



Condensed Consolidated Statement of Comprehensive Income

► For the six months ended 31 December

Group	Note	Six Months Ended		Year Ended
		31 Dec 2021 (Unaudited)	31 Dec 2020 (Unaudited)	30 Jun 2021 (Audited)
NZD \$000s				
Revenue	8	16,230	17,462	34,559
Operating costs		(10,468)	(9,928)	(20,868)
Gross profit		5,762	7,534	13,691
Other income	8	271	389	681
Administrative expenses		(6,421)	(6,348)	(11,386)
Results from operating activities		(388)	1,575	2,986
Finance income	10	176	199	377
Finance expenses	10	(898)	(1,071)	(2,199)
Net finance costs		(722)	(872)	(1,822)
Profit/(Loss) before income tax		(1,110)	703	1,164
Income tax (expense)		311	(197)	(323)
Profit/(Loss)		(799)	506	841
Attributable to:				
Equity holders of the Company		(799)	506	841
Earnings per share				
Basic earnings per share	11	(\$0.019)	\$0.012	\$0.020
Diluted earnings per share	11	(\$0.019)	\$0.012	\$0.020

Condensed Consolidated Statement of Changes in Equity

► For the six months ended 31 December

Group	Note	Share Based			
		Share Capital	Payment Reserve	Retained Earnings	Total Equity
NZD \$000s					
Balance at 1 July 2020		68,445	449	(27,154)	41,740
Profit for the period		-	-	506	506
Total recognised income and expense for the period		-	-	506	506
Dividends to equity holders	9	-	-	(1,038)	(1,038)
Provision for Equity Settled Share Based Payments		-	120	-	120
Issue of Ordinary Shares		-	-	-	-
Total transactions with owners		-	120	(1,038)	(918)
Balance at 31 December 2020 (Unaudited)		68,445	569	(27,686)	41,328
Balance at 1 July 2020		68,445	449	(27,154)	41,740
Profit for the period		-	-	841	841
Total recognised income and expense for the period		-	-	841	841
Dividends to equity holders	9	-	-	(1,038)	(1,038)
Provision for Equity Settled Share Based Payments		-	240	-	240
Issue of Ordinary Shares		-	-	-	-
Total transactions with owners		-	240	(1,038)	(798)
Balance at 30 June 2021 (Audited)		68,445	689	(27,351)	41,783
Balance at 1 July 2021		68,445	689	(27,351)	41,783
Profit for the period		-	-	(799)	(799)
Total recognised income and expense for the period		-	-	(799)	(799)
Dividends to equity holders	9	-	-	(835)	(835)
Provision for Equity Settled Share Based Payments		-	-	-	-
Issue of Ordinary Shares		124	(124)	-	-
Total transactions with owners		124	(124)	(835)	(835)
Balance at 31 December 2021 (Unaudited)		68,569	565	(28,985)	40,149

Condensed Consolidated Statement of Cash Flows

► For the six months ended 31 December

Group	Note	Six Months Ended 31 Dec 2021 (Unaudited)	Six Months Ended 31 Dec 2020 (Unaudited)	Year Ended 30 Jun 2021 (Audited)
NZD \$000s				
Cash flows from operating activities				
Cash provided from:				
Receipts from customers		16,519	16,529	33,094
Net GST receipts/(payments)		165	(11)	(114)
		16,684	16,518	32,980
Cash applied to:				
Payments to suppliers and employees		(9,860)	(8,515)	(17,798)
Interest expense paid (net of realised FX (gain)/loss)		(370)	(820)	(1,771)
Income tax paid		(100)	(250)	(60)
		(10,330)	(9,585)	(19,629)
Net cash flows from operating activities	13	6,354	6,933	13,351
Cash flows from investing activities				
Cash provided from:				
Interest income received		-	-	-
Finance lease interest income received		26	50	56
Repayment of finance lease receivables		-	-	295
		26	50	352
Cash applied to:				
Acquisition of property, plant and equipment		(2,090)	(5,341)	(9,074)
Acquisition of goods provided on finance leases as lessor		(27)	(69)	(194)
		(2,117)	(5,410)	(9,268)
Net cash flows from investing activities		(2,091)	(5,360)	(8,916)
Cash flows from financing activities				
Cash provided from:				
Proceeds from issue of share capital (net of costs)		-	-	-
Proceeds from borrowings		-	500	1,000
		-	500	1,000
Cash applied to:				
Repayment of borrowings		(150)	-	-
Principle elements of lease payments		(2,690)	(2,850)	(5,642)
Dividends paid		(835)	(1,038)	(1,038)
		(3,675)	(3,889)	(6,680)
Net cash flows from financing activities		(3,675)	(3,388)	(5,680)
Net increase/(decrease) in cash and cash equivalents		588	(1,815)	(1,245)
Cash and cash equivalents at beginning of period		613	1,858	1,858
Cash and cash equivalents at end of period		1,201	44	613

