



MARKET ANNOUNCEMENT

26th May 2022, Vista Group International Ltd, Auckland, New Zealand

Chair's Address and Group CEO's Address - 2022 Annual Shareholders' Meeting

Chair's Address (Susan Peterson)

Last year we started with the headline "A year like no other" and it is so pleasing to be able to commence our reflections this year with a profoundly more positive headline.

While I will leave it to Matt to take us through the financial and operational review of the business, and an update on progress during 2022 and the near-term business outlook. I will say how delighted we are to find ourselves in the position we are today.

From a macro perspective, content is flowing globally, cinemas are open again (with limited restrictions) and audiences are happily returning and willing to spend, most recently *Dr Strange in the Multiverse of Madness* has passed US\$800 million globally, after the largest opening weekend in the US this year of US\$187 million. Our customers (and therefore we) are very happy.

We are also seeing a step change in the way that business is being conducted globally as digitisation accelerates across all industries and more businesses adopt cloud technologies. Positioned at the intersection of technology and the movie-going experience, Vista Group is ideally placed (with our newly launched digital tools of web, mobile and kiosk) to support our customers as they tackle these challenges and realise the benefits of doing business using our platform.

The world is facing some serious challenges too. The war in Ukraine is affecting the lives of many and our people have continued to do all that we can to support our customers in that region. There is also an acceleration of global inflation, which is expected to affect the way people spend their discretionary income. It is however worth noting that cinema has traditionally done well in tougher economic times.

From the Board's perspective, we have remained relentlessly focused on our key priorities. Looking after our team, refreshing our strategy to ensure that we can best support our customers to be successful in a Cloud/digital environment, maintaining careful financial and risk discipline, and being deliberate in the steps we take to ensure that we improve our environmental and social impact.

With those themes in mind, I would like to reflect on our global team, and thank each and every one of them for their commitment and dedication over the last year. Our team is the reason that we can face the future with confidence and from a position of strength.

We prioritise doing what we can to best support our people and create an inclusive, fair and flexible work environment that enables all of our people to realise their potential.

Examples of progress made over the course of the year, have included:

- We continued with the UK, USA and New Zealand employee share scheme for non-executive team members. We are exploring ways where this scheme might be extended to our team members in other countries too.
- We expanded our work from home and return to the office options globally, giving our team greater flexibility over the way they work.
- We launched a refreshed leadership development programme across the business.
- We committed to the New Zealand Champions of Change group and signed up to the 40:40:20 target to focus our efforts in increasing the number of women across the Group.
- And most significantly, we implemented a trial 'R&R Fridays' where we encourage our global workforce to step away from work and refresh. Early indications are that it has been a terrific success with positive feedback.

Our customers remain at the centre of everything that we do. Throughout the year cinema circuits globally continued to work within restricted or controlled conditions, but the increased supply of blockbuster movies has meant that more cinemas have been open and are now enjoying improved financial performance. These improvements have flowed through to benefit our studio and distributor customers too.

In the early months of the pandemic, the future relevance of the cinema experience was questioned as people took to streaming while in lockdown. This enabled other movie distribution models to be tested. I'm pleased to say that the results are clear and the cinema

experience has been reaffirmed as a cornerstone to the economic model of blockbusters. The major studios have now committed to an exclusive theatrical window for the vast majority (in some cases all) of their premium content.

There will always be new and innovative ways to get content into the hands of the moviegoers. Vista's strategy is to ensure that we are the platform that connects and develops those relationships.

While the industry has been recovering, Vista has been accelerating.

We achieved all of our 2021 projections. Revenue was comfortably within the guidance range and both EBITDA and cashflow were positive.

We did this while continuing to forge a path with our Vista Cloud platform. Bringing Vista Cloud, Vista Digital and Movio EQ to market has been a huge step for us. As has bringing our first Vista Cloud customer onto the platform earlier this year.

We took the opportunity to purchase the Retriever business earlier this year as a good 'tuck in' to our Cinema business. In doing so we welcome more team members, and some wonderful customers, to the Vista family.

