

ASX ANNOUNCEMENT



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

11 November 2022

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) – AGM Addresses and Presentation

Vita Group (ASX:VTG) holds its financial year 2022 Annual General Meeting (AGM) today (Friday 11 November 2022).

In accordance with the Listing Rules, please find enclosed for immediate release to the market copies of the:

1. 2022 AGM Prepared Addresses; and
2. 2022 AGM Presentation.

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

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

Further enquiries:

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

2022 Annual General Meeting Prepared Addresses

{SPEAKER: Paul Mirabelle – Chairman}

- I will take it that you have all read the Chairman's Year in Review in the annual report.
- Let's start with a recap on the financial year.
- As I reflect on the past 12 months, it has been an extraordinary and transformational period for Vita Group.
- Throughout the period the business experienced significant headwinds, including:
 - COVID-19 impacts from clinic closures and lockdowns, team member and client vaccination requirements, team member health-related absenteeism, and increased levels of client cancellations and rescheduling,
 - Severe weather events and flood related issues in Queensland and New South Wales in the second half,
 - And the annualised impacts from higher-than-expected turnover, including some founders from acquired clinics.
- Additionally, significant resources were devoted to the divestment of Vita's ICT business, which completed in November 2021, and then to transitional services, establishment of a new ERP system for the Artisan business, and other associated business processes, throughout the balance of the year.
- Turning to the financial headlines. Total revenues decreased 13% on prior year to \$24.6m. Underlying EBITDA, excluding the impact of AASB 16 Leases, business stand-up costs incurred in the period, legacy ICT insurance requirements and non-recurring items was down 6%, to a loss of (\$8.4m). Net profit after tax decreased 5%, a loss of (\$8.7m) on a reported basis.
- In relation to discontinued operations – for the period of 1 July to 12 November 2021 – revenue was \$178.3m, and net profit after tax was \$1.2m, which included a gain on sale of the ICT business of \$2.2m.
- Together, Group revenues for the period (that is, ICT revenue to 12 November, and Artisan revenue for the full period) were \$202.9m, and net profit after tax was a loss of (\$7.4m).
- Vita ended the period with net cash of \$16.4m and low levels of debt.
- As mentioned, Vita finalised the divestment and transition of its ICT business to Telstra in November 2021. Vita received settlement funds of \$107.4m (being \$110m initial cash consideration, less net working capital, net-debt adjustments, and including tax exit consideration), based on a locked box mechanism calculated at 30 September 2021.
- Vita distributed \$90.6m of dividends throughout the period, made up of:
 - \$4.0m, on 24 September 2021, representing the group's FY21 fully-franked final dividend
 - \$64.6m on 26 November 2021, representing the group's first tranche of the fully-franked Special Dividend; and
 - \$22.0m on 13 May 2022, representing the group's final tranche of the fully-franked Special Dividend

- The Company continued to review clinic operations and indirect support overhead efficiencies. Indirect support overhead efficiency initiatives taken during FY22, and early FY23, are expected to contribute a reduction of approximately \$2.2 million annualised net employment savings, excluding restructure costs.
- With that, I'll hand over to Pete to provide you with an update on Artisan's evolved business model.

{SPEAKER: Pete Connors – Chief Executive Officer}

- Thanks Paul and good morning everyone.
- As we mentioned in our full year results announcement, amidst ongoing uncertainty and associated business impacts, the team has worked to evolve Artisan's business model, which is intended to position the business for sustainable growth into the future.
- The clinic network size was optimised to 18 clinics.
- The team also continued to standardise Artisan's pricing, modality, and product offering.
- The ongoing process of standardisation is intended to enable:
 - Focus on the promotion and strengthening of the Artisan brand
 - The development of operational frameworks within the evolved business model
 - Efficiencies in operations and partner engagement, and
 - Consistency in client and team experience, who may visit or work across multiple locations
- The team developed, systemised, and commenced embedding an evolved in-clinic client experience process built within our proprietary software cosmedcloud®. This process, implemented in all but one clinic, includes:
 - a multi-disciplinary team collaboration space,
 - a client assessment and modality system,
 - a systemised and perpetual client treatment planning process, and
 - an automated personalised client treatment plan communication and booking process.
- The in-clinic client experience process is intended to repeat approximately every 4 months ensuring our clients have a continuous value building journey at Artisan no matter which clinic or clinician they see.
- We have continued to invest in, and strengthen, our Artisan marketing campaigns, as well as develop our recently launched marketing automation program. The program will progressively systemise the way we professionally manage and tailor client digital journeys and offerings integrated within cosmedcloud®.
- We launched our Concierge Hub, which is a centralised function, managing new client leads and increasingly supporting client reengagement activities, allowing our clinic teams to focus on the in-clinic client experience.
- Artisan's team member experience includes a capability development pathway for repeatable roles, which we call the Artisan Academies. Within the Academy program, we have developed and recently launched clinical academies, designed for doctors, nurses, and dermal therapists.