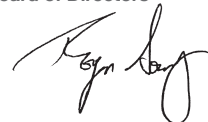
Condensed Consolidated Statement of Financial Position

► For the six months ended 31 December

Group	Note	As At 31 Dec 2021 (Unaudited)	As At 31 Dec 2020 (Unaudited)	As At 30 Jun 2021 (Audited)
NZD \$000s				
Non-current assets				
Property, plant and equipment		42,813	46,505	44,550
Goodwill		17,038	17,038	17,038
Finance lease receivable		-	23	8
Prepayments		271	382	206
Right of Use Asset	12	16,305	22,311	19,167
Total non-current assets		76,427	86,259	80,959
Current assets				
Trade and other receivables		3,133	3,882	3,936
Finance lease receivable		25	26	45
Prepayments		918	1,097	1,155
Inventory		1,060	1,355	1,501
Cash and cash equivalents		1,201	44	613
Total current assets		6,337	6,404	7,250
Total assets		82,764	92,663	88,208
Equity				
Ordinary share capital		68,569	68,445	68,445
Retained earnings & Other Reserves		(28,420)	(27,117)	(26,662)
Total equity		40,149	41,328	41,783
Non-current liabilities				
Loans and borrowings		14,850	14,500	15,000
Lease Liabilities	12	13,442	16,961	15,510
Deferred income		136	155	897
Derivatives		-	338	166
Deferred tax liabilities		925	1,397	1,477
Total non-current liabilities		29,353	33,351	33,049
Current liabilities				
Lease Liabilities		3,595	5,958	4,102
Trade and other payables		5,510	6,968	5,775
Current Tax Payable		519	131	367
Deferred income		3,622	4,927	3,132
Derivatives		16	-	-
Total current liabilities		13,262	17,984	13,376
Total equity and liabilities		82,764	92,663	88,208

On behalf of the Board of Directors

Director
24 February 2022



Director
24 February 2022



Notes to the Condensed Consolidated Interim Financial Statements

► For the six months ended 31 December

1 Reporting entity

Vital Limited ("the Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

The condensed consolidated interim financial statements of the Company as at, and for the six months ended, 31 December 2021, are unaudited and comprise the Company and its subsidiaries (together referred to as "the Group").

The Group is a profit oriented entity primarily involved in the provision of mobile radio networks and high speed broadband services.

2 Statement of compliance and basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. They do not include all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Group as at, and for the year ended, 30 June 2021.

These condensed consolidated interim financial statements of the Group have been prepared in accordance with the New Zealand Companies Act 1993 and the Financial Markets Conduct Act 2013.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 February 2022.

The condensed consolidated interim financial statements are presented in New Zealand dollars (NZD), which is the Group's functional currency and are rounded to the nearest thousand.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual financial statements as at, and for the year ended, 30 June 2021.

4 Changes in Significant Accounting Policies

There are no new, revised or amended standards that have been issued but are not yet effective that would have a significant impact on the Group's financial statements.

5 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

6 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at, and for the year ended, 30 June 2021.

