable Tier 1 companies. As the number of comparable transactions is limited, we completed additional research. Tier 2 comparable companies are businesses that operate in the General Beauty and Personal Care Segment. They don't offer the same service range as Vita, but offer broadly related products and services. Table B.11 below sets out a summary of the broadly comparable Tier 2 companies.

Our research has revealed that the information needs to be considered with caution for reasons which include the following:

- ▶ The transactions often involve companies that differ in size compared with Vita;
- ▶ The transactions involve companies operating in different product segments to Vita;
- ▶ The financial information available on each of the transactions is limited; and
- ▶ For transactions after 1 January 2019, both historical and forecast transaction multiples have been taken directly from Capital IQ and have not been adjusted. It is unclear whether these multiples have been estimated having regard to AASB 16.

Business descriptions for each of the companies are set out in Tables B.12 and B.13.

Table B.10: Tier 1 Transaction Multiples (Health and Beauty Care Services Businesses)

Date Announced	Target	Buyer	Target Country	Implied EV (\$AUDm)	Implied EV/Revenue	Implied EV/EBITDA
Aug-21	1300SMILES Limited	Abano Healthcare Group Limited	Australia	152.6	3.45x	8.46x
Jan-21	Clinic 360 Inc.	Think Research Corporation	Canada	5.6	1.41x	6.88x
Oct-21	The Klinique Medical Clinic Public Company Limited	Ekachai Medical Care Public Company Limited	Thailand	74.0	1.85x	7.52x
Nov-18	Diagnostic and Therapeutic Center of Athens HYGEIA SA	Hellenic Healthcare Single-Member Holdings SA	Greece	639.8	1.84x	11.51x
Median					1.85x	7.99x
Mean					2.14x	8.59x

Source: Capital IQ data as at 31 March 2023

Table B.11: Tier 2 Transaction Multiples (General Beauty and Personal Care Business)

Date Announced	Target	Buyer	Target Country	Implied EV (\$AUDm)	Implied EV/Revenue	Implied EV/EBITDA
Jul-21	Australian Pharmaceutical Industries Limited	WFM Investments Pty Ltd	Australia	1,016	0.25x	7.55x
Dec-22	Mimi's Rock Corp.	1000374984 Ontario Inc.	Canada	26	0.62x	10.59x
Sep-22	Hero Mighty Patch Brand and Other Acne Treatment Products of Hero Cosmetics	Church & Dwight Co., Inc.	United States	934	5.48x	14.00x
Nov-21	H.S.A. Hair Styling Applications S.p.a.	360 Beauty II S.P.A.	Italy	64	1.07x	6.09x
Feb-22	The Healthy Mummy Pty Limited	Halo Food Co. Limited	Australia	22	1.05x	5.50x
Nov-21	Euro Cosmetic S.p.A.	Fine Foods & Pharmaceuticals N.T.M. S.p.A.	Italy	57	1.46x	9.53x
Nov-21	Napiers Bathgate CIC	Samarkand Group Plc	United Kingdom	3	1.78x	7.40x
May-19	Avon Products, Inc.	Natura Cosméticos S.A. (nka:Natura &Co Holding S.A.)	United Kingdom	5,659	0.73x	7.06x
Median					1.06x	7.48x
Mean					1.55x	8.47x

Source: Capital IQ data as at 31 March 2023

Table B.12: Tier 1 Comparable Transactions - Business Description

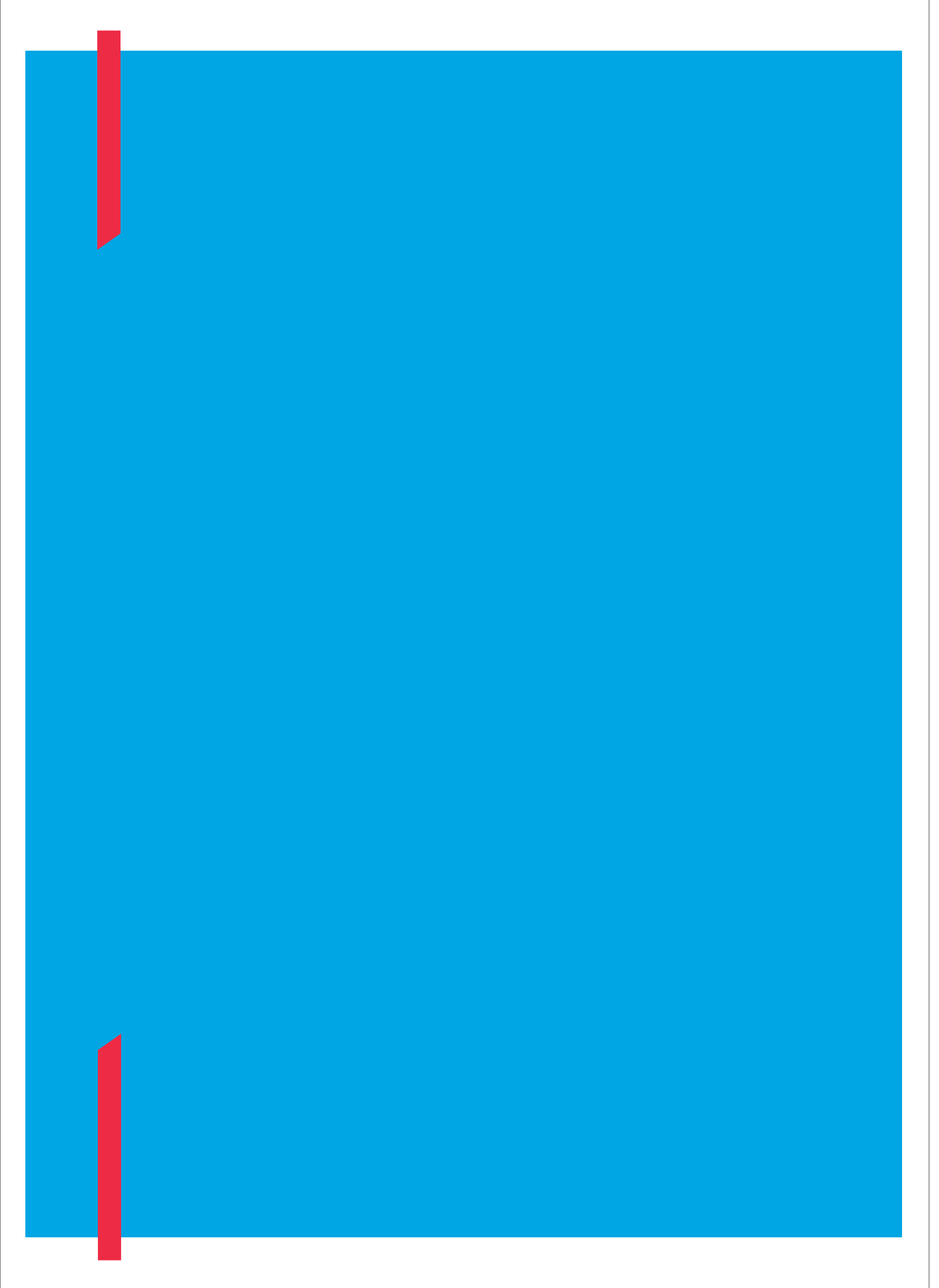
Company Name	Contry of Incorporation	Classification	Business Description
1300SMILES Limited	Australia	Health Care Facilities	1300SMILES Limited provides dental and management services in Australia. It enables the delivery of services to patients by offering the use of dental surgeries, practice management, and other services to self-employed dentists who carry on their own dental practices. The company also provides services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to participating dentists; and support staff, equipment, and facilities, as well as sources various consumable goods. In addition, it offers general, cosmetic, preventive, orthodontics speciality, and children's dentistry services. The company serves dentists ranging from new graduates to experienced dental professionals. It owns and operates approximately full-service dental facilities in Queensland, Sydney, and Adelaide. The company was incorporated in 2000 and is based in Townsville. As of December 1, 2021, 1300SMILES Limited operates as a subsidiary of Abano Healthcare Group Limited.
Clinic 360 Inc.	Canada	Health Care Facilities	Clinic 360 Inc. is a healthcare facility that provides cosmetic and plastic surgeries in Toronto. The company was incorporated in 2013 and is based in Toronto, Canada with an additional office in Brampton, Canada.
The Klinique Medical Clinic Public Company Limited	Thailand	Health Care Services	The Klinique Medical Clinic Public Company Limited provides medical treatment services under the Klinique brand name in Thailand. Its services include face lift, acne, acne hole, acne marks, shape up, filler, fat dissolving injection, laser hair removal, skin treatment, skin injection, Mesoface, and meso, as well as nose, eye, and facial surgery. The Klinique Medical Clinic Public Company Limited is based in Bangkok, Thailand.
Diagnostic and Therapeutic Center of Athens HYGEIA SA	Greece	Health Care Facilities	Diagnostic and Therapeutic Center of Athens HYGEIA SA provides primary and secondary healthcare services in Greece and internationally. The company operates through Healthcare Sector and Commercial Sector segments. The company operates clinics, such as aesthetic plastic surgery and laser, cardiac surgery, cardiology, diabetes, ear-nose-throat, gastroenterology, gynaecology, oncology, haematology, head and neck, internal medicine and infectious diseases, neurology, neurosurgery, plastic and reconstructive surgery ophthalmology, orthopaedics, pulmonary, surgical, thoracic surgery, urology, and vascular surgery. As of December 31, 2018, it owned 3 private hospitals in Greece with a total capacity of 874 licensed beds, 43 operating rooms, 14 delivery rooms, and 9 intensive care units. The company is also involved in the import, trading, and supply of medical technology products; trading of pharmaceuticals and general medical supplies; operation of canteens and restaurants; and research, production, and trading of cosmetics. Diagnostic and Therapeutic Center of Athens HYGEIA SA was founded in 1970 and is based in Marousi, Greece.