Turning to Governance. You will have seen that the 2021 Annual Report includes more information than we have released in the past to help you to understand our progress. Transparency is important and the reporting style and content will continue to evolve. We welcome your feedback on how you think we are going.

On behalf of the Board, and all of our Vista team across the globe, I would like to warmly and sincerely thank James Ogden for his fantastic contribution. James has been on our board since our IPO in 2014 and, particularly in his role as Chair of the Audit and Risk Committee, has been instrumental to some of the key governance building blocks of the business. James was also heavily involved in our successful capital raise in 2020, providing a steady governing hand and head in a time of uncertainty. Thank you James, we wish you all the best for the future and you will always be part of our Vista family.

I would like to officially welcome James Miller to the Board. James is well known across New Zealand as a professional director and is a great addition to the Board. He will assume the role of chair of the Audit and Risk Committee after James Ogden retires. We are very fortunate to have the benefit of James' significant experience and look forward to his contribution to Vista Group's continued success. As a matter of process, James, like every

new Board member, must seek 'election' at the first shareholders' meeting after their appointment by the Board.

I wish to finish up by reminding you of our Board's priorities for 2022 and 2023:

Firstly, our people. We will continue to support our people and create an enviable place to work (purposeful, inclusive, fair and flexible) to ensure that all of our people can realise their potential.

Our Customers. We will continue to prosecute our customer centred strategy. We have an amazing opportunity to help our customers to be more successful as we transition them to our platform (Vista Cloud, Vista Digital and Movio EQ). We continue to focus hard on executing at pace.

Responsible and sustainable growth. We will continue on our path to more transparent reporting around environmental and social inclusion.

And finally, and importantly, growing our operating leverage. We are focused on establishing sustainable annual recurring revenue growth. In doing so, we will be well positioned for long term profitable growth.

To conclude, I would like to thank my fellow directors for their support and hard work over a demanding year. I would also like to thank Kimbal (and our executive team) for their commitment to the mission. The efforts of the entire team over the course of last year is hugely appreciated.

I'll now handover to Matt, who will take you through some more of the detail.

Group CEO's Address (presented by Matt Cawte, CFO)

Thank you, Susan.

Nau mai. Haere mai. Greetings and welcome to everyone here today.

Before I speak about Vista Group and the film industry, I wanted to take the opportunity to share with you two marketing videos that we presented recently at CinemaCon. The first one highlights part of our Vista Digital suite, this helps our customers connect directly with their moviegoers, followed by one from Numero, our box office reporting company, promoting the new data insights app.

CinemaCon is held in Las Vegas and is the largest film industry trade show in the world. CinemaCon 2020 was cancelled and whilst CinemaCon 2021 ultimately went ahead, the event

was truncated, and attendance was down. So, this was the first 'full strength' CinemaCon since 2019. Over three and a half thousand people attended with the only notable absentees being folk from Asia Pacific.

CinemaCon brings together studios, cinema exhibitors and other film industry players from across the globe. Whilst it is primarily a platform for the studios to present their upcoming film slate, CinemaCon, including the associated trade show, also gives us the opportunity to present our innovations and reconnect with customers and prospects.

So, CinemaCon has become somewhat of a touchstone for us. It helps us understand the mood of the industry and the health of our customers. I'm delighted to let you know that (as well as having personally survived a week in Vegas!) the overarching sentiment at CinemaCon, from studios and cinema exhibitors alike, was one of positivity and optimism. Best summarised by the expression, often heard over the week, of: "We're back".

Studios presented excellent film slates across the board and re-iterated their commitment to the exclusive theatrical window. A highlight for many was Paramount providing a full showing of *Top Gun: Maverick*, which will be released theatrically tomorrow US time. Of course, I encourage you all to go and see it in a cinema when you get the chance!

There were also very encouraging signs of an increase in the diversity of movies being released by the studios, led by Universal Pictures who are releasing over thirty movies this year, doubling their previous release rate.

