



## MARKET ANNOUNCEMENT

22 December 2015, Vista Group International Ltd, Auckland, New Zealand

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### **Vista Group and Movio (Virtual Concepts (“VCL”) founders agree on revised deferred consideration terms**

As part of the Sale and Purchase Agreement (“SPA”) to acquire the remaining 43% of VCL in August 2014 there was a deferred consideration calculation which formed part of the final purchase price. This was disclosed in the Prospectus (dated 3 July 2014) at an anticipated level of \$5.9m and has been reported in the financial accounts at December 2014 and June 2015.

Movio is the trading subsidiary of VCL. Movio has had a strong 2015 year with respect to achieving its core strategic goals (refer Market Announcement of 25 November 2015). It has more cinema circuits contracted to use its *Movio Cinema* product than forecast and has completed and released its *Movio Media* products (*Movio Research* and *Movio Engage*) which have produced revenue from contracts and marketing campaigns from 6 studios and 1 pre-show advertiser. The conversion of signed contracts has generally taken longer than expected as customers adapt and interface to the new technology. This has resulted in reported revenue running behind forecast.

One of the core objectives of the deferred consideration was to provide an incentive to the two founders of Movio on the upside potential that the business had yet to fully realise. The Board of Vista Group feels committed to that objective on the basis that it is in the interests of all shareholders for the founders to be incentivised to stay with, and grow the Movio business. This renegotiation achieves that objective with the benefit of securing the founders for at least one extra year.

The Board of Vista Group believes that the strategic objectives of Movio have been met and has therefore renegotiated the terms of the SPA to account for the delays in converting signed contracts. An agreement has now been reached with the founders to modify the terms by which the deferred consideration can be earned. It is important to note that the value range of the deferred consideration, \$0 to \$9.82m, has not been changed and the total value of the deferred consideration will still be calculated based on performance for the year ended 31 December 2015. As a result of the new agreement the key changes to the agreement are:

- The operating profit measure required has been reduced to an achievable level based on current performance
- The earn out of the deferred consideration has been increased to 3 years with it being paid 40% in March 2016, 30% in March 2017 and 30% in March 2018. This has the benefit of securing the involvement of the founders for at least one extra year.



- In years 2 and 3, revenue hurdles and a minimum profit return have been established before any earn out is paid.

The accounting for the deferred consideration, as disclosed in the June 2015 interim accounts, was based on a payment of \$5.9m over a 2 year period. It is now anticipated that the deferred consideration under the new agreement will be calculated in a range of \$6.3m to \$6.8m and will be accounted for over a 3 year period. The adjustment to the calculation will be disclosed in the 31 December 2015 financial statements and the notes to the accounts.

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**About Vista Group International:**

Vista Group International (Vista Group) is a public company, listed on both the New Zealand and Australian stock exchanges (NZX/ASX VGL). Vista Group provides cinema management, film distribution and customer analytics software to companies across the global film industry. Cinema management software is provided by Vista Entertainment Solutions, the core business of the Group. Movio (data analytics), Veezi (cloud-based SaaS software for the Independent Circuit Market), MACCS (film distribution software) and Numero (box office reporting software for film distributors and cinemas), products leverage the success of this platform into other parts of the film industry; from production and distribution, to cinema exhibition through to the moviegoer experience. It is estimated that in excess of a billion cinema tickets are processed every year through Vista products. Vista Group has over 250 staff across six offices in New Zealand (Auckland headquarters), Australia, the USA, the UK, the Netherlands, and China. Website: [www.vistagroup.co](http://www.vistagroup.co)

**About Movio**

Movio is the global leader in marketing data analytics and campaign management software for cinema exhibitors, film distributors and studios. A company of Vista Group International Ltd (NZX/ASX: VGL), Movio's mission is to revolutionise the way the film industry interacts with moviegoers. Movio maintains real-time, authoritative data on the loyalty activity and transactions for many of the world's biggest cinema chains and captures the behaviour of over 32 million active cinema loyalty members worldwide. Movio Cinema, our flagship product, holds comprehensive marketing data covering 24.5 percent of cinema screens of the Large Cinema Circuit globally (24,000 screens). Movio Media aggregates data across a region to provide film distributors and studios comprehensive market data on the behaviour of typical moviegoers, crucial audience insights and innovative campaign solutions. Movio operates in North America, Latin America, Europe, Middle East, Australia, New Zealand, China, and South East Asia.