Source: Capital IQ data as at 31 March 2023

Table B.13: Tier 2 Comparable Transactions - Business Description

Company Name	Contry of Incorporation	Classification	Business Description
Australian Pharmaceutical Industries Limited	Australia	Health Care Distributors	Australian Pharmaceutical Industries Limited engages in the wholesale distribution and retail of pharmaceutical, medical, health, beauty, and lifestyle products to pharmacies primarily in Australia, New Zealand, and Asian markets. It offers health and beauty products through a network of Priceline and Priceline Pharmacy franchise stores, company-owned Priceline stores, and Clear Skincare network of clinics. The company also provides non-invasive aesthetic beauty services. Australian Pharmaceutical Industries Limited was incorporated in 1910 and is based in Camberwell, Australia. As of March 31, 2022, Australian Pharmaceutical Industries Limited operates as a subsidiary of WFM Investments Pty Ltd.
Mimi's Rock Corp.	Canada	Personal Care Products	Mimi's Rock Corp. operates as an online dietary supplement and wellness company that markets and sells its products under the Dr. Tobias, All Natural Advice, and Maritime Naturals brand names. Its products include colon 14-day cleanse, omega 3 fish oil, probiotics, dietary and health supplements, vitamins, and other wellness products, as well as anti-aging organic skincare products, masks and scrubs, acne blemish treatments, and other products. The company operates in the United States, Canada, and Europe. Mimi's Rock Corp. is headquartered in Oakville, Canada. As of February 28, 2023, Mimi's Rock Corp. operates as a subsidiary of 1000374984 Ontario Inc.
Hero Mighty Patch Brand and Other Acne Treatment Products of Hero Cosmetics	United States	Personal Care Products	As of October 13, 2022, Hero Mighty Patch Brand and Other Acne Treatment Products of Hero Cosmetics was acquired by Church & Dwight Co., Inc. Hero Mighty Patch Brand and Other Acne Treatment Products of Hero Cosmetics comprises acne treatment products. The asset is located in the United States.
H.S.A. Hair Styling Applications S.p.a.	Italy	Personal Care Products	H.S.A. Hair Styling Applications S.p.a. manufactures cosmetic products such as hair care, body and face products. The company was founded in 1982 and is based in Varese, Italy. As of November 29, 2021, H.S.A. Hair Styling Applications S.p.a. operates as a subsidiary of 360 Beauty II S.P.A.
The Healthy Mummy Pty Limited	Australia	Personal Care Products	The Healthy Mummy Pty Limited produces and sells nutritional products that include weight loss smoothies, protein shakes, supplements, and skincare products for mums in Australia. It offers smoothies, such as premium, tummy, original, and kid's smoothies, as well as healthy man meal replacement products; activewear that include crop tops, singlets, leggings, jackets, tank tops, and mid-back tops; supplements, including sugar X, control X, carb X, greens, and protein products; subscription-based meals; kid's products and packs; skincare packs and merchandise; supplementary snacks, dietary foods, and snack bars; health, nutrition, vitality, and weight loss products for men; and pregnancy products. The company also offers magazines and recipe books; The Healthy Mummy application that provides a nutritionist, personal trainer, and motivational coach; subscription-based weight loss programs; and online community services. It serves customers through its stores, as well as its online store. The Healthy Mummy Pty Limited was formerly known as Lose Baby Weight Pty Ltd. The company was founded in 2010 and is based in Manly, Australia. As of April 1, 2022, The Healthy Mummy Pty Limited operates as a subsidiary of Halo Food Co. Limited.
Euro Cosmetic S.p.A.	Italy	Personal Care Products	Euro Cosmetic is a company specializing in Research & Development, Production and Sale of Beauty Products.
Napiers Bathgate CIC	United Kingdom	Personal Care Products	Napiers Bathgate CIC, doing business as Napiers the Herbalists Napiers EU, manufactures and sells Napiers herbal products, such as natural therapeutic skincare, botanical beauty, herbal remedies, herbal food supplements, digestifs and bitters, and teas and superfood products. The company was founded in 1860 and is based in Bathgate, United Kingdom. As of November 2, 2021, Napiers Bathgate CIC operates as a subsidiary of Samarkand Group Plc.
Avon Products, Inc.	United Kingdom	Personal Care Products	Avon Products, Inc. manufactures, markets, and sells beauty and related products in Europe, the Middle East, Africa, the Asia Pacific, South Latin America, and North Latin America. The company offers beauty products, including skincare, fragrance, and color cosmetics; and fashion and home products, such as fashion jewellery, watches, apparel, footwear, accessories, gift and decorative products, housewares, entertainment and leisure products, children's products, and nutritional products. It sells its products through direct sales by representatives, such as independent contractors. Avon Products, Inc. was formerly known as and changed its name to California Perfume Company in 1939. The company was founded in 1886 and is based in Northampton, the United Kingdom. Avon Products, Inc. operates as a subsidiary of Natura &Co Holding S.A.