Our cinema customers were in good form. Buoyed by the box office success of recent movies such as *Spider-Man: No Way Home* and *The Batman*, some are already talking about possible M&A opportunities in 2022 and 2023. Cinemas have also not been immune to the global trend towards digitisation, and as a group they are more focussed than ever on innovation – in particular delivering a seamless digital experience for their moviegoers.

This clearly presents a terrific opportunity for our Group. As CinemaCon progressed, it became apparent that the demand for our platform (Vista Cloud, Vista Digital and Movio EQ) was greater than we had originally anticipated, with demand for Vista Digital particularly apparent. I suspect we may end up having a bottleneck in our capacity to move our customers to the platform as quickly as they would like. A nice problem to have.

So, our industry is, dare I say it, "off to the races again".

Two important factors are apparent:

Firstly good box office. *Spider-Man: No Way Home*, *The Batman*, *The Lost City*, *Everything Everywhere all at Once* and, more recently, *Dr Strange in the Multiverse of Madness* have all experienced tremendous box office success in both the US and internationally, and the slate is strong through 2022 and 2023.

Secondly, specifically relating to us, our determination to push on with building our platform is making us super relevant now as the box office once again takes flight and moviegoers return in great numbers to cinema.

Now of course, I'm conscious that there are still elements of geopolitical uncertainty around the world, and I'm sure there are valid views around whether the pandemic is truly over. But all I can say is that having travelled outside of New Zealand again, it is great to see our industry getting on with business.

We continue to keep a close watching brief on the circumstances in which we operate, and we will continue to ensure we are prepared as best we can be, but we do so in the context of looking to a bright future with a suite of outstanding innovation (both in the market already and in development) for an industry ready and willing to travel with us. So, a big tick for CinemaCon and for our industry generally.

We have had a hugely productive twelve months. We have worked really hard across the Group to clarify our mission, our strategy and our purpose, and I greatly appreciate the support of the Board in engaging wholeheartedly with the leadership team as we undertook this important work. I will be showing you our three key strategic aims in a moment or two.

We also worked to bring greater clarity to our structure, with the aim of making it easier for our people, our customers, and our investors to understand where we are focused.

Vista Cinema and Movio comprise our core business. They are market leaders, with significant market share, and are almost exclusively focused on powering the moviegoer experience for cinema exhibitors globally. We are focussing our energy on actively moving this core business to a platform future. This is a significant technology undertaking which we believe will deliver tremendous benefits to our customers, and also to us as a Group.

We also have a portfolio of smaller companies whose activities span other segments of the film industry vertical, enhancing our understanding of the end-to-end value chain, and broadening our perspective on data flows and potential solutions.

Operationally, we are back to growth. The Group is a hive of activity as our customers, often with much leaner teams, want to get their hands on our innovations as soon as they can. In

this context we have largely weaned ourselves off the pre-pandemic habit of on-premises perpetual license sales and are instead focussing all our attention on building high-quality recurring revenue streams.

As you would have seen from our full year results announcement in early March, we have a strong balance sheet, with good levels of cash. We have taken advantage of that strong balance sheet position by extending our market share in the cinema space with the acquisition of a USA based competitor, Retriever Software. The post-acquisition process is proceeding smoothly, and we have been impressed with the calibre of the Retriever team that has joined the Vista family.

Our purpose is to bring more people together to experience the magic of movies and cinema by creating the platform that connects the industry and powers the moviegoer experience.

There are some really powerful words in there: *magic, experience, platform, moviegoer*, we're really pleased with what we believe is a clear articulation of why we do what we do, and we're delighted that it resonates so well with our people across the Group. We aren't simply a POS company, we're a lot more than that. We're focused on delivering the platform which will enable our customers to be significantly more successful. Their success will support our success.

Our purpose is supported by the three key objectives of our strategy.

It should be no surprise that our first objective is devoted to looking after our customers. Most of them are still in some form of recovery after a tough few years, and most of them are also realising that innovation is how they differentiate themselves as entertainment experiences. So the task here is to support them closely in those aims.

