2022

VISTA GROUP

Interim Report

Management commentary

The following consolidated unaudited interim financial statements for Vista Group International Limited (**Company**) and its subsidiaries (collectively, **Vista Group**) are for the six months ended 30 June 2022 and represent the half year results for Vista Group. Comparisons are to the first six months of 2021.

Guidance update

Vista Group upgrades its revenue guidance for the year ended 31 December 2022 to $123-128m. Vista Group had previously projected revenue of $118-123m.

Financial highlights

- Total revenue of $62.4m, an improvement of 39% on the first half of 2021, and recurring revenue up 43%
- EBITDA[1] of $3.1m and positive operating cashflow of $5.1m
- Accelerated investment across the SaaS platform, with monthly cash burn of only $0.1m over the last 12 months
- Loss for the period of $18.0m, including $13.8m of non-cash impairment charges (predominantly related to Vista China), equity accounted losses and acquisition costs.

Operating highlights

- First major enterprise cinema circuit signed to Vista Cloud with over 300 sites
- Strong customer interest in the SaaS platform
- Maintained 51% market share of the estimated global enterprise market (20+ screens), excluding China.

Industry overview

Box office

Hollywood blockbusters are back! Content is flowing globally, cinemas are open with limited restrictions and audiences are voting with their feet and wallets. As expected, titles such as *Top Gun: Maverick, Doctor Strange in the Multiverse of Madness and Jurassic World Dominion* have culminated in a first half global box office of US$13.4 billion, with over US$3.0 billion relating to these three titles alone. The recovery is well underway with June 2022 Domestic box office at 84% of pre-pandemic levels.

Segment overview

Cinema

Vista Cinema's revenue was up 39% to $43.7m on the first half of 2021. Recurring revenue was up 46% due to the improved box office. EBITDA[1] of $7.8m was up on the first half of 2021, after excluding the $3.4m prior year favourable movements from the expected credit loss provision.

Market share data remains difficult to confirm, but Vista Group estimates that Vista Cinema has retained 51% share of the estimated global enterprise market (20+ screens), excluding China.

Vista Cloud is live with two customers, including the transition of our first US customer from the Retriever platform. A third customer has now been signed up with the major Latin American enterprise customer expected to transition over 300 sites to Vista Digital, and then Vista Cloud over time. The SaaS platform focused developments continue to represent the majority of Vista Group's innovation spend.

Movio

Movio revenue was up 38% to $9.0m against the first half of 2021, as variable fees increase with the strength of the global box office. EBITDA[1] of $2.0m was up 100% from the first half of 2021. Although non-recurring revenue recovery in Movio Media remains slower than expected, Movio Cinema continues to be in high usage with 3.9b connections in the trailing twelve months, up 70% from 31 December 2021.

There has been significant interest in Movio Cinema's new product which is now in beta with customers having been demonstrated widely in 2022. This will largely complete the transformation of its core technology that was started in mid-2020. Driven by the mantra, 'faster, simpler, smarter', this will enable customers to access improved insights across their moviegoer data sets.

Additional Group Companies

This segment comprises Numero, Maccs, Powster and Flicks. Revenue from the segment was up 41% against the first half of 2021, with EBITDA[1] improving to $0.3m.

The Numero and Maccs businesses had a good first half with revenue up 19% and 25 customers now live on mica. The geographic expansion of flash and electronic box office reporting continues to support strong and stable revenue growth.

Powster's revenue was up 91% on the first half of 2021, with a rebound of the global box office increasing demand for Powster's Showtimes platform and creative services, including expanded relationships with both Netflix and Twitch.

Flicks' revenue was up 16% on the first half of 2021, with strong advertising and its continued growth in Australia and the United Kingdom. Unique users are now approaching 2m across their platform. Flicks continues to cement its role as a cinema and streaming discovery platform.

Corporate

Cost management across Vista Group remains a key focus, with the $1.7m increase in corporate costs correlating to increased investment in the sales pipeline, primarily travel and marketing.

Financial overview

Vista Group's reported revenue of $62.4m was up 39% on the first half of 2021, with recurring revenue up 43%. Vista Group's EBITDA[1] of $3.1m was up 11% on the first half of 2021 (adjusting for expected credit loss movements).

Vista Group's loss for the period of $18.0m was primarily due to $13.8m of non-cash impairment charges (predominantly related to Vista China), equity accounted losses and acquisition costs.