Source: Capital IQ data as at 31 March 2023 except for Euro Cosmetic S.p.A. business description was taken from the company's website www.eurocosmetic.it/en/company/ as at 31 March 2023



Appendix 2 – Deed Poll

"



Deed poll

Practice Management Pty Ltd ACN 113 178 519 (**Covenantor**)

Deed poll

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Details

Date 26 April 2023

Deed poll made by

Name	Practice Management Pty Ltd ACN 128 741 515
Short form name	Covenantor
Address	Level 21, 225 George Street, Sydney NSW 2000
Notice details	Attention: Rachel Lunn, General Counsel & Company Secretary with a copy to Elise Taylor, Director – Business Development Email: Rachel.Lunn@scs.com.au with a copy to Elise.Taylor@scs.com.au

in favour of

each person registered in the Share Register as a holder of fully paid ordinary shares in Vita Group Limited ACN 113 178 519 as at the Scheme Record Date.

Background

- A On 15 March 2023, Vita and Covenantor entered into the Scheme Implementation Agreement to provide for (among other matters) the implementation of the Scheme.
- B The effect of the Scheme will be to transfer all Scheme Shares to the Covenantor in return for the Scheme Consideration.
- C The Covenantor enters this deed poll to covenant in favour of Scheme Shareholders to:
 - (i) perform the actions attributed to it under the Scheme; and
 - (ii) provide the Scheme Consideration in accordance with the Scheme.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed poll:

Scheme Consideration has the meaning given in the Scheme.

Scheme Implementation Agreement means the Scheme Implementation Agreement dated 15 March 2023 between Vita and the Covenantor.

Scheme Share has the meaning given in the Scheme.

Scheme Shareholder has the meaning given in the Scheme.

Share Register has the meaning given in the Scheme.

Trust Account has the meaning given in the Scheme.

Vita means Vita Group Limited ACN 113 178 519.

1.2 Terms defined in Scheme Implementation Agreement

Subject to clause 1.1, words and phrases defined in the Scheme Implementation Agreement have the same meaning in this deed poll unless they are otherwise defined in this deed poll or the context requires otherwise.

1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Agreement form part of this deed poll as if set out at length in this deed poll but with *deed poll* substituted for *agreement* and with any reference to *party* being taken to include the Scheme Shareholders (as the context requires or permits).

2. Nature of this deed poll

The Covenantor agrees that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

3. Conditions

3.1 Conditions

Each of the Covenantor's obligations under this deed poll are subject to the Scheme becoming Effective.

3.2 Termination

This deed poll and the obligations of the Covenantor under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of the Covenantor and Vita, may order,

unless the Covenantor and Vita otherwise agree in writing.

3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) the Covenantor is released from its obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against the Covenantor in respect of any breach of this deed poll which occurred before it terminated.

4. Performance of obligations

4.1 Generally

Subject to clause 3, the Covenantor covenants in favour of Scheme Shareholders to perform the actions attributed to it under, and otherwise comply with, the Scheme as if the Covenantor was a party to the Scheme.

4.2 Provision of Scheme Consideration

- (a) Subject to clause 3, the Covenantor undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) The obligations of the Covenantor under clause 4.2(a) will be satisfied if, in respect of the Scheme Consideration the Covenantor deposits, no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders who are entitled to the Scheme Consideration under the Scheme in cleared funds to the Trust Account in accordance with, and subject to, the provisions of the Scheme.

5. Warranties

The Covenantor represents and warrants to each Scheme Shareholder that:

- (a) (**status**) it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) (**power**) it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) (**corporate authorisations**) it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) (**documents binding**) this deed poll is its valid and binding obligation enforceable in accordance with its terms;
- (e) (**transactions permitted**) the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it; or
 - (ii) its constitution or other constituent documents; and
- (f) (**solvency**) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6. Continuing Obligations

6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) the Covenantor having fully performed its obligations under this deed poll; and

- (b) termination of this deed poll under clause 3.2.

6.2 Variation

A provision of this deed poll may not be varied without the agreement of the Covenantor and unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Vita; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Vita and is approved by the Court,

in which event the Covenantor will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

7. Notices

Any notice, demand or other communication (**Notice**) to the Covenantor in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand, email or to the address or email address specified in the Details;
- (c) will be conclusively taken to be duly given or made:
 - (i) **(in the case of delivery in hand)**, when delivered at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or is made after 5.00pm on a Business Day, in which case that Notice will be deemed to be received at 9.00am on the next Business Day;
 - (ii) **(in the case of delivery by post)**, on the third Business Days after the date of posting (if posted from an address within Australia) or the fifth Business Days after the date of posting (if posted from an address outside Australia); or
 - (iii) **(in the case of email)**, on the earlier of:
 - (A) when the sending party's email system confirms delivery of the email by way of a delivery notification; or
 - (B) when the recipient party confirms receipt to the sending party via email or telephone.

8. General Provisions

8.1 Assignment

- (a) The rights and obligations of the Covenantor and Vita and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of the Covenantor and Vita.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

8.2 Cumulative rights

The rights, powers and remedies of the Covenantor, Vita and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.3 No waiver

- (a) The Covenantor may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of the Covenantor as a waiver of any right unless the waiver is in writing and signed by the Covenantor.
- (d) The meanings of the terms used in this clause 8.4 are set out below.

conduct includes delay in the exercise of a right.

right means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

8.4 GST

- (a) Any reference in this clause 8.4 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed poll does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed poll is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed poll but for the application of this clause 8.4(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 8.4(c) does not apply to any taxable supply under or in connection with this deed poll that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 8.4 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 8.4(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 8.4(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 8.4(f) is deemed to be a payment, credit or refund of the GST payable under clause 8.4(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

8.5 Stamp duty

The Covenantor must:

- (a) pay or procure the payment of all stamp duty (if any) any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll. and
- (b) indemnify and undertake to keep indemnified each Scheme Shareholder against any liability arising from a failure to comply with clause 8.40.

