

The image features a dark background with a stylized orange map of a city street grid. The word "Vital" is written in a bold, orange, sans-serif font in the upper left corner, with a small "TM" trademark symbol to its right.

VitalTM

Consolidated Interim Financial Statements

**For the six months ended
31 December 2023**

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Consolidated Statement of Comprehensive Income

► For the six months ended 31 December 2023

Group	Note	Six Months Ended		Year Ended
		31 Dec 2023 (Unaudited)	31 Dec 2022 (Unaudited)	30 Jun 2023 (Audited)
\$000's				
Revenue	6	13,335	13,821	26,356
Operating costs		(6,919)	(7,618)	(15,432)
Gross profit		6,416	6,203	10,924
Other income	6	120	327	1,775
Administrative expenses		(5,010)	(5,361)	(10,004)
Profit/(Loss) Before Interest and Tax		1,526	1,169	2,695
Finance income		9	73	84
Finance expenses	7	(1,474)	(1,514)	(3,054)
Net finance costs		(1,465)	(1,441)	(2,970)
Profit/(Loss) Before Tax		61	(273)	(275)
Income tax benefit/(expense)		(9)	83	92
Net Profit/(Loss)		52	(190)	(183)
Attributable to:				
Equity holders of the Company		52	(190)	(183)
Earnings per share				
Basic earnings per share	10	\$0.001	(\$0.005)	(\$0.004)
Diluted earnings per share	10	\$0.001	(\$0.005)	(\$0.004)

The consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

► For the six months ended 31 December 2023

Group	Note	Attributable to equity holders of the Company			
		Share capital	Share based payment reserve	Retained earnings	Total equity
\$000's					
Balance at 1 July 2022		68,569	-	(46,902)	21,667
Total comprehensive income for the period		-	-	(190)	(190)
Transactions with owners:					
Dividends to equity holders	9	-	-	-	-
Issue of ordinary shares		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 December 2022 (Unaudited)		68,569	-	(47,092)	21,477
Balance at 1 July 2022		68,569	-	(46,902)	21,667
Total comprehensive income for the period		-	-	(183)	(183)
Transactions with owners:					
Dividends to equity holders	9	-	-	-	-
Issue of ordinary shares		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 30 June 2023 (Audited)		68,569	-	(47,085)	21,484
Balance at 1 July 2023		68,569	-	(47,085)	21,484
Total comprehensive income for the period		-	-	52	52
Transactions with owners:					
Dividends to equity holders	9	-	-	-	-
Issue of ordinary shares		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 December 2023 (Unaudited)		68,569	-	(47,033)	21,536

The consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

► As at 31 December 2023

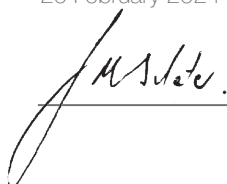
Group \$000's	Note	31 Dec 2023 (Unaudited)	31 Dec 2022 (Unaudited)	30 Jun 2023 (Audited)
Non-current assets				
Property, plant and equipment		40,449	42,446	41,577
Right of use assets	8	18,236	22,093	19,809
Prepayments		19	94	56
Total non-current assets		58,704	64,633	61,442
Current assets				
Trade and other receivables		2,706	2,974	2,951
Current tax receivable		713	742	766
Finance lease receivable		35	23	35
Prepayments		980	1,142	743
Inventory		1,362	1,242	1,342
Cash and cash equivalents		79	752	503
Total current assets		5,875	6,874	6,340
Total assets		64,579	71,507	67,782
Equity				
Ordinary share capital		68,569	68,569	68,569
Retained earnings		(47,033)	(47,092)	(47,085)
Total equity		21,536	21,477	21,484
Non-current liabilities				
Secured bank loan		11,900	14,000	14,000
Deferred income		652	1,289	745
Sale and lease back liability		199	985	598
Lease liabilities	8	17,003	19,674	17,721
Deferred tax liabilities		1,432	1,431	1,476
Total non-current liabilities		31,186	37,380	34,540
Current liabilities				
Secured bank loan		1,400	-	-
Trade and other payables		4,319	5,638	4,372
Deferred income		2,506	2,510	3,002
Sale and lease back liability		787	763	776
Lease liabilities	8	2,845	3,739	3,608
Total current liabilities		11,857	12,650	11,758
Total equity and liabilities		64,579	71,507	67,782
Net tangible assets per share		\$0.518	\$0.517	\$0.517