China's 'zero-covid' public health response has continued to negatively impact the local cinema industry and box office. With the majority of Vista China's revenue being directly related to box office performance, such continued uncertainty has led to Vista Group recognising a non-cash impairment charge against its investment in Vista China.

Vista Group's balance sheet remains strong with cash of $51.9m (or $33.5m net of borrowings) and the extension of the ASB debt facilities. Vista Group generated $5.1m cashflow from operating activities, including $1.5m from settling one-off US sales tax provisions. Investing cashflow increased from the first half of 2021 with the asset acquisition of Retriever and accelerated development of the SaaS product.

Collections continue to improve, while revenue was up 39%, trade receivables were in line with the prior year. Monthly cash burn was $0.6m in the first half of 2022 (after adjusting for the Retriever acquisition and one off US sales tax payments), or $0.1m over the last year.

1 EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, "other gains and losses" (see section 4.4 of the interim report) and share of equity accounted results from associates and joint ventures.

Income statement

For the six months ended 30 June 2022

CONTINUING OPERATIONS	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m *Restated*[1] UNAUDITED
Total revenue	2.1, 3.3	**62.4**	**44.9**
Cost to serve	4.1	(24.0)	(16.8)
Gross profit		**38.4**	**28.1**
Sales and marketing costs	4.1	(6.8)	(4.2)
Research and development costs	4.1	(12.6)	(10.3)
General and administration costs	4.1	(15.7)	(7.3)
Foreign currency (losses) / gains		(0.2)	0.1
Total operating expenses		**(35.3)**	**(21.7)**
EBITDA[2]	3.3, 3.4	**3.1**	**6.4**
Amortisation	11.1	(5.7)	(4.0)
Depreciation		(2.7)	(3.4)
Finance costs		(1.1)	(1.1)
Finance income		0.3	0.3
Share of equity accounted loss from associates and JVs	9.3	(2.7)	(0.3)
Other gains and losses	4.4	(11.1)	(0.4)
Loss before tax		**(19.9)**	**(2.5)**
Taxation		1.9	(0.6)
Loss for the period		**(18.0)**	**(3.1)**
Loss for the period is attributable to:			
Owners of the parent		(17.8)	(3.3)
Non-controlling interests		(0.2)	0.2
Loss for the period		**(18.0)**	**(3.1)**
Basic and diluted earnings per share (cents)	13.1	($0.08)	($0.01)

1 See section 15.1 for information of restatement of prior period US sales tax obligations.

2 EBITDA is a non-GAAP measure which is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 4.4) and share of equity accounted results from associates and joint ventures.

Statement of other comprehensive income

For the six months ended 30 June 2022

	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m *Restated* UNAUDITED
Items that may be reclassified subsequently to the income statement[1]		
Translation of foreign operations	3.6	1.3
Items that will not be reclassified to the income statement		
Excess income tax (expense) / benefit on share-based payments	(0.2)	0.4
Total other comprehensive income	**3.4**	**1.7**
Loss for the period	(18.0)	(3.1)
Total comprehensive loss for the period	**(14.6)**	**(1.4)**
Total comprehensive loss for the period is attributable to:		
Owners of the parent	(14.6)	(1.7)
Non-controlling interests	-	0.3
Total comprehensive loss for the period	**(14.6)**	**(1.4)**