7 Operating Segments

Group for the six months ended 31 December 2021	NZD \$000s	Wireless Networks	Wired Networks	Unallocated	Total
Operating revenue & other income					
- Sales to customers outside the Group		11,399	5,102	-	16,501
Total revenue		11,399	5,102	-	16,501
Costs					
- Costs paid to suppliers outside the Group		(6,662)	(2,769)	(959)	(10,390)
Total costs		(6,662)	(2,769)	(959)	(10,390)
EBITDA		4,737	2,333	(959)	6,111
Depreciation and amortisation		(5,350)	(1,149)	-	(6,499)
EBIT		(613)	1,185	(959)	(387)
Finance income				176	176
Finance expense				(898)	(898)
Net interest					(722)
Profit before income tax					(1,110)
Income tax expense				311	311
Profit/(Loss)					(799)
Capital expenditure		1,404	668	-	2,072
Total assets		36,016	46,748	-	82,764
Total liabilities		15,656	12,109	14,850	42,615

Notes to the Condensed Consolidated Interim Financial Statements

► For the six months ended 31 December

7 Operating Segments (continued)

Group for the six months ended 31 December 2020	NZD \$000s	Wireless Networks	Wired Networks	Unallocated	Total
Operating revenue & other income					
- Sales to customers outside the Group		11,955	5,896	-	17,851
Total revenue		11,955	5,896	-	17,851
Costs					
- Costs paid to suppliers outside the Group		(7,384)	(2,228)	-	(9,612)
Total costs		(7,384)	(2,228)	-	(9,612)
EBITDA		4,571	3,668	-	8,238
Depreciation and amortisation		(5,454)	(1,210)	-	(6,664)
EBIT		(883)	2,458	-	1,575
Finance income				199	199
Finance expense				(1,071)	(1,071)
Net interest					(872)
Profit before income tax					703
Income tax expense				(197)	(197)
Profit/(Loss)					506
Capital expenditure		2,971	1,683	-	4,654
Total assets		45,334	47,330	-	92,664
Total liabilities		23,690	13,145	14,500	51,335

Group for the twelve months ended 30 June 2021	NZD \$000s	Wireless Networks	Wired Networks	Unallocated	Total
Operating revenue & other income					
- Sales to customers outside the Group		23,790	11,449	-	35,239
Total revenue		23,790	11,449	-	35,239
Costs					
- Costs paid to suppliers outside the Group		(12,366)	(4,463)	(1,958)	(18,787)
Total costs		(12,366)	(4,463)	(1,958)	(18,787)
EBITDA		11,424	6,986	(1,958)	16,452
Depreciation and amortisation		(11,145)	(2,321)	-	(13,466)
EBIT		279	4,665	(1,958)	2,986
Finance income				377	377
Finance expense				(2,199)	(2,199)
Net interest					(1,822)
Profit before income tax					1,164
Income tax expense				(323)	(323)
Profit/(Loss)					841
Capital expenditure		4,718	3,557	-	8,275
Total assets		40,826	47,382	-	88,208
Total liabilities		18,867	12,558	15,000	46,425

Notes to the Condensed Consolidated Interim Financial Statements

► For the six months ended 31 December

8 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it satisfies its performance obligations under that contract. In practice there is no significant change to the way the group recognises revenue on an annual basis as a result of the transition to IFRS 15.

Group services provided to Customers	Nature, performance obligation and timing of revenue
Wireless Networks	Providing access to the Group's wireless networks to enable Voice and Data traffic. The group recognises revenue as it provides this service to its customers. Revenue from Installations required to enable this access is recognised over the term of the contract for service. Billing in respect of fixed monthly charges billed in advance is deferred until the service has been provided and is treated as deferred revenue until that time.
Wired Networks	Providing access to the Group's wire networks to data traffic. The group recognises revenue as it provides this service to its customers. Revenue from Installations required to enable this access is recognised over the term of the contract for service. Billing in respect of fixed monthly charges billed in advance is deferred until the service has been provided and is treated as deferred revenue until that time.
Installation	Providing services for the installation of hardware. This revenue is billed and recognised on a monthly basis except where this installation is required to enable services (as above).
Hardware/Software	Providing hardware and software to customers. This is billed and recognised on delivery to the customer.