On behalf of the Board of Directors

John McMahon
Chair
20 February 2024

James Sclater
Director
20 February 2024





The consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

► For the six months ended 31 December 2023

Group	Note	Six Months Ended		Year Ended
		31 Dec 2023 (Unaudited)	31 Dec 2022 (Unaudited)	30 Jun 2023 (Audited)
\$000's				
Cash flows from operating activities				
Cash provided from:				
Receipts from customers		13,227	14,521	27,692
Net GST receipts/(payments)		117	(288)	(496)
		13,344	14,233	27,196
Cash applied to:				
Payments to suppliers and employees		(8,880)	(8,729)	(17,956)
Interest expense paid		(737)	(608)	(1,359)
Income tax paid		-	(70)	(39)
		(9,617)	(9,406)	(19,354)
Net cash flows from operating activities	12	3,727	4,827	7,842
Cash flows from investing activities				
Cash provided from:				
Finance lease interest income received		9	72	84
Repayment of finance lease receivables		13	12	25
		22	84	109
Cash applied to:				
Acquisition of property, plant and equipment		(1,139)	(1,698)	(3,069)
Acquisition of goods provided on finance leases		(12)	(19)	(45)
		(1,151)	(1,717)	(3,114)
Net cash used in investing activities		(1,129)	(1,633)	(3,005)
Cash flows from financing activities				
Cash applied to:				
Repayment of secured bank loan		(700)	(500)	(500)
Payment of lease liabilities		(2,322)	(3,239)	(5,131)
Dividends paid		-	-	-
		(3,022)	(3,739)	(5,631)
Net cash used in financing activities		(3,022)	(3,739)	(5,631)
Net increase/(decrease) in cash and cash equivalents		(424)	(545)	(794)
Cash and cash equivalents at beginning of period		503	1,297	1,297
Cash and cash equivalents at end of period		79	752	503

The consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

1 Reporting entity

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

The consolidated interim financial statements of the Company as at, and for the six months ended, 31 December 2023, are unaudited and comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the provision of mobile radio networks and high speed broadband services in New Zealand.

2 Statement of compliance and basis of preparation

The 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 annual financial statements and should be read in conjunction with the annual financial report of the Group as at, and for the year ended, 30 June 2023.

The 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.

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

The consolidated interim financial statements were approved by the Board of Directors on 20 February 2024.

3 Significant accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements, unless disclosed below are consistent with those used in the previously audited consolidated financial statements as at, and for the year ended, 30 June 2023. There were no new standards, interpretations and amendments effective from 1 July 2023 that impacted the Group's consolidated financial statements and require retrospective adjustment.

Reclassification and re-statement of comparatives

Where items have been reclassified in the consolidated interim financial statements, the related interim comparative disclosures have been adjusted to provide a like-for-like comparison. The comparative information for the year ended 30 June 2023 is audited, and remains unchanged.

4 Use of estimates and presentation

The preparation of the 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 those estimates.

In preparing these 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 2023.

5 Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other items comprise the Group's external borrowings from Bank of New Zealand Limited, and corporate overhead costs.

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group's CEO reviews internal management reports on a monthly basis.

Wireless Networks: this segment comprises the digital and analogue trunking radio networks along with the wireless broadband service provided direct to customers. Managed services are also offered to provide support for communications network infrastructure.

Wired Networks: this segment includes the wired broadband business of the Group, which provides fibre and broadband connectivity and ancillary related services to a range of wholesale customers and end users.