8.6 Further assurances

The Covenantor will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

8.7 Governing law and jurisdiction

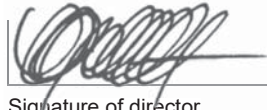
This deed poll is governed by the laws of the State of New South Wales. In relation to it and related non-contractual matters the Covenantor irrevocably:

- (a) submit to the non-exclusive jurisdiction of courts with jurisdiction there; and
- (b) waive any right to object to the venue on any ground.

Signing page

EXECUTED and delivered as a deed poll.

Executed by Practice Management Pty Ltd ACN 128 741 515 in accordance with Section 127 of the *Corporations Act 2001*



Signature of director

Colin Goldschmidt

Name of director (print)



Signature of director/~~company secretary~~
(Please delete as applicable)

Chris Wilks

Name of director/company secretary (print)

By signing above, each director or secretary (as applicable) consents to electronic execution of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its execution under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

Appendix 3 – Scheme



Scheme of Arrangement

Vita Group Limited ACN 113 178 519
Scheme Shareholders

Scheme of Arrangement

Vita Group Limited ACN 113 178 519

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Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

Vita Group Limited ACN 113 178 519 of 77 Hudson Road, Albion QLD 4010 (**Scheme Company**)

and

Each Scheme Shareholder

Agreed terms

1. Defined terms & interpretation

1.1 Definitions

In this Scheme, unless the context requires otherwise:

Acquirer means Practice Management Pty Ltd ACN 128 741 515.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

Business Day means a day on which banks are open for general banking business in Brisbane, Queensland or Sydney, New South Wales (not being a Saturday, Sunday or public holiday).

CHESS means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

CHESS Holding has the meaning given in the Settlement Rules.

Constitution means the constitution of the Scheme Company.

Control has the meaning given in the Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia (Sydney Registry) or such other court of competent jurisdiction under the Corporations Act agreed in writing between the Scheme Company and the Acquirer.

Deed Poll means the Deed Poll, dated 26 April 2023, entered into by the Acquirer under which the Acquirer (among other things) covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme.

Delivery Time means 8:00am (Sydney time) on the Second Court Date or, if the hearing on the Second Court Date is adjourned to a later day, the day on which the adjourned hearing occurs.

Effective means the coming into effect under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act, in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date has the meaning given to it in the Scheme Implementation Agreement.

Implementation Date means the fifth Business Day after the Scheme Record Date or such other Business Day after the Scheme Record Date agreed to in writing between the relevant parties to the Scheme Implementation Agreement.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

Listing Rules means the official listing rules of ASX as amended from time to time.

Market Integrity Rules means any rules made by ASIC under section 798G of the Corporations Act that apply to ASX or any other prescribed financial market on which the Shares are quoted.

Public Trustee Act means *Public Trustee Act 1978* (QLD).

Registered Address means, in relation to a Scheme Shareholder, the address shown in the Scheme Company Share Register as at the Scheme Record Date.

Regulatory Authority means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (c) any regulatory organisation established under statute,

in Australia, whether federal, state, territorial or local.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between the Scheme Company and the Scheme Shareholders, subject to any alterations or conditions that are:

- (a) agreed to in writing by the Scheme Company and the Acquirer, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by the Scheme Company and the Acquirer.

Scheme Company Share Register means the register of members of the Scheme Company maintained by or on behalf of the Scheme Company in accordance with the Corporations Act.

Scheme Consideration means \$0.06255 cash for each Scheme Share.

Scheme Implementation Agreement means the Scheme Implementation Agreement, dated 15 March 2023, entered into between the Scheme Company and the Acquirer.

Scheme Meeting means the meeting of shareholders of the Scheme Company ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 7.00pm (Sydney time) on the fifth Business Day after the Effective Date, or such other Business Day (after the Effective Date) agreed to in writing by the Scheme Company and the Acquirer.

Scheme Share means a Share as at the Scheme Record Date.

Scheme Shareholder means a person who is registered in the Scheme Company Share Register as the holder of one or more Scheme Shares at the Scheme Record Date.

Scheme Transfer means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of the Acquirer as transferee, which may be a master transfer of the Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Separate Account has the meaning given in clause 5.2(c).

Settlement Rules means the ASX Settlement Operating Rules.

Share means a fully paid ordinary share in the capital of the Scheme Company.

Share Registry means Computershare Investor Services Pty Limited.

Trust Account means an Australian dollar denominated trust account operated by the Scheme Company as trustee for the benefit of Scheme Shareholders.

Unclaimed Money has the meaning given to it in section 98 of the Public Trustee Act.

Withholding Amount has the meaning given in clause 5.3(a).

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. In this Scheme, the following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this Scheme.
- (f) A reference to an **agreement** or **document** (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes, except to the extent this Scheme expressly provides otherwise the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this Scheme, an agreement or document includes the party's executors, administrators, successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (k) A reference to **dollars, A\$ or \$** is to Australian currency.
- (l) A reference to time is to Sydney, Australia time.
- (m) Mentioning anything after *includes, including, for example*, or similar expressions, does not limit what else might be included.
- (n) A reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.

1.3 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 Listing requirements included as law

A listing rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law and a reference to legislation (as appropriate), and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2. Preliminary

2.1 Scheme Company

- (a) The Scheme Company is a public company limited by shares, registered in Victoria, Australia.
- (b) The Scheme Company is included in the official list of ASX. Each share in the Scheme Company is quoted on the ASX.
- (c) As at the date of the Scheme Implementation Agreement, 175,871,832 Shares were on issue.

2.2 Acquirer

The Acquirer is a proprietary company limited by shares registered in Victoria.

2.3 General

- (a) This Scheme attributes certain actions to the Acquirer but does not impose an obligation on the Acquirer to perform those actions.
- (b) The Acquirer has agreed, by entering into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to pay or procure payment of the Scheme Consideration to the Scheme Shareholders and otherwise performing the actions attributed to it under this Scheme.

2.4 Consequence of the Scheme

If this Scheme becomes Effective, then subject to the terms of the Scheme, on the Implementation Date:

- (a) the Acquirer will provide or procure the payment of the Scheme Consideration in accordance with this Scheme and the Deed Poll; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to the Acquirer, and the Scheme Company will enter the Acquirer in the Scheme Company Share Register as the holder of the Scheme Shares.

3. Conditions

3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(f) (Court approval)) having been satisfied or waived in accordance with the terms of the Implementation Agreement by no later than the Delivery Time;
- (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms by the Delivery Time;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act and agreed or consented to in writing by the Scheme Company and the Acquirer (such agreement or consent not to be unreasonably withheld or delayed);

- (d) such other conditions imposed by the Court under section 411(6) of the Corporations Act in relation to this Scheme, as are agreed or consented to in writing by the Scheme Company and Acquirer, having been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme coming into effect, under section 411(10) of the Corporations Act, on or before the End Date.

3.2 Effect of conditions precedent

- (a) The satisfaction of the conditions referred to in clause 3.1 is a condition precedent to the operation of clauses 4.2 and 5, and the binding effect of this Scheme.
- (b) Subject to clause 4.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (c) This Scheme will lapse and be of no further force or effect if:
 - (i) the Effective Date has not occurred on or before the End Date; or
 - (ii) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with its terms unless the Acquirer and Scheme Company otherwise agree in writing.