Disaggregation of Revenue

In the following table, revenue is disaggregated by major product and service lines and timing of revenue recognition. There is no geographic market disaggregation as the group derives all revenue from product/services provided within New Zealand.

For the six months ended 31 December	Wireless Networks		Wired Networks		Total	
	2021	2020	2021	2020	2021	2020
Major Products/Service Lines						
Wireless Networks	11,021	11,307	-	-	11,021	11,307
Wired Networks	-	-	5,102	5,896	5,103	5,896
Hardware Sales	378	648	-	-	378	648
	11,399	11,955	5,102	5,896	16,501	17,851
Timing of Revenue Recognition						
Products transferred at a point in time	2,234	2,342	29	114	2,263	2,456
Products and Services transferred over time	9,165	9,613	5,073	5,782	14,238	15,395
	11,399	11,955	5,102	5,896	16,501	17,851

9 Capital and reserves

Share capital

The Company has 41,548,318 fully paid no par value shares on issue at balance date (Interim Dec 2020: 41,380,880; Full Year Jun 2021: 41,380,880). All shares have equal rights and rank equally with regard to the Company's residual assets.

Dividends

The following dividends were declared and paid by the Group for the period ended 31 December 2021:

Group NZD \$000s	Six Months Ended		Year Ended
	31 Dec 2021	31 Dec 2020	30 Jun 2021
Nil Interim Dividend For 2021 financial year.	(835)	(1,038)	(1,038)
Final dividend for prior year \$834,514.	-	-	-
Interim Dividend for 2020 financial year Nil	-	-	-
	(835)	(1,038)	(1,038)

10 Finance costs

Group NZD \$000s	Six Months Ended		Year Ended
	31 Dec 2021	31 Dec 2020	30 Jun 2021
Interest expense on external borrowings	(283)	(456)	(995)
Interest income	26	51	377
Net unrealised gain/(loss) on fair value of derivatives	150	148	-
Interest on Lease Liabilities	(615)	(615)	(1,203)
Other Interest Expense	-	-	(1)
Net finance costs	(722)	(872)	(1,822)

11 Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share at 31 December 2021 was based on the profit/(loss) attributable to ordinary shareholders of (\$0.019) and a weighted average number of ordinary shares outstanding of 41,470,059 calculated as follows:

Group NZD \$000s	Six Months Ended		Year Ended
	31 Dec 2021	31 Dec 2020	30 Jun 2021
Profit attributable to ordinary shareholders	(799)	506	841
	2021	2020	2021
	In Shares	In Shares	In Shares
Weighted average number of ordinary shares			
Issued ordinary shares at start of period	41,380,880	41,380,880	41,380,880
Shares issued during the period	167,438	-	-
Issued ordinary shares at close of period	41,548,318	41,380,880	41,380,880
Weighted average number of ordinary shares for the period	41,470,059	41,380,880	41,380,880
Basic earnings per share (\$)	(0.019)	0.012	0.020
Diluted earnings per share (\$)	(0.019)	0.012	0.020

Notes to the Condensed Consolidated Interim Financial Statements

► For the six months ended 31 December

12 Leases

(a) Leases as Lessee

The group leases sites and space in various locations in order to deliver its network footprint. These leases run for different periods of time depending on the agreement with the landlord, typically these include an option of renewal.

i. Right of use Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property. These are disclosed separately from property, plant, and equipment

	Network Assets	Land and Buildings	Motor Vehicles	Total
Opening Balance as at 1 July 2021	18,091	833	231	19,155
Additions	(161)	-	-	(161)
Depreciation	(2,440)	(180)	(69)	(2,689)
Closing Balance as at 31 December 2021	15,490	653	162	16,305

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit and loss as incurred.

(b) Lease Liabilities

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the applicable Company's incremental borrowing rate. The average incremental borrowing rate applied to the lease liabilities was 4.88%. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur.

The Group has considered on a lease by lease basis, the extension options available to it under its agreements. For strategic leases, the maximum available term has been used in determining the lease liability and corresponding right-of-use assets

In relation to the lease commitments of specific space on radio/fibre sites, the Group has considered the space as a separately identifiable asset. This is because we have the right to control and receive the benefits of the use of that identified asset (space).