Other: this segment includes shared costs and other items not directly attributable to one of the other segments.

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

5 Segment reporting (continued)

Group for the six months ended 31 December 2023 \$000's	Wireless Networks	Wired Networks	Other	Total
Operating revenue & other income				
- Sales to customers outside the Group	8,732	4,723	-	13,455
Total revenue	8,732	4,723	-	13,455
Costs				
- Operating costs paid to suppliers	(4,627)	(2,121)	(980)	(7,728)
Total costs	(4,627)	(2,121)	(980)	(7,728)
EBITDA	4,105	2,602	(980)	5,727
Depreciation and amortisation	(2,971)	(1,230)	-	(4,201)
EBIT	1,134	1,372	(980)	1,526
Finance income	-	-	9	9
Finance expense	-	-	(1,474)	(1,474)
Net finance costs	-	-	(1,465)	(1,465)
Profit/(Loss) before income tax	1,134	1,372	(2,445)	61
Income tax benefit/(expense)	-	-	(9)	(9)
Net Profit/(Loss)	1,134	1,372	(2,454)	52
Capital expenditure	866	337	-	1,203
Total assets	35,312	29,267	-	64,579
Total liabilities	20,622	9,121	13,300	43,043
Group for the six months ended 31 December 2022 \$000's	Wireless Networks	Wired Networks	Other	Total
Operating revenue & other income				
- Sales to customers outside the Group	9,206	4,942	-	14,148
Total revenue	9,206	4,942	-	14,148
Costs				
- Operating costs paid to suppliers	(5,106)	(2,465)	(927)	(8,498)
Total costs	(5,106)	(2,465)	(927)	(8,498)
EBITDA	4,100	2,477	(927)	5,650
Depreciation and amortisation	(3,334)	(1,148)	-	(4,481)
EBIT	767	1,329	(927)	1,169
Finance income	-	-	73	73
Finance expense	-	-	(1,514)	(1,514)
Net finance costs	-	-	(1,441)	(1,441)
Profit/(Loss) before income tax	767	1,329	(2,368)	(273)
Income tax benefit/(expense)	-	-	83	83
Net Profit/(Loss)	767	1,329	(2,285)	(190)
Capital expenditure	1,349	350	-	1,699
Total assets	38,656	32,851	-	71,507
Total liabilities	26,031	9,999	14,000	50,030

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

5 Segment reporting (continued)

Group for the twelve months ended 30 June 2023 \$000's	Wireless Networks	Wired Networks	Other	Total
Operating revenue & other income				
- Sales to customers outside the Group	18,465	9,666	-	28,131
Total revenue	18,465	9,666	-	28,131
Costs				
- Operating costs paid to suppliers	(10,977)	(3,896)	(1,760)	(16,633)
Total costs	(10,977)	(3,896)	(1,760)	(16,633)
EBITDA	7,488	5,770	(1,760)	11,498
Depreciation and amortisation	(6,389)	(2,413)	-	(8,803)
EBIT	1,099	3,357	(1,760)	2,695
Finance income	-	-	84	84
Finance expense	-	-	(3,054)	(3,054)
Net finance costs	-	-	(2,970)	(2,970)
Profit/(Loss) before income tax	1,099	3,357	(4,730)	(275)
Income tax benefit/(expense)	-	-	92	92
Net Profit/(Loss)	1,099	3,357	(4,638)	(183)
Capital expenditure	2,848	645	-	3,493
Total assets	36,378	31,404	-	67,782
Total liabilities	22,933	9,365	14,000	46,298

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

6 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.

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.