4. Implementation of this Scheme

4.1 Lodgement of Court orders

If the conditions set out in clause 3.1(a) to 3.1(e) (inclusive) are satisfied, the Scheme Company must lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves this Scheme, and in any event no later than by 5.00pm (Sydney time) on the first Business Day after the Court approves this Scheme or such other Business Day as agreed by the Scheme Company and the Acquirer in writing.

4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to the payment of the Scheme Consideration in the manner contemplated by clause 5.2(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to the Acquirer, without the need for any further act by any Scheme Shareholder (other than acts performed by the Scheme Company or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
 - (i) the Scheme Company delivering a duly completed and executed Scheme Transfer (which will take the form of a master transfer) to the Acquirer, executed on behalf of the Scheme Shareholders by the Scheme Company (or any of its officers) as agent and attorney of the Scheme Shareholders; and
 - (ii) the Acquirer duly executing the Scheme Transfer and delivering it to the Scheme Company for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii), the Scheme Company must enter, or procure the entry of, the name of the Acquirer in the Scheme Company Share Register in respect of all Scheme Shares in accordance with this Scheme.

5. Scheme Consideration

5.1 Amount of Scheme Consideration

Subject to the terms of this Scheme, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder in consideration for the transfer for the Acquirer of the Scheme Shares.

5.2 Payment of Scheme Consideration

- (a) Subject to clauses 5.3(a) and 5.7, the obligation of the Acquirer to provide the Scheme Consideration under this Scheme and the Deed Poll will be satisfied by the Acquirer, by no later than the Business Day before the Implementation Date, depositing (or procuring the deposit of) in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to each Scheme Shareholder who is entitled to the Scheme Consideration under this Scheme, into the Trust Account, such amount to be held by the Scheme Company on trust for the Scheme Shareholders and for the purpose of paying the aggregate amount of the Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of the Acquirer).
- (b) On the Implementation Date and subject to funds having been deposited into the Trust Account in accordance with clause 5.2(a), the Scheme Company must pay (or procure the payment) from the Trust Account the Scheme Consideration to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the Scheme Company Share Register on the Scheme Record Date, less any amounts retained by the Scheme Company or the Acquirer under clauses 5.3 or 5.7, which obligation will be satisfied by:
 - (i) where a Scheme Shareholder has, before the Scheme Record Date, submitted a valid notification in accordance with the requirements of the Share Registry to receive payments from the Scheme Company by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying (or procuring the payment) of the relevant amount in Australian currency by electronic means in accordance with that notification; and
 - (ii) otherwise, dispatching (or procuring the dispatch of) a cheque, drawn from the Trust Account in the name of the relevant Scheme Shareholder (or in the case of joint holders in accordance with the procedures set out in clause 5.4), for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to the Scheme Shareholder's Registered Address.
- (c) If either:
 - (i) a Scheme Shareholder does not have a Registered Address and no account has been notified in accordance with clause 5.2(b)(i) or a deposit into such an account is rejected or refunded; or
 - (ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.6(a),

the Scheme Company as the trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of the Scheme Company (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with as Unclaimed Money in accordance with clause 5.6. under the Public Trustee Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with as Unclaimed Money in accordance with clause 5.6. Until such time as the amount is dealt with as Unclaimed Money in accordance with clause 5.6, Scheme Company must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the

amount will be to the benefit of the Acquirer. The Scheme Company must maintain records of the amounts paid, the people who are entitled to the amount and any transfers of the amount(s).

- (d) To the extent that, following satisfaction of the Scheme Company's obligations under clause 5.2(b), there is a surplus in the amount held by the Scheme Company as trustee for the Scheme Shareholders in the Trust Account, that surplus must be paid by the Scheme Company to the Acquirer.
- (e) If this Scheme lapses after the Acquirer has provided some or all of the Scheme Consideration in accordance with clause 5.2(a), but prior to the Acquirer being entered into the Scheme Company Share Register as the holder of the Scheme Shares in accordance with clause 4.2(b), the Scheme Company must refund (or procure the refund) to the Acquirer of the amount deposited into the Trust Account in accordance with 5.2(a), together with any interest thereon (less bank fees and charges).

5.3 Foreign resident capital gains withholdings

- (a) If the Acquirer determines, having regard to professional advice, that the Acquirer is required by law to withhold any amount from a payment to a Scheme Shareholder or is liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder (the **Relevant Amount**), then:
 - (i) the Acquirer shall be entitled to withhold an amount, in Australian dollars, equal to the amount of the Relevant Amount from the amount otherwise required to be paid into the Trust Account under clause 5.2(a) (**Withholding Amount**); or
 - (ii) if the Acquirer does not withhold the amount otherwise required to be paid into the Trust Account, the Acquirer by notice to the Scheme Company may direct the Scheme Company to withhold the Withholding Amount from the amount to be paid to the Scheme Shareholder under clause 5.2(b) and return the Withholding Amount to the Acquirer and the Scheme Company must comply with the direction, in which case payment of the reduced amount by the Acquirer into the Trust Account in accordance with clause 5.2(a) or by the Scheme Company to the Scheme Shareholder in accordance with clause 5.2(b) as applicable, will constitute the full discharge of each of the Acquirer's and the Scheme Company's obligations under clause 5.2(a) and 5.2(b) with respect to payment of Scheme Consideration to the relevant Scheme Shareholder, subject to the Acquirer paying the Withholding Amount to the relevant taxation authority.
- (b) The Acquirer must pay any Withholding Amount so withheld to the relevant taxation authority, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

5.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent, at the sole discretion of the Scheme Company, either to the holder whose name appears first in the Scheme Company Share Register as at the Scheme Record Date or to the joint holders; and

- (b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of the Scheme Company, either to the holder whose name appears first in the Scheme Company Register as at the Scheme Record Date or to the joint holders.

5.5 Fractional entitlements

Where the calculation of the Scheme Consideration to be provided to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded up or down to the nearest whole cent and, for the avoidance of doubt, fractional entitlements of 0.5 of a cent will be rounded up.

5.6 Unclaimed monies

- (a) The Scheme Company may cancel (or procure the cancellation of) a cheque sent under this clause 5 if the cheque:
 - (i) is returned to the Scheme Company (or the Share Registry); or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 24 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to the Scheme Company (or the Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), the Scheme Company must reissue a cheque that was previously cancelled under clause 5.6(a).
- (c) The Public Trustee Act will apply in relation to any Scheme Consideration which becomes Unclaimed Money.
- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of the Acquirer.