1 Items of other comprehensive income will be reclassified to the income statement when specific conditions are met.

Statement of changes in equity

For the six months ended 30 June 2022

SIX MONTHS ENDED 30 JUNE 2022	SECTION	CONTRIBUTED EQUITY NZ$m	RETAINED EARNINGS NZ$m	FOREIGN CURRENCY RESERVE NZ$m	SHARE-BASED PAYMENT RESERVE NZ$m	TOTAL EQUITY ATTRIBUTABLE TO OWNERS NZ$m	NON-CONTROLLING INTERESTS NZ$m	TOTAL EQUITY NZ$m
UNAUDITED								
Balance at 1 January 2022		**131.3**	**23.3**	**1.7**	**1.7**	**158.0**	**1.8**	**159.8**
Total comprehensive income movement:								
Loss for the period		-	(17.8)	-	-	(17.8)	(0.2)	(18.0)
Other comprehensive income[2]		(0.2)	-	3.4	-	3.2	0.2	3.4
Total comprehensive (loss) / income		**(0.2)**	**(17.8)**	**3.4**	**-**	**(14.6)**	**-**	**(14.6)**
Transactions with owners:								
Retriever acquisition	5	3.2	-	-	-	3.2	-	3.2
Share-based payments		0.9	-	-	1.0	1.9	-	1.9
Balance at 30 June 2022		**135.2**	**5.5**	**5.1**	**2.7**	**148.5**	**1.8**	**150.3**
SIX MONTHS ENDED 30 JUNE 2021								
UNAUDITED								
Balance at 1 January 2021		**126.0**	**34.4**	**(0.5)**	**1.3**	**161.2**	**1.9**	**163.1**
Prior period adjustments[1]	15.1	-	(1.3)	-	-	(1.3)	-	(1.3)
Restated balance at 1 January 2021		**126.0**	**33.1**	**(0.5)**	**1.3**	**159.9**	**1.9**	**161.8**
Total comprehensive income movement:								
Restated loss for period[1]	15.1	-	(3.3)	-	-	(3.3)	0.2	(3.1)
Other comprehensive income[2]		0.4	-	1.2	-	1.6	0.1	1.7
Total comprehensive income / (loss)		**0.4**	**(3.3)**	**1.2**	**-**	**(1.7)**	**0.3**	**(1.4)**
Transactions with owners:								
Share-based payments		0.6	-	-	2.4	3.0	-	3.0
Balance at 30 June 2021		**127.0**	**29.8**	**0.7**	**3.7**	**161.2**	**2.2**	**163.4**

1 See section 15.1 for information of restatement of prior period US sales tax obligations.

2 Items of other comprehensive income will be reclassified to the income statement when specific conditions are met.

Statement of financial position

As at 30 June 2022

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
CURRENT ASSETS			
Cash		51.9	60.4
Trade and other receivables	7.1	37.3	36.5
Net investment in sublease	8.1	-	0.5
Income tax receivable		0.9	2.2
Total current assets		**90.1**	**99.6**
NON-CURRENT ASSETS			
Property, plant and equipment		4.2	4.0
Lease assets		13.3	15.6
Net investment in sublease	8.1	1.7	2.2
Investment in associates and JVs	9.2	-	11.6
Goodwill	10	57.5	55.7
Other intangible assets	11.1	50.9	39.8
Deferred tax asset		18.3	14.6
Total non-current assets		**145.9**	**143.5**
Total assets		**236.0**	**243.1**
CURRENT LIABILITIES			
Borrowings - related parties	6.2	0.5	0.6
Trade and other payables		18.8	18.7
Lease liabilities		5.0	4.8
Deferred revenue		21.7	20.5
Contingent consideration	5	3.3	-
Provisions	12.2	1.3	2.8
Income tax payable		0.1	0.2
Total current liabilities		**50.7**	**47.6**
NON-CURRENT LIABILITIES			
Borrowings - external	6.2	17.9	16.2
Lease liabilities		15.3	17.8
Deferred revenue		0.6	0.4
Provisions	12.2	0.4	0.4
Deferred tax liability		0.8	0.9
Total non-current liabilities		**35.0**	**35.7**
Total liabilities		**85.7**	**83.3**
Net assets		**150.3**	**159.8**
EQUITY			
Contributed equity	13.2	135.2	131.3
Retained earnings		5.5	23.3
Foreign currency reserve		5.1	1.7
Share-based payment reserve		2.7	1.7
Total equity attributable to owners of the parent		**148.5**	**158.0**
Non-controlling interests		1.8	1.8
Total equity		**150.3**	**159.8**

For, and on behalf, of the Board who approved these interim financial statements for issue on 27 August 2022.

Susan Peterson
Chair

James Miller
Chair Audit and Risk Committee

The above statement should be read in conjunction with the accompanying notes.

Statement of cashflows

For the six months ended 30 June 2022

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m UNAUDITED
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		63.4	45.6
Payments to suppliers and employees		(57.2)	(43.1)
Pandemic related wage subsidies		-	3.1
Pandemic related tax deferrals		-	(2.2)
Taxes paid		(0.2)	(1.6)
Interest paid		(0.9)	(0.8)
Net cash inflow from operating activities	**6.1**	**5.1**	**1.0**
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(0.7)	(0.3)
Purchase of internally generated software and other intangibles	11.1	(7.6)	(5.8)
Interest received		-	0.2
Payment of contingent consideration		-	(0.4)
Retriever acquisition, net of cash acquired	5	(3.3)	-
Net cash applied to investing activities		**(11.6)**	**(6.3)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Lease payments - principal elements		(2.5)	(1.6)
Loan repayment - HSBC PPP	6.2	-	(2.8)
Loan drawdown - related parties	6.2	-	0.6
Loan repayment - related parties	6.2	(0.1)	-
Net cash applied to financing activities		**(2.6)**	**(3.8)**
Net decrease in cash		(9.1)	(9.1)
Cash at beginning of period		60.4	67.1
Foreign exchange differences		0.6	0.1
Cash at period end		**51.9**	**58.1**