Our second objective should again be no surprise, building and expanding our platform ensuring we are delivering value to our customers, moviegoers, and of course the Group.

These two objectives are at the core of what we are doing, we're looking after our customers and looking to progressively transition them to our platform. This isn't something that will be achieved overnight, we're talking enterprise customers here primarily, but we are definitely gaining momentum.

Our third objective is to create and invest in new opportunities, primarily through our portfolio companies, but also with a wider lens around our core competencies in platforms, data, and global reach. As we see a number of our cinema customers expanding their offerings and

thinking of themselves as entertainment venues, equally we see this opening potential growth options for us over time.

So, let's move on to talk about what has been happening this year.

In terms of our Vista Cloud platform, our second Vista Cloud customer is implementing as we speak with go live in the coming months. This a USA circuit of around 30 cinemas, kind of mid-range in our terms, which is a nice step up from our initial smaller, Australian customer.

We have committed to invest to accelerate our trajectory across the engineering we need to deliver the scalability and manageability we want for Vista Cloud. Our Mexico development centre is now running two squads and contributing to core engineering and we expect to be engaging additional external resource to help with the push later this year.

Delivering scalability and manageability are what will enable us to deliver operating leverage as we move more and more customers onto the platform. We can see our north star here and we are very deliberate in moving there as quickly as we are able.

Also, part of our platform strategy is Movio EQ. CinemaCon was the first time we've really showed Movio EQ to a wide range of customers and been able to assess how the product will fit for them, and the response has been fantastic. Front and centre is the super positive feedback on the feature we call 'journeys' which enables a cinema to fully automate highly personalised and multichannel campaigns for their moviegoers. Movio EQ is in market with test customers today and it will be terrific to see it live in the hands of customers later in the year.

The pipeline of customers keen to move to our platform grows weekly, and we are finding that the commercials we can negotiate are, as we have said in the past, ahead of our original expectations.

Amongst our portfolio of film industry companies, progress in recent months has been solid, highlighted by the performance of Numero, with expansion of existing customer arrangements as well as progress in signing new territories for customers. Each of Maccs, Powster, and Flicks are showing solid progress – as Powster and Flicks in particular are aligned to the overall health of the box office. Flicks is unique in the Group, in that it is truly consumer facing. If you would like to see some of the great technology we develop, I would really recommend you download the Flicks app, it's all about movies: what to watch and where to watch it.

In industry terms the outlook we predicted in March has been reinforced both by the optimistic tone of CinemaCon and real results in the box office delivered by a range of titles, both large

and small. A recent highlight has been the release of *Doctor Strange in the Multiverse of Madness* which kicked off with a hugely impressive US\$187 million opening weekend domestically – well ahead of *The Batman*'s US\$134 million, and the 11th biggest opening weekend in the US ever.

Looking ahead, the slate for the next 18 months is very strong, and cinemas are operating with few, if any, restrictions in almost all countries.

Studio support for the theatrical window is unanimous, driven by the economics of releasing movies. One studio going so far as to say that, on their evidence, a theatrical window improved the performance of the streaming release. The two can co-exist happily.

Financially, we've had a solid start to the year, a good first quarter, and in April we just pipped over \$100 million in annual recurring revenue, a first for us and ahead of target. This has been helped by good box office, and strong underlying customer activity. The Retriever purchase will add about \$3 million to our top line by year end, and the current lower New Zealand dollar will help as well. Like everybody else, we are watching closely the prolonged closures in China. This will impact our associate business there.

Vista Group is focussed on delivering our purpose, to bring more people together to enjoy the magic of movies and cinema and to deliver on our key strategy objectives, supporting our customers whilst they rebuild, and transitioning them over time to our platform.

We are in the unique position, of having an unparalleled global market share, and a platform, which will deliver huge value for our customers, and for us as a Group. It is an exciting time to be at Vista Group and I'll repeat myself, the future is indeed bright.

Thank you.

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