5.7 Order of a court or Regulatory Authority

If written notice is given to the Scheme Company, the Acquirer (or the Share Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that:

- (a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with this clause 5, then:
 - (i) the Acquirer shall be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment from the amount otherwise required to be paid into the Trust Account in accordance with clause 5.2(a) and pay (or procure the provision of) that amount in accordance with that order or direction; or
 - (ii) if the Acquirer does not retain an amount from the amount otherwise required to be paid into the Trust Account under clause 5.7(a)(i), the Scheme Company must pay (procure that payment is made) in accordance with that order or direction from the amount paid into the Trust Account by the Acquirer; or
- (b) prevents the Acquirer from making payment into the Trust Account in accordance with clause 5.2(a) or the Scheme Company from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law:
 - (i) the Acquirer may retain an amount, in Australian dollars, equal to the amount of the relevant payment from the amount otherwise required to be paid into the Trust Account in accordance with clause 5.2(a) until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law; or

- (ii) the Scheme Company must retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by either of the Acquirer or the Scheme Company (or the Share Registry, as applicable), as applicable, will constitute the full discharge of each of the Acquirer's and the Scheme Company's (or the Share Registry's, as applicable) obligations under clauses 5.2(a) and 5.2(b) with respect of the amount so paid or retained until, in the case of clause 5.6(b), it is no longer required to be retained.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Shares or other alterations to the Scheme Company Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Scheme Company Share Register as the holder of the relevant Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received before 5.00pm (Sydney time) on the date on which the Scheme Record Date occurs at the place where the Scheme Company Share Register is kept,

and the Scheme Company will not accept for registration, nor recognise for any purpose (except a transfer to the Acquirer under this Scheme and any subsequent transfer by the Acquirer or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Registration of transfers)** The Scheme Company must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after 5.00pm (Sydney time) on the Scheme Record Date.
- (b) **(No registration after Scheme Record Date)** The Scheme Company will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after 6.00pm (Sydney time) in the case of dealings of the type effected using CHESS) on the date on which the Scheme Record Date occurs, other than to the Acquirer in accordance with this Scheme and any subsequent transfer by the Acquirer or its successors in title.
- (c) **(Maintenance of Scheme Company Share Register)** For the purpose of determining entitlements to the Scheme Consideration, the Scheme Company must maintain the Scheme Company Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholder. The Scheme Company Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of the Acquirer in respect of all Scheme Shares under clause 4, no Scheme Shareholder may dispose or otherwise deal with Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and the Scheme Company will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for Scheme Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those Scheme Shares. As from the Scheme Record Date, each entry current at that date on the Scheme Company Share Register will cease to have effect

except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

- (f) (**Provision of Scheme Shareholder details**) As soon as practicable on or after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, the Scheme Company will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder are available to the Acquirer in the form the Acquirer reasonably requires.

7. Quotation

- (a) The Scheme Company will apply to ASX to suspend trading on the ASX of the Shares with effect from the close of trading on the Effective Date.
- (b) The Scheme Company will apply:
- (i) to the ASX for termination of the official quotation of the Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX,
- in each case with effect on and from the close of the trading day immediately following the Implementation Date or on such other date after the Implementation Date as determined by Acquirer.

8. General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act:

- (a) the Scheme Company may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which the Acquirer has agreed or consented to in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which counsel for the Scheme Company has consented.

8.2 Binding effect of Scheme

This Scheme binds the Scheme Company and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the Constitution.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) irrevocably agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) who holds their Scheme Shares in a CHESS Holding, agrees to the conversion of those Scheme Shares to an Issuer Sponsored Holding and irrevocably authorises the Scheme Company to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (c) irrevocably agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (d) agrees to, on the direction of the Acquirer, destroy any holding statements or security certificates relating to their Scheme Shares; and

- (e) irrevocably consents to Acquirer and Scheme Company doing all other things and executing all other documents as may be necessary, incidental or expedient to the implementation or performance of this Scheme.

8.4 Warranties by Scheme Shareholder

- (a) Each Scheme Shareholder is deemed to have warranted to the Scheme Company, in its own right and for the benefit of the Acquirer, that as at the Implementation Date:
 - (i) all of its Scheme Shares which are transferred to the Acquirer under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) all of its Scheme Shares which are transferred to the Acquirer under this Scheme will, on the date on which they are transferred to the Acquirer, be fully paid;
 - (iii) it has full power and capacity to transfer its Scheme Shares to the Acquirer together with any rights and entitlements attaching to those Scheme Shares; and
 - (iv) it has no existing right to be issued any Shares, options or rights exercisable into Scheme Shares, Scheme Company convertible notes or any other Scheme Company securities.
- (b) The Scheme Company undertakes that it will provide the warranties in clause 8.4(a) to the Acquirer as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attached to Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, subject to the payment of the Scheme Consideration by the Scheme Company to each Scheme Shareholder in the manner contemplated by clause 5.2(b), the Acquirer will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by the Scheme Company (or the Share Registry) of the Acquirer in the Scheme Company Share Register as the holder of the Scheme Shares in accordance with clause 4.2(b).

8.6 Authority given to Scheme Company

- (a) Scheme Shareholders will be deemed to have authorised the Scheme Company to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing and delivering, as agent and attorney of each Scheme Shareholder one or more Scheme Transfers as contemplated by clause 4.2.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints the Scheme Company and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:

- (i) enforcing the Deed Poll against the Acquirer, and the Scheme Company accepts such appointment; and
- (ii) executing any document necessary to give effect to this Scheme including, the Scheme Transfer to be delivered under clause 4.2(a) and the Scheme Company accepts such appointment.

8.7 Appointment of sole proxy

Immediately after the payment of the Scheme Consideration to each Scheme Shareholder by the Scheme Company in the manner contemplated by clause 5.2(b) until the Scheme Company registers (or procures the registration of) the Acquirer as the holder of all Scheme Shares in the Scheme Company Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed the Acquirer as its attorney and agent (and directed the Acquirer in such capacity) to appoint any director, officer, secretary or agent nominated by the Acquirer as its sole proxy and, where applicable, corporate representative to attend Shareholders' meetings of the Scheme Company, exercise the votes attaching to the Scheme Shares registered in its name and sign any Shareholders' resolution, whether in person, by proxy or by corporate representative;
- (b) undertakes not to otherwise attend Shareholders' meetings, whether in person, by proxy or by corporate representative, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as the Acquirer reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), the Acquirer and any director, officer, secretary or agent nominated by the Acquirer under clause 8.7(a) may act in the best interests of the Acquirer as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to the Scheme Company (or Share Registry) binding or deemed binding between the Scheme Shareholder and the Scheme Company relating to the Scheme Company or Shares (including any email addresses, instructions relating to communications from the Scheme Company, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from the Scheme Company) will be deemed from the Implementation Date (except to the extent determined otherwise by the Acquirer and in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to the Acquirer, and will be accepted by the Acquirer until that instruction, notification or election is revoked or amended in writing addressed to the Acquirer at the Share Registry.

9. General

9.1 GST

- (a) Any reference in this clause 9.1 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this Scheme does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this Scheme is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this Scheme but for the application of this clause 9.1(c) for that supply (**GST Exclusive Consideration**), an

amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 9.1(c) does not apply to any taxable supply under or in connection with this Scheme that is stated to include GST.