The above statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Basis of preparation

The consolidated interim financial statements of Vista Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). Vista Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated interim financial statements comply with NZ IAS 34 *Interim Financial Reporting*, and are not required to include all the notes presented in the Annual Report. Accordingly, this report is to be read in conjunction with the 2021 Annual Report.

With exception to the below notes, the accounting policies and methods of computation and presentation adopted in the consolidated interim financial statements are consistent with those described and applied in the 2021 Annual Report.

Taxes on income in the interim periods are accrued using the tax rate that would have been applicable in respect of the total annual profit or loss.

The prior period comparatives have been restated to include the material US sales tax obligations that were identified in the 2021 economic nexus sales tax study, which was completed in the second half of 2021. See section 15.1 for more details. This restatement was also applied in the 2021 Annual Report.

2. Revenue

Vista Group recognises revenue when performance obligations have been settled. A performance obligation is settled when the customer has received all the benefits associated with the performance obligation.

2.1 Revenue by category

	30 JUNE 2022 NZ$m UNAUDITED	% UNAUDITED	30 JUNE 2021 NZ$m UNAUDITED	% UNAUDITED
SaaS revenue	18.0		12.1	
Non-SaaS revenue	35.5		25.2	
Recurring revenue	**53.5**	**86%**	**37.3**	**83%**
Perpetual software	1.9		2.3	
Hardware	2.9		0.6	
Services & development - one off	4.0		4.5	
Other revenue	0.1		0.2	
Non-recurring revenue	**8.9**	**14%**	**7.6**	**17%**
Total revenue[1]	**62.4**	**100%**	**44.9**	**100%**

1 No individual customer exceeded 10% of revenue in either the current or prior comparative period.

Recurring and non-recurring revenues are non-GAAP financial measures that the Chief Operating Decision Maker (CODM) uses to help evaluate the financial performance of Vista Group and its operating segments. Recurring revenue is the portion of revenues that are expected to give rise to recurring cash receipts that will continue until the service is cancelled. Unlike non-recurring revenues, these revenues are predictable, stable and can be expected to occur at regular intervals going forward with a relatively high degree of certainty.

SaaS revenues are those derived from subscription-based cloud-hosted software, with the software located on externally provided servers.

Non-SaaS revenues are those derived from recurring revenue streams that are not cloud-hosted software.

2.2 Revenue process and policy

The following details Vista Group's approach to categorising revenue:

REVENUE CATEGORY	REVENUE TYPE	SEGMENT	DESCRIPTION	TIMING OF REVENUE RECOGNITION
SaaS revenue ***Recurring revenue***	**Vista recurring subscriptions – annual fee**	**Vista Cinema**	A subscription for the right to access the Vista Cinema cloud-hosted software.	**Over time** Benefits are simultaneously received and consumed; revenue is recognised over the contract term.
	Vista recurring subscriptions – variable fee	**Vista Cinema**	Variable revenue based on the number of tickets sold.	**Point in time** Variable fees recognised at the end of each month once usage-based quantities are known.
	Movio Cinema – annual fee	**Movio**	Movio Cinema cloud-hosted data, marketing and analytics platform. Customers are charged an annual access fee to the platform plus a variable component (see below).	**Over time** Platform access is recognised over time as benefits are simultaneously received and consumed.
	Movio Cinema – variable fee	**Movio**	Variable revenue based on the number of active members managed and the number of promotional messages sent during a given period.	**Point in time** Variable license revenue is recognised at the end of each month once usage-based quantities are known.
	Movio Research – platform fee	**Movio**	Movio Research cloud-hosted data, marketing and analytics platform.	**Over time** Platform access is recognised over time as benefits are simultaneously received and consumed.
	Maccs platforms – annual fee	**AGC (Maccs)**	A subscription for the right to access the Maccs platforms, including MaccsBox, DCHub and MaccsCore.	**Over time** Platform access is recognised over time as benefits are simultaneously received and consumed.
	Maccs platforms – variable fee	**AGC (Maccs)**	Variable revenue based on the use of Maccs platforms, including MaccsBox, DCHub and MaccsCore.	**Point in time** Variable license revenue is recognised at the end of each month once usage-based quantities are known.
	Numero platform	**AGC (Numero)**	A subscription for the right to access cloud-hosted regular box office reporting.	**Over time** Platform access is recognised over time as benefits are simultaneously received and consumed.