Group for the six months ended 31 December \$000's	Wireless Networks		Wired Networks		Total	
	2023	2022	2023	2022	2023	2022
Major Products/Service Lines						
Wireless Networks	8,524	8,803	-	-	8,524	8,803
Wired Networks	-	-	4,617	4,782	4,617	4,782
Installation	101	107	93	129	194	236
Hardware Sales	102	280	-	-	102	280
Other Income	5	16	13	31	18	47
	8,732	9,206	4,723	4,942	13,455	14,148
Timing of Revenue Recognition						
Products transferred at a point in time	203	387	93	129	296	516
Products and Services transferred over time	8,529	8,819	4,630	4,813	13,159	13,632
	8,732	9,206	4,723	4,942	13,455	14,148

Goods and 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 wired 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 when the installation is complete, except where this installation is required to enable services (as above).

Hardware/Software

Sale of hardware and software to customers. This revenue is billed and recognised on delivery to the customer. Revenue is not recorded until the hardware and software have been accepted by the customer.

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

7 Finance costs

Group \$000's	Six months ended 31 Dec		Year ended 30 Jun
	2023	2022	2023
Interest expense on secured bank loans	(737)	(608)	(1,359)
Net unrealised loss in fair value of derivatives	-	(63)	(64)
Interest expense on lease liabilities	(737)	(843)	(1,631)
Total finance costs	(1,474)	(1,514)	(3,054)

8 Leases

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.

Typically these leases contain provision for adjustment based on any footprint change (both increase and decrease).

(a) Right of use Assets

Group \$000's	Network Assets	Land and Buildings	Motor Vehicles	Total
Opening balance as at 1 July 2023	17,829	1,491	489	19,809
Additions/Amendments	330	-	-	330
Depreciation	(1,618)	(219)	(66)	(1,904)
Closing balance as at 31 December 2023	16,540	1,273	423	18,236
Opening balance as at 1 July 2022	22,745	1,326	164	24,235
Additions/Amendments	(450)	606	-	156
Depreciation	(2,078)	(220)	-	(2,298)
Closing balance as at 31 December 2022	20,217	1,712	164	22,093

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 associated with these leases are expensed to profit and loss on a straight line basis over the lease term.

(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 Group's incremental borrowing rate. The average incremental borrowing rate applied to the lease liabilities was 5.63% (Interim Dec 2022: 5.04%; Full Year Jun 2023: 5.34%).

Present Value of Leases

Group \$000's	31 December 2023	31 December 2022
Less than one year	2,845	3,739
Between one to two years	2,625	3,067
Between two to five years	7,248	6,839
Greater than five years	7,130	9,768
	19,848	23,413

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

9 Capital and reserves

Share capital

The Group has 41,548,318 fully paid no par value shares on issue at balance date (Interim Dec 2022: 41,548,318; Full Year Jun 2023: 41,548,318). The holders of ordinary shares are entitled to receive dividends as declared. Votes are cast on the basis of the number of shares. All shares rank equally with regard to the Group's residual assets.

Dividends

No dividends have been declared or recognised in the current year.
(Interim Dec 2022: Nil; Full Year Jun 2023: Nil).

10 Earnings per share

Basic and diluted earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive issues of ordinary shares.

There are 950,000 dilutive equity instruments on issue at 31 December 2023 relating to the Employee Share Option Plan (Interim Dec 2022: Nil; Full Year Jun 2023: 950,000).

Group \$000's	Six Months Ended		Year Ended
	31 Dec 2023	31 Dec 2022	30 Jun 2023
Profit /(Loss) attributable to ordinary shareholders	52	(190)	(183)
	in shares	in shares	in shares
Weighted average number of ordinary shares			
Issued ordinary shares at start of period	41,548,318	41,548,318	41,548,318
Number of shares issued during the period	-	-	-
Issued ordinary shares at close of period	41,548,318	41,548,318	41,548,318
Weighted average number of ordinary shares for the period	41,548,318	41,548,318	41,548,318
Diluted Earnings Per Share			
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares (basic)	41,548,318	41,548,318	41,548,318
Effect of the Employee Share Option Plan	950,000	-	950,000
Weighted average number of ordinary shares for the period (fully diluted)	42,498,318	41,548,318	41,864,985
Basic earnings per share (\$)	\$0.001	(\$0.005)	(\$0.004)
Basic and Diluted earnings per share (\$)	\$0.001	(\$0.005)	(\$0.004)

11 Capital commitments

As at 31 December 2023, the Group has \$337,000 of capital commitments (Interim Dec 2022: \$832,000; Full Year Jun 2023: \$255,000) relating to the delivery of services contracted to customers and other network infrastructure.

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

12 Reconciliation of the profit/(loss) for the period with the net cash flow from operating activities

Group \$000's	Six Months Ended		Year Ended
	31 Dec 2023	31 Dec 2022	30 Jun 2023
Net Profit/(Loss) for the period (after tax)	52	(190)	(183)
Adjustments for:			
Depreciation and amortisation	4,201	4,481	8,803
(Gain)/loss on derivatives	-	63	64
Release of reserve	173	-	(446)
Prepaid services utilisation/(additions)	37	37	75
(Decrease)/increase in bad debt provision	(74)	36	56
Finance income/(loss)	9	73	84
(Decrease)/increase in deferred income	(586)	337	283
Deferred tax movement	(44)	189	234
	3,716	5,216	9,153
Decrease/(increase) in prepayments	(238)	(164)	236
Decrease/(increase) in trade and other receivables	312	137	134
Decrease/(increase) in inventory	(20)	65	(36)
Decrease/(increase) in deferred expenses	4	8	12
(Decrease)/increase in trade and other payables	(46)	(586)	(1,840)
(Decrease)/increase in income tax payable	(53)	341	366
	(41)	(199)	(1,128)
Net cash from operating activities	3,727	4,827	7,842

Notes to the Consolidated Interim Financial Statements

► For the six months ended 31 December 2023

13 Related party transactions

Transactions with key management personnel

Key management personnel compensation

Key Group management personnel (KMP) compensation comprised \$768,300 for the six months ended 31 December 2023 (Interim Dec 2022: \$771,788; Full Year Jun 2023: \$1,494,105). KMP compensation includes short term and long term benefits of \$145,250 (Interim Dec 2022: \$105,000; Full Year Jun 2023: \$105,000), and termination benefits of Nil (Interim Dec 2022: Nil; Full Year Jun 2023: Nil).

This excludes fees paid to Directors' of \$73,750 (Interim Dec 2022: \$122,500; Full Year Jun 2023: \$207,605).

The compensation during the period includes payments to former employees and reflects the different composition of the Executive Leadership team.

As part of the Employee Share Option Plan, the Group granted 950,000 share options to members of the Executive Leadership team, as previously disclosed.

Other transactions with key management personnel

Directors of Group Companies control 3.25% of the voting shares of the Company (Interim Dec 2022: 3.18%; Full Year Jun 2023: 3.25%).

Transactions and balances with related parties

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

Directors of the subsidiary companies received no Directors fees during the period (Interim Dec 2022: Nil; Full Year Jun 2023: Nil).

Group entities	Country of	Ownership Interest (%)		Balance	Activities
Wholly owned subsidiaries	incorporation	2023	2022	Date	
Vital Data Limited	New Zealand	100%	100%	30 June	Broadband services

14 Events after the reporting date

Post 31 December 2023, there are no material events that require disclosure.

Corporate Directory

Registered Office

Level 6, 25-27 Cambridge Terrace,
Te Aro, Wellington, 6011, New Zealand

Head Office

Level 6, 25-27 Cambridge Terrace,
Te Aro, Wellington, 6011, New Zealand
Phone: 0800 101 900
www.vital.co.nz

Branches

AUCKLAND
2 Robert Street, Ellerslie,
Auckland, 1051, New Zealand

CHRISTCHURCH
7A Vulcan Place, Middleton,
Christchurch, 8024, New Zealand

Subsidiaries

VITAL DATA LIMITED
Level 6, 25-27 Cambridge Terrace,
Te Aro, Wellington, 6011, New Zealand
Phone: 0800 101 900
www.vital.co.nz

Auditors

KPMG
44 Bowen Street, 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