- (d) The amount on account of GST payable in accordance with this clause 9.1 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) If an amount on account of GST is payable under clause 9.1(c), the Supplier must provide the Recipient with a tax invoice before such amount is payable.
- (f) If the GST payable in relation to a supply varies from the GST amount paid by the Recipient under clause 9.1(c), the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of the variation from the Recipient provided that the Supplier provides an adjustment note to the Recipient where there is an adjustment event. Any payment, credit or refund under this clause 9.1(f) is deemed to be a payment, credit or refund of the GST payable under clause 9.1(c).
- (g) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

9.2 Stamp duty

The Acquirer must pay all stamp duty payable in connection with the transfer of the Scheme Shares to the Acquirer under this Scheme.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to the Scheme Company (or Share Registry), it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Scheme Company's registered office or at the office of the Share Registry.
- (b) An accidental omission to give notice of the Scheme Meeting to any Scheme Shareholder, or the non-receipt of such a notice by any Scheme Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Further assurances

- (a) The Scheme Company must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to the Scheme Company doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.5 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of New South Wales.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.

9.6 No liability when acting in good faith

None of the Scheme Company or the Acquirer, nor any of their respective directors, officers, secretaries or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Appendix 4 – Notice of Scheme Meeting

VITA GROUP LIMITED
ACN 113 178 519
NOTICE OF COURT ORDERED
MEETING OF VITA GROUP LIMITED SHAREHOLDERS

Notice is given that, by an Order of the Federal Court of Australia (**Court**) made on Friday, 28 April 2023 under sections 411(1) and 1319 of the Corporations Act, the Court has directed that a meeting of the holders of fully paid ordinary shares of Vita be held at 11.00am (Sydney time) on Monday, 5 June 2023 as a hybrid meeting conducted at two parts simultaneously with the physical venue of the meeting at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street, Brisbane 4000 and the online platform at <https://meetnow.global/MPHRM49> which allows for remote participation.

The Court has also directed that Paul Mirabelle or, if he is unable or unwilling to participate in the meeting, Gordon Towell, act as Chairperson of the meeting.

PURPOSE OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any alterations or conditions agreed to in writing between Vita and the Bidder or any alterations or conditions required by the Court to which Vita and the Bidder agree) to a scheme of arrangement proposed to be made between Vita and the holders of its ordinary shares (**Scheme**).

A copy of the Scheme and a copy of the Explanatory Statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

RESOLUTION

The meeting will be asked to consider and, if thought fit, pass the following resolution:

*That under and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members agree to the arrangement proposed between Vita and the holders of its fully paid ordinary shares, designated the **Scheme**, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board of Directors of Vita is authorised to implement the Scheme with any such alterations or conditions.*

DATED 1 May 2023

BY ORDER OF THE COURT



.....
George Southgate
Company Secretary

Explanatory notes for the Scheme Meeting

1. General

- (a) Capitalised words and phrases contained in this Notice of Meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 12 of the Scheme Booklet, of which this notice forms part.
- (b) This notice should be read in conjunction with the entire Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Scheme Booklet includes a copy of the Scheme (refer to Appendix 3) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all Sections of this Scheme Booklet, other than the Appendices).

2. Voting entitlements

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as a holder of Vita Shares at 11.00am (Sydney time) on 3 June 2023 are entitled to participate and vote at the Scheme Meeting in respect of each Vita Share held by them at that time, either personally, by proxy or attorney or, in the case of a Vita Shareholder or proxy who is a corporation, by corporate representative.

3. Required voting majority

- (a) The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (b) The resolution to approve the Scheme must be passed by:
 - (i) unless the Court orders otherwise, a majority in number (more than 50%) of Vita Shareholders present and voting at the Scheme Meeting (whether personally, by proxy, attorney or, in the case of a Vita Shareholder or a proxy who is a corporation, by corporate representative); and
 - (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting by Vita Shareholders (whether personally or by proxy, attorney, or in the case of a Vita Shareholder or a proxy who is a corporation, corporate representative).
- (c) The vote at the Scheme Meeting will be conducted by poll.

4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without any alterations or conditions agreed between Vita and the Bidder or any alterations or conditions required by the Court to which Vita and the Bidder agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Scheme is approved by the requisite majorities of Vita Shareholders at the Scheme Meeting, Vita intends to apply to the Court for orders approving the Scheme.

5. How to vote

Vita Shareholders who are entitled to vote at the Scheme Meeting may vote:

- (a) by participating in the meeting and voting personally (either virtually or in person), or by appointing an attorney to participate in the virtual meeting and vote on their behalf or, in the case of a Vita Shareholder or proxy who is a corporation, a corporate representative to attend the meeting and vote on its behalf; or
- (b) by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying this notice or by appointing a proxy online. A proxy may be an individual or a body corporate.

6. Jointly held Vita Shares

If you hold Vita Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

7. Voting virtually or in person (or by attorney or corporate representative)

- (a) Eligible Vita Shareholders wishing to vote personally or their attorneys or, in the case of a Vita Shareholder or proxy who is a corporation, corporate representatives are strongly encouraged to log in online to participate virtually in the Scheme Meeting by using the following link: <https://meetnow.global/MPHRM49>. Please refer to Section 4.3 of the Scheme Booklet for further details on how to watch and participate in the Scheme Meeting online.
- (b) The relevant parties who plan to virtually participate in the Scheme Meeting are asked to log in online 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register. The online platform will be open 1 hour prior to the commencement of the Scheme Meeting.
- (c) Vita Shareholders and proxyholders wishing to attend the Scheme Meeting physically are asked to meet at MinterEllison, Level 22, Waterfront Place, 1 Eagle Street, Brisbane 4000 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, to register.
- (d) In particular, Vita Shareholders and proxyholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice. Any change will be announced by Vita Group via the ASX. Vita Shareholders and proxyholders that wish to attend in person are also strongly encouraged to contact the Shareholder Information Line no later than 7 days prior to the date of the Scheme Meeting to inform Vita Group of their intention to attend the physical meeting venue for the Scheme Meeting in person and to provide their contact details (email address or mobile telephone number or both) so that representatives of Vita Group can notify them of any changes to the protocols for attending the physical meeting venue for the Scheme Meeting in person.
- (e) The power of attorney appointing your attorney to participate in and vote at the Scheme Meeting must be duly executed by you in the presence of at least one witness, and specify your name, the company (that is, Vita), and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.

