



## **Chairman's Vital Annual Meeting Presentation**

19 October 2021

Ladies & Gentlemen

Good afternoon. It is now the advertised time so I will commence the meeting. For those of you who don't know me, I am Roger Sowry, and I am the Chairman of Vital Limited.

Welcome to our 2021 Annual Meeting. Today we are holding our first fully remote virtual meeting and we are very pleased to welcome you as online participants through our virtual meeting platform provided by our share registrar Link Market Services  
re registrar Link Market Services. I know many of you enjoy attending our meetings in person but given the the uncertainty regarding Covid-19 we had no choice but to safely conduct the meeting like this.

You can vote and ask questions online. I will provide you with further instructions as we progress through the meeting. If you encounter any issues, please refer to the virtual annual meeting online portal guide or you can phone the helpline on 0800 200 220.

I would encourage you to send through your questions as soon as you can. This will allow us to answer these questions at the appropriate time of the meeting. To ask a question, you will need to click "ask a question" within the



online meeting platform, select the item of business, type in your question and click submit.

Joining me at the meeting today are fellow directors, Reg Barrett, Nathan York, James Sclater, Susan Freeman-Greene and Rod Snodgrass.

We are also joined today by CEO Andrew Miller and the Senior Executive team, who Andrew will introduce shortly.

We have present, our auditors, KPMG, along with Julie Crengle from our legal firm, Crengle Shreeves & Ratner.

## **Formalities**

### **Notice of Meeting and Quorum**

The Company Secretary has confirmed to me that the Notice of Meeting has been sent to shareholders and other persons entitled to receive it, and I have been advised that we have a quorum present. On that basis, I am pleased to formally declare the meeting open.

### **Proxies**

Proxies have been appointed for the purposes of this meeting in respect of approximately **6,023,201** shares, representing over **14.5%** of the total number of shares.

I'd like to thank shareholders for their level of participation in today's meeting.



My fellow directors and I intend to vote all discretionary proxies we have received in favour of the Resolutions as set out in the Notice of Meeting.

## Agenda

The order of events for this afternoon's meeting will be as follows:

- Chairman's Address
- CEO's Address
- Formal business of the meeting which includes the resolutions of the meeting.

Voting on all resolutions will be conducted by way of poll.

I encourage all of you to send your questions through as soon as possible through the virtual meeting website.

## Chairman's Speech

Before we get to other business including addressing the announcement on PSN earlier today, I just want to take a couple of minutes to talk about the year just gone.

The sustained lockdowns over the last year with different levels, have been disruptive to our business plans. With the rollout of the vaccine across New Zealand, we are hopeful that we will see a greater return to normality, but inevitably there will be short-term impacts to the business. These include the



global supply chain which has been affected by shortages, and then further exacerbated by delays and higher transport costs. The sustained border closures and the suspension of the trans-Tasman bubble is impacting the pool of available skilled labour, which has led to increased salaries and further cost to the business.

Despite Vital's planned deliverables being affected by the impacts of Covid-19 over the past year, Andrew and his team have put in outstanding efforts to ensure that the major investments into our infrastructure and new services were completed by 30 June as planned, and this is very satisfying.

Consistent delivery in line with strategy, despite a significant worsening of the operating environment, is testament to high quality management, which deserves appropriate recognition in this forum.

We are pleased to announce growth in both revenue and profit for the year, although the second half of the financial year was not as profitable as the first. Capital expenditure for the year was \$8.28m including the upgrade of the St John Ambulance radio network. Having completed our capital investment programmes, Vital is forecasting for the year ending 30 June 2022 capital expenditure to be around \$5.3m with \$3.0m of this funded by customers.

As forecasted, debt increased to \$14.39m from last year's \$12.14m and we forecast debt to increase 3-5% over the next 12 months. As mentioned earlier, Vital like other organisations is experiencing headwinds associated with the impact of Covid-19. Vital has suffered from a loss of contracts and



subsequent revenue, especially within its Wellington fibre business where we have seen many organisations reduce their requirements as they have either down sized or closed completely. Procurement decisions are being deferred as organisations review their requirements because of the change in their operations due to the impact of Covid-19 to their business.

This brings me to the future of Vital.

The core of the strategy that was put in place 4 years ago following the business analysis by the CEO was to transform Vital for the long-term health of the organisation. This was never going to be a quick fix, but the investment and transformation has resulted in the company being in a much stronger position to thrive over the long term than it was 4 years ago.

The solutions that Vital can offer our customers today far exceed what we had previously and whilst the market is continually evolving, we remain confident that these solutions are able to meet the market requirements.

Vital is obviously disappointed with the advice from Crown Infrastructure Partners and NGCC that it has not selected Vital as the preferred party to provide the Radio network as part of the proposed new Public Safety Network for the emergency services across New Zealand.

Let me assure you that there will be no immediate impact to the business but longer term this will see Vital ceasing to operate the St John Ambulance radio network. However, this will not be several years as the new PSN LMR network will have to be built and then agencies cutover to the new network.



Nothing in this decision affects our BAU, we anticipate revenue being on a par to last year and capital expenditure has substantially reduced on the previous two years.

Vital will now focus on delivering the growth following completion of our recent capital investments into our new services.

As has been our practice, a further update will be provided at the six monthly results.

Ladies and gentlemen, I will shortly hand over to Andrew Miller, but let me first say this.

Your company has made enormous strides over the past four years. We still face enormous change and a very challenging environment, but I believe we have the solid platform and the team with the skills and commitment to meet the challenges ahead.

Thank you for your investment, and your support.

**Roger Sowry**

Chairman