These academies aim to progress team members to mastery by expanding their scope of practice and consulting capability in a structured way. We have also continued to develop operational academies for Area Managers, Clinic Development Managers, and Client Experience Consultants which we intend to launch in the coming months.

- We have enhanced Artisan's clinical governance and risk management frameworks by developing and recently launching bespoke quality and safety standards with in-clinic audits informed by the National Safety and Quality Primary and Community Healthcare Standards and the Royal Australian College of General Practitioners Standards for general practices. Artisan's enhanced frameworks will continue to support clinicians to provide treatments safely and effectively.
- The final element of Artisan's business model is our clinic-level planning. Within this program, we have leveraged proprietary software and intellectual property retained from Vita's ICT business.
- In summary, Artisan's evolved business model incorporates systematic, repeatable and scalable programs and frameworks, applied within a standardised brand environment, that are intended to enable organic growth, best practice benchmarking, and facilitate future clinic network expansion.
- With that, I'll hand back to Paul to talk to the outlook.

{SPEAKER: Paul Mirabelle – Chairman}

- Thanks Pete. The coming year will again present challenges. COVID continues to affect our communities. There are news reports of further waves of infections. There is also a challenging economic environment with rising interest rates, inflationary pressure, and global conflict all causing uncertainty.
- In this context, we believe it is prudent to:
 - Maintain our focus on organic growth via best execution of programs within Artisan's evolved business model
 - Maintain our prudent approach to capital management
 - Recommence the clinic network expansion program once we are satisfied Artisan is consistently delivering on expectations (currently 18 clinics, including 4 non-Artisan branded clinics), and
 - continue to review clinic operations and indirect support overhead efficiencies.
- While Artisan's evolved business model has delivered early positive indications, realising outcomes from best practice execution will take some time.
- Subject to:
 - successful execution of our growth programs within Artisan's evolved business model
 - reduced impact of headwinds, and
 - any impacts associated with a challenging economic environment,we continue to target monthly underlying EBITDA from continuing operations to break-even during FY24.



ANNUAL
GENERAL MEETING

11 NOVEMBER 2022

Vita Group Board



PAUL MIRABELLE
Chairman



MAXINE HORNE
Non-Executive Director




PAUL WILSON
Non-Executive Director





PETER CONNORS
Chief Executive Officer


How to ask a question

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and **press** the send button
- To ask a verbal question follow the instructions below the broadcast window.


Broadcast


Vote


Q & A


Documents

Your question(s)

You may enter a question using the field below.

Select Topic ▼


Questions are limited to 2000 characters.


0 character(s)


Send


How to vote

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed

Broadcast

Vote

Q & A

Documents

Items of Business


2A Re-elect Mr Sam Sample as a Director

FOR

AGAINST

ABSTAIN

2B Re-elect Ms Jane Citizen as a Director



We have received your vote **For**
[Click here to change your vote.](#)

Order of Business

1. Chairman and CEO presentation
2. Financial statements and reports
3. Resolutions

CHAIRMAN AND CEO PRESENTATION

FY22 Recap



Business headwinds

COVID-19 related impacts, severe weather events, and annualised impacts from higher than expected turnover, including some founders from acquired clinics

ICT Divestment - November 2021

Significant resources devoted to divestment, transitional services, and establishment of a new ERP and associated business processes

Management focus on Artisan from November 2021

Significant progress achieved on development and evolution of Artisan's business model

FY22 Recap



CONTINUING OPERATIONS

Revenues \$24.6m

Underlying EBITDA¹ (\$8.4m)

NPAT² (\$8.7m)

DISCONTINUED OPERATIONS

1 July – 12 November 2021

Revenues \$178.3m

NPAT \$1.2m (includes gain on sale of ICT business of \$2.2m)

BALANCE SHEET

\$16.4m net cash
Low debt

GROUP

REVENUES
\$202.9m

NPAT
(\$7.4m)

DIVIDENDS

\$90.6m paid to shareholders

- FY21 fully-franked dividend [\$0.024cps | \$4.0m]
- First tranche fully-franked Special Dividend [\$0.39cps | \$64.6m]
- Final tranche fully-franked Special Dividend [\$0.133cps | \$22.0m]
- No FY22 final dividend in order to utilise Vita's current cash position to invest in the Artisan business

CASH CONSIDERATION ICT DIVESTMENT

\$107.4m

- \$110m cash consideration, less net working capital, net debt-adjustments, and includes tax exit consideration
- Locked box mechanism calculated at 30 September 2021

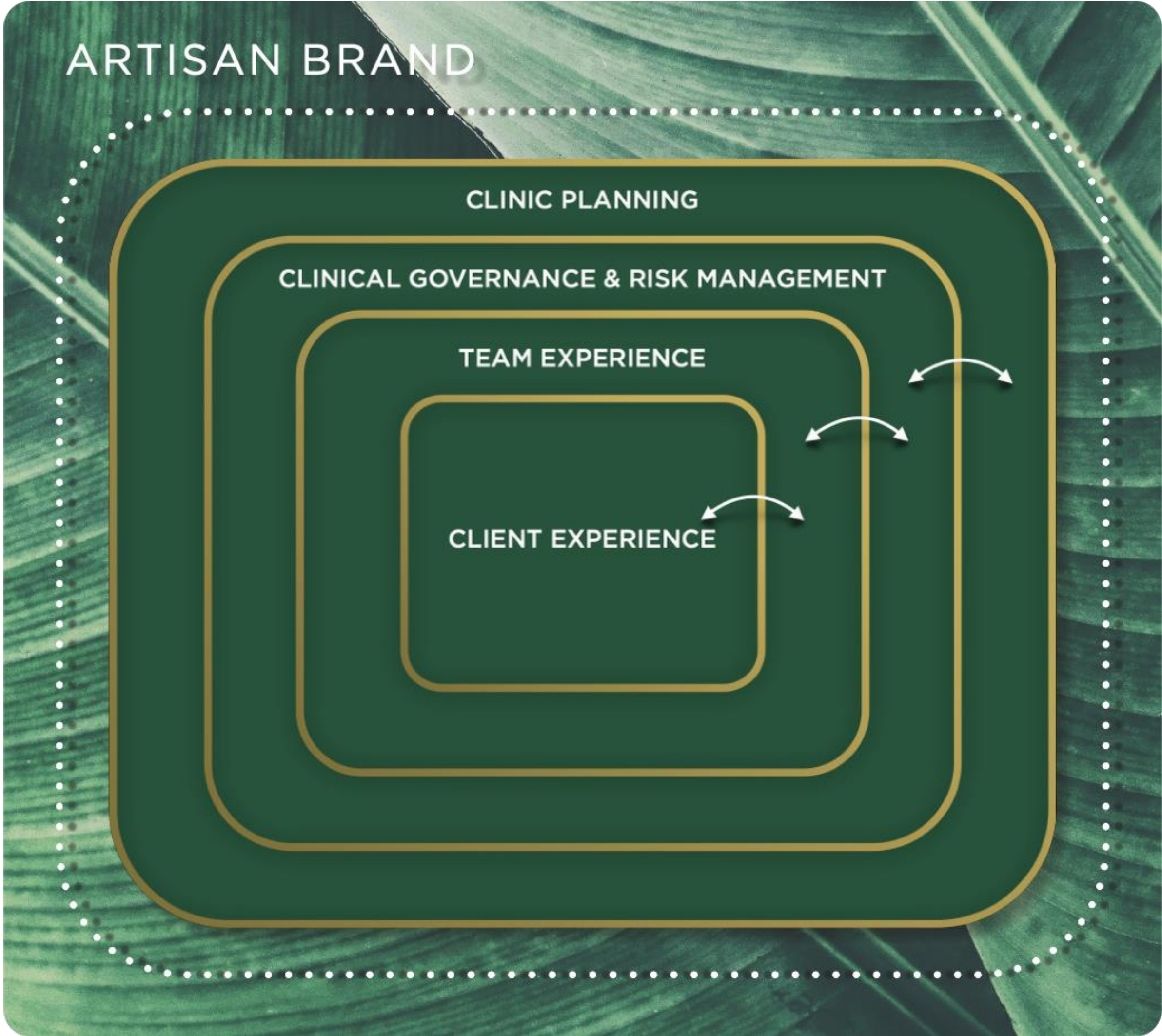
1. Earnings before interest, tax, depreciation, and amortisation (including lease occupancy expenses).