- (f) To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Share Registry before the Scheme Meeting in any of the following ways:
- (i) **By post** in the provided reply-paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) to the Share Registry:

 Vita Group Limited
 C/- Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne VIC 3001
 Australia
 - (ii) **By fax** to the Share Registry on 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia)
- (g) Your appointment of an attorney does not preclude you from participating and voting at the Scheme Meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.
- (h) To vote at the Scheme Meeting, you or your attorney or, in the case of a Vita Shareholder or proxy who is a corporation, corporate representative are strongly encouraged to log in online to participate virtually in the Scheme Meeting to be held at 11.00am (Sydney time) on Monday, 5 June 2023 by using the following link: <https://meetnow.global/MPHRM49>.
- (i) A vote cast in accordance with the appointment of a power of attorney is valid even if before the vote was cast the appointor:
- (i) died;
 - (ii) became mentally incapacitated;
 - (iii) revoked the power; or
 - (iv) transferred the shares in respect of which the vote was cast,
- unless Vita received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, the resumption of any adjourned meeting.
- (j) To vote by corporate representative at the meeting, a Vita Shareholder or proxy who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Share Registry before the Scheme Meeting.
- (k) The appointment of a representative may set out restrictions on the representative's powers.
- (l) The original *Certificate of Appointment of Corporate Representative*, a certified copy of the *Certificate of Appointment of Corporate Representative*, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

8. Voting by proxy

Eligible Vita Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must:

- (a) complete and sign or validly authenticate the Proxy Form accompanying the Scheme Booklet and deliver the signed and completed Proxy Form (and an original or certified copy of any power of attorney under which it is signed, unless already provided) to the Share Registry by 11.00am (Sydney time) on Saturday, 3 June 2023; or
- (b) appoint a proxy online by 11.00am (Sydney time) on Saturday, 3 June 2023, in accordance with the instructions below.

9. Submitting proxies

Eligible Vita Shareholders wishing to appoint a proxy to participate and vote on their behalf at the Scheme Meeting must return the provided Proxy Form to the Share Registry in any of the following ways:

- (a) **By post** in the enclosed reply-paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) provided to the Share Registry:

Vita Group Limited
 C/- Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

- (b) **By fax** to the Share Registry on 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia).

As the cut-off date for receipt of proxies is 11.00am (Sydney time) on Saturday, 3 June 2023 you should ensure that it is posted, delivered or lodged online in sufficient time for it to be received by the Share Registry by that time.

Alternatively, Vita Shareholders may choose to appoint a proxy online as follows:

- (c) **Online:** if you wish to appoint your proxy online, you should do so by visiting www.investorvote.com.au and by following the instructions on that website. Online appointments of proxies must be done by 11.00am (Sydney time) on Saturday, 3 June 2023.

10. Notes for proxy appointments

- (a) Proxies participating virtually in the Scheme Meeting will need to enter the unique username and password that will be provided by Computershare prior to the Scheme Meeting and select login.
- (b) A Vita Shareholder entitled to participate in and vote at the meeting is entitled to appoint not more than two proxies to participate in and vote at the meeting on behalf of that Vita Shareholder.
- (c) A proxy need not be a Vita Shareholder.
- (d) You are entitled to appoint up to two proxies to participate in the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of

the votes. When appointing a second proxy you must specify the names of each proxy and the percentage of votes or number of securities for each proxy on the Proxy Form. Replacement Proxy Forms can also be obtained from the Share Registry.

- (e) If you hold Vita Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.
- (f) Your appointment of a proxy does not preclude you from attending the Scheme Meeting personally. The appointment of your proxy is not suspended merely by attending the Scheme Meeting, but if you vote on a resolution, the proxy is not entitled to vote, and must not vote, as your proxy on that resolution.
- (g) A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:
 - (i) if the proxy is the chair - the proxy must vote on the poll and must vote in the way directed; and
 - (ii) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed. In circumstances where the proxy does not vote on the poll or does not attend the meeting, the chair will act in place of the nominated proxy and will vote in accordance with any directions on the proxy form.
- (h) If a proxy appointment is signed or validly authenticated by a Vita Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman or any other director of Vita or the company secretary, as nominated by the Chairman, will act as proxy in respect of the resolution to be considered at the Scheme Meeting.
- (i) If:
 - (i) a Vita Shareholder nominates the Chairman of the meeting as their proxy; or
 - (ii) the Chairman is otherwise appointed to act as proxy,
 then the person acting as Chairman in respect of an item of business at the meeting must act as proxy in respect of the resolution to be considered at the Scheme Meeting.
- (j) The Chairman intends to vote undirected proxies of which he is appointed as proxy in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholder). If the Chairman of the Meeting changes his voting intention on the resolution, an ASX announcement will be made.
- (k) A vote cast in accordance with the appointment of a proxy is valid even if before the vote was cast the appointor:
 - (i) died;
 - (ii) became mentally incapacitated;
 - (iii) revoked the proxy; or
 - (iv) transferred the shares in respect of which the vote was cast,

unless Vita received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, before the resumption of any adjourned meeting.

11. Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to participate in the Scheme Meeting from Vita Group's website <https://vitagroup.com.au/> or by contacting the Company Secretary of Vita or the Share Registry.

Corporate Directory

Vita Group Limited

Vita Place, Ground Floor, 77 Hudson Road, Albion QLD 4010

Telephone: +61 7 3709 1444

Website: www.vitagroup.com.au

Directors

Mr Paul Mirabelle

(Chair and non-executive independent director)

Ms Maxine Horne

(Non-executive director)

Mr Gordon Towell

(Non-executive independent director)

Mr Peter Connors

(Chief Executive Officer and Managing Director)

Company Secretary

George Southgate

Auditor

Grant Thornton Audit Pty Ltd

Level 18, 145 Ann Street,

Brisbane, QLD 4000

Telephone: 07 3222 0200

Legal adviser

MinterEllison

Level 22, Waterfront Place

Eagle Street, Brisbane City, QLD 4000

Telephone: +61 7 3119 6000

Financial adviser

Record Point Operations Pty Ltd

Level 25, 259 George St, Sydney, NSW 2000

Telephone: 02 9078 8250

Independent Expert

BDO Corporate Finance Ltd

Level 10, 12 Creek Street, Brisbane QLD 4000

Telephone: 07 3237 5999

Share Registry

Computershare Investor Services Pty Ltd

Level 1, 200 Mary Street


Brisbane QLD 4000


Telephone: 1300 917 933 (within Australia or + 61 3 9946 4421 (outside Australia))

VTG

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (Sydney time) Saturday, 3 June 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Vita Group Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting (or any other director or the company secretary, as nominated by the Chairman of the Meeting), as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Vita Group Limited to be held at Minter Ellison, Level 22, Waterfront Place, 1 Eagle Street, Brisbane 4000 and online via <https://meetnow.global/MPHRM49> on Monday, 5 June 2023 at 11:00am (Sydney time) and at any adjournment or postponement of that meeting.

Step 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Scheme Resolution

For Against Abstain

That under and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the members agree to the arrangement proposed between Vita and the holders of its fully paid ordinary shares, designated the Scheme, as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board of Directors of Vita is authorised to implement the Scheme with any such alterations or conditions.

The Chairman of the Meeting intends to vote undirected proxies in favour of the Scheme Resolution (in the absence of a Superior Proposal from another party prior to the date of the meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Vita Shareholders). If the Chairman of the Meeting changes his voting intention on the Scheme Resolution, an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Update your communication details (Optional)

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number

Email Address

VTG

298200A



Computershare