REVENUE CATEGORY	REVENUE TYPE	SEGMENT	DESCRIPTION	TIMING OF REVENUE RECOGNITION
Non-SaaS revenue ***Recurring revenue***	**On-premise subscription fees**	**Vista Cinema**	A subscription for the right to access on-premise software (i.e. not hosted on the cloud). This service includes the right to basic support and any enhancements or upgrades in the software.	**Over time** Benefits are simultaneously received and consumed; revenue is recognised over the subscription term.
	Maintenance	**Vista Cinema / AGC (Maccs & Numero)**	Basic support and any enhancements or upgrade to the software.	**Over time** Benefits are simultaneously received and consumed; revenue is recognised over the maintenance term.
	Services & development - recurring	**Vista Cinema / Movio / AGC (Maccs)**	Annually committed bespoke development of software.	**Over time** Recognised when the service or development is complete or on a stage of completion basis.
	Showtimes platform	**AGC (Powster)**	Website and marketing platform for feature films, incorporating Showtimes data.	**Point in time** Recognised when the platform is made available to the customer.
Non-recurring revenue	**Perpetual software**	**Vista Cinema / AGC (Maccs)**	Perpetual ERP software license targeted at larger cinema circuits.	**Point in time** Recognised at the point in time when the software goes live, which is when the customer can benefit from using the software.
	Movio Media – targeted campaigns	**Movio**	Targeted marketing campaigns, digital advertising and reports.	**Point in time** Revenue is recognised when the campaigns and reports are completed.
	Website development	**AGC (Powster)**	Creation of websites for new films about to be released.	**Point in time** Recognised when the website has been delivered to the customer.
	Services & development – one off	**Vista Cinema / Movio / AGC (Maccs)**	Fees charged for one off value-add services, implementation services and bespoke development of software.	**Over time** Recognised when the service or development is complete or on a stage of completion basis.
	Hardware	**Vista Cinema**	Revenue from the one-off sale of hardware.	**Point in time** Recognised at a point in time when delivery has been made.

2.3 Revenue provisioning (significant judgement / estimate)

As a result of the pandemic, there has been an increased risk that Vista Group is not able to recover all amounts billed due to the financial distress of its customers. As NZ IFRS 15 *Revenue from Contracts with Customers* only permits revenue to be recognised when it is probable that Vista Group will collect the consideration, significant judgement has been applied with revenue recognised after 1 March 2020 (the month that pandemic forced worldwide cinema closures).

Judgements made when provisioning for revenue include:

- **Concession discounts:** Many of Vista Group's core customers are located in regions which have been affected by the pandemic (such as North America, Europe and Asia), where the majority of cinemas were closed during 2020 and the first quarter of 2021. To ensure timely payment, or to facilitate support to customers, Vista Group granted concessions to payment terms or discounts to recurring fees. Vista Group has worked closely with its customer base to provide appropriate relief, whilst seeking to reserve its position in respect of amounts contractually owed.

  Concession discounts are recognised as a reduction to revenue when they have been agreed, or where the customer has a reasonable expectation of being entitled to a discount. At 30 June 2022, Vista Group has applied judgement when determining the customers who have a reasonable expectation to receive a concession discount.

  For agreed concession discounts, reductions in revenue and trade receivables were recognised throughout the period. For expected concession discounts, a reduction in revenue was recognised with a corresponding recognition of a concession discount provision, as presented in section 7.5.

- **Credit risk provision (core businesses):** Vista Group applied judgement by classifying all revenues recognised after 1 March 2020 as 'variable consideration', meaning that only the cash consideration estimated to be received is permitted to be recognised as revenue. This judgement was made because on average the amount of consideration that Vista Group ultimately expected to collect would be less than the price stated in the contract.

  Such revenue provisioning estimates require significant judgement, with any under/over estimation in the consideration received being recognised as an adjustment to revenue in a subsequent reporting period. In doing this, Vista Group assesses each of its customers for any known risk that may impact the ability to collect the associated consideration and their ability to pay the amounts invoiced. Where these facts are known, judgement has been applