

21 November 2023



ANNUAL SHAREHOLDER MEETING 2023



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- FY23 - A solid year of progress

▶ CEO Review

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- FY23 financial snapshot
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- FY24 looking ahead

▶ Resolutions

- Re-election of Susan Freeman-Green
- Re-election of James Sclater
- Remuneration of Auditors

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CHAIR'S ADDRESS

FY23: a solid year of progress

- A much improved FY23 performance after a disappointing FY22
- We have a clear Turnaround Strategy in place to create value
- Our FY23 results represented a solid year of progress on that strategy
- We met or exceeded all turnaround metrics
- Improved employee and customer satisfaction measures
- Effective focus on cost control and efficiency - costs down 15%
- Reduced capital expenditure with network modernisation complete
- Work underway on the building blocks to address revenue decline
- Governance changes mean search underway for a new Director

CEO REVIEW

Turnaround strategy



We provide innovative telecommunications solutions and networks that keep New Zealand businesses connected and their people safe.

OUR STRATEGY TO CREATE VALUE FOR SHAREHOLDERS

1. Optimise our business and our quality network assets

- Leverage our quality fibre/radio assets
- Increased operational efficiency
- Rationalise network footprint
- Maximise network utilisation

- Reduce cost to serve
- Increase free cash flow
- Reduce capital expenditure

2. Increase access to our Wired and Wireless networks

- Channel/wholesale strategy
- National Radio Dealer network
- Competitive commercially
- Enhance sales capabilities
- Open to partnerships

- Increase revenue
- Increase customer acquisition

3. Make interacting with Vital easy for customers

- New Fibre portal
- Key account management
- Focus on culture and talent
- Develop new solution suite

- Improve customer NPS
- Improve eNPS and talent retention
- Reduce churn



FY2023 - Financial Snapshot



| Summary Financial Performance (\$m) | FY2023 | FY2022 | Change (%) |
|-------------------------------------|--------|--------|------------|
| Total Revenue | 28.1 | 31.5 | (10.6%) |
| Total costs | 21.7 | 25.8 | (15.9%) |
| EBITDA adjusted | 6.4 | 5.6 | 13.9% |
| EBIT operating | 2.0 | (1.1) | n/a |
| EBIT reported | 2.0 | (18.2) | n/a |
| NPAT adjusted | 0.5 | (18.3) | n/a |
| NPAT reported | (0.2) | (19.1) | n/a |



FY23 - Performance Summary



- Customer NPS up +22, reflecting the increased focus on key customers
- Talent retention and cultural health measures both improved
- Key customers retained and renewed during FY23, including St John
- Providing St John with critical service assurance to at least 2027 while the PSN is built
- Resilient networks came through 2023 extreme weather events well
- New sales channel strategy and portal is strengthening the sales pipeline
- Costs and capex both down, reflecting increased business efficiency
- Network performance high with uptime and resilience measures both up
- Network replacement costs have increased, underlining quality of assets



FY23 - Improving our assets



Wired

- Significant fibre assets in Auckland and Wellington
- Launched new channel strategy and sales portal
- Lower cost to serve and price competitive with Chorus
- Build complete and capex reduced
- Investment in cyber and security protection

Wireless

- Largest commercial radio network in New Zealand
- New wholesale dealer partner strategy in place to improve share
- St John's renewed to 2027 with right to renew to 2029
- Positioned to provide continuity to emergency services in event of PSN delay



FY24 - Looking ahead



- Solid Q1 performance reinforcing our views on FY24 guidance
- Risk factors to continue to manage and mitigate – including macroeconomic uncertainty, cyber-risk, competitive threats, and extreme weather events
- Demand for network services expected to grow year on year
- Key FY2024 focus areas on cost efficiency, new product solutions, improved network utilisation, and new sales and partner opportunities
- Will be looking to maintain turnaround momentum and strategic execution in order to better position Vital to improve shareholder returns



FY2024 guidance metrics



| Turnaround Metrics (\$m) | FY2023 Actuals | FY2024 Guidance | Q1 FY24 (unaudited) |
|--------------------------|----------------|-----------------|---------------------|
| Total Revenue | 28.1 | 28.0-29.0 | 7.10 |
| EBITDA adjusted | 6.4 | 6.6-7.1 | 1.83 |
| NPAT adjusted | 0.5 | 0.7-1.1 | 0.23 |
| FCF adjusted | 2.9 | 3.0-4.0 | 1.24 |



RESOLUTIONS

- **Resolution 1:**
Election of Susan Freeman-Green
who retires and is eligible for re-election
- **Resolution 2:**
Election of James Sclater, who retires and
is eligible for re-election
- **Resolution 3:**
Remuneration of Auditors



QUESTIONS