Present Value of Leases

	31 December 2021
Less than one year	3,595
Between one to two years	5,364
Between two to five years	2,072
Greater than five years	6,006
	17,037

(c) Capital commitments

At balance date the Group had capital commitments of \$1,338,000 (Dec 2020: \$3,931,700, Jun 2021: \$1,980,000) relating to the delivery of services contracted to customers, and other network infrastructure.

13 Reconciliation of the profit for the period with the net cash flow from operating activities

Group NZD \$000s	Six Months Ended 31 Dec 2021	31 Dec 2020	Year Ended 30 Jun 2021
Profit for the period and total comprehensive income after tax (Continuing Operations)	(799)	506	841
Adjustments for:			
Depreciation, amortisation and impairment	6,499	6,664	14,506
(Decrease)/increase in bad debt provision	48	(38)	(32)
Loss/(Gain) on derivatives	(150)	(149)	(321)
Share	-	-	-
(Gain)/loss on sale of property, plant and equipment	-	-	-
Prepaid services utilisation/(additions)	38	61	122
Interest income received	26	(50)	56
Deferred income	(407)	(1,309)	(2,199)
Deferred tax movement	311	(444)	928
	6,365	4,735	13,064
Decrease/(increase) in prepayments	237	409	962
Decrease/(increase) in trade and other receivables	629	(73)	47
(Decrease)/increase in income tax payable	(413)	(390)	(1,191)
Decrease/(increase) in inventory	444	564	(191)
(Decrease)/ increase in trade and other payables	(102)	1,188	(168)
Decrease/(increase) in deferred expenses (prepaid IRU)	(6)	(6)	(12)
	789	1,693	(553)
Net cash from operating activities	6,355	6,934	13,351

Notes to the Condensed Consolidated Interim Financial Statements

► For the six months ended 31 December

14 Related party transactions

Transactions with key management personnel

Key management personnel compensation

Key Group management personnel compensation comprised short-term employee benefits and long term incentive payments of \$1,062,348 for the six months ended 31 December 2021 (Interim Dec 2020: \$969,624; Full Year June 2021: \$1,866,735). This excludes directors' fees of \$117,500 (Interim Dec 2020: \$105,833; Full Year June 2021: \$220,417).

Members of the Executive Leadership Team have been issued Options under the Long Term Incentive Plan as previously disclosed.

Other transactions with key management personnel

Directors of Group Companies control 3.38% of the voting shares of the Company (Interim Dec 2020: 1.1 %; Full Year Jun 2021: 2.99%).

Transactions and balances with related parties

The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows:

Directors of the subsidiary companies received no directors fees during the period (Interim Dec 2020: nil; Full Year Jun 2021: nil)

Elected directors conduct business with the Group in the normal course of their business activities.

There are no outstanding balances with key management personnel at 31 December 2021 (Interim Dec 2020: nil; Full Year Jun 2021: nil).

Group entities Significant subsidiaries	Country of incorporation	Ownership Interest (%)	
		2021	2020
Vital Data Limited	New Zealand	100%	100%

15 Subsequent Event

There have been no subsequent events.

Vital Limited Corporate Directory

Registered Office

Level 4&5, Tower B
49 Tory Street
Te Aro, Wellington, 6011
New Zealand

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Branches

AUCKLAND
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Auckland

CHRISTCHURCH
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Pickering Drive, Burnside
Christchurch

Subsidiaries

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Phone: (04) 802 1470
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Wellington
New Zealand

Solicitors

Crengle, Shreves & Ratner
City Chambers Building
Johnston Street, Wellington
New Zealand

Bankers

Bank of New Zealand Limited
BNZ Partner Centre
Wellington, New Zealand

Registrar

Link Market Services Limited
138 Tancred Street
Ashburton
New Zealand

Every nook.
Every cranny.
Every corner.
Every valley.
Every coastline.
Every range.
We keep the land
of the long white
cloud in touch
when it really matters.
We are Vital.