A pre-AASB 16 measure. Excludes business stand-up costs, legacy ICT insurance requirements, gain on contingent consideration, and redundancy and restructure costs.

2. Net profit / (loss) after tax

THE EVOLVED ARTISAN BUSINESS MODEL

Systematic, repeatable, and scalable programs and frameworks applied within a standardised brand environment



Outlook

In an environment of continued uncertainty and economic challenges, Vita believes it is prudent to:

- maintain focus on organic growth via best practice execution of programs within Artisan's evolved business model, which will take some time
- maintain prudent approach to capital management
- Recommence the clinic network expansion program¹ once it is satisfied Artisan is consistently delivering on expectations, and
- Continue to review clinic operations² and indirect support overhead³ efficiencies.

Subject to:

- successful execution of growth programs within Artisan's evolved business model
- reduced impact of headwinds, and
- the impacts associated with a challenging economic environment,

Artisan continues to target monthly underlying EBITDA break-even from continuing operations during FY24

¹ Clinic network optimised from 20 clinics to 18 clinics following consolidation of two non-branded clinics to an Artisan clinic on the Gold Coast in June 2022, and consolidation of two Artisan clinics in July 2022.

² Includes clinic and clinic teams, field management, clinical educators, concierge hub, and telehealth.

³ Includes Senior Management, Legal & Risk, Information Technology, Finance & Property, People & Culture, and Operations functions, and Marketing team.

FINANCIAL STATEMENTS AND REPORTS

RESOLUTIONS

RESOLUTION ONE

Adoption of Remuneration Report

- ▶ *When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen*
- ▶ *To vote, simply select the direction in which you would like to cast your vote, the selected option will change colour*
- ▶ *There is no submit or send button, your selection is automatically recorded*

“That the Remuneration Report contained in the Company’s 2022 Annual Financial Report in respect of the financial year ended 30 June 2022, be adopted.”

Resolution	Vote type	Voted	%	% of all securities
1, REMUNERATION REPORT	For	72,172,068	90.00	41.04
	Against	7,184,105	8.96	4.08
	Open-Usable	833,696	1.04	0.47
	Board	757,373	0.94	0.43
	Non-Board	76,323	0.10	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	682,234	N/A	0.39
	Excluded	474,323	N/A	0.27

RESOLUTION TWO

Re-Election of Mr Paul Mirabelle

- ▶ When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen
- ▶ To vote, simply select the direction in which you would like to cast your vote, the selected option will change colour
- ▶ There is no submit or send button, your selection is automatically recorded

“That Mr Paul Mirabelle, a non-executive Director retiring by rotation in accordance with Clause 59 of the Company’s Constitution, being eligible, be re-elected as a non-executive Director of the Company.”

2, RE-ELECT PAUL MIRABELLE	For	45,772,048	57.26	26.03
	Against	33,350,998	41.73	18.96
	Open-Usable	800,824	1.01	0.46
	Board	724,501	0.91	0.41
	Non-Board	76,323	0.10	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	1,422,556	N/A	0.81
	Excluded	0	N/A	0.00

RESOLUTION THREE

Approval of grant of shares to Peter Connors under the Vita Group Loan Funded Share Plan

- ▶ *When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen*
- ▶ *To vote, simply select the direction in which you would like to cast your vote, the selected option will change colour*
- ▶ *There is no submit or send button, your selection is automatically recorded*

“That, for the purposes of ASX Listing Rule 10.14, sections 200C and 200E of the Corporations Act, and for all other purposes, approval be given for the grant of 6,624,178 shares in the Company to Peter Connors, Chief Executive Officer and Managing Director of the Company, under the Vita Group Loan Funded Share Plan, on the terms described in the Explanatory Notes.”

3, SHARES TO PETER CONNORS	For	76,050,704	93.95	43.24
	Against	4,062,496	5.02	2.31
	Open-Usable	838,805	1.03	0.48
	Board	762,482	0.94	0.43
	Non-Board	76,323	0.09	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	394,421	N/A	0.22
	Excluded	0	N/A	0.00

CLOSURE



DISCLAIMER

This presentation is authorised by the Board of Vita Group Limited (Company or Vita) . The material in this presentation is current as at the date of preparation, 11 November 2022. Further details are provided in the Notice of Meeting and Explanatory Notes released to the market on 12 October 2022.

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This presentation should be read in conjunction with other publicly available material lodged with the Australian Securities Exchange (ASX) by the Company by which are available at www.asx.com.au. Further information including historical results and a description of the activities of Vita is available on our website, www.vitagroup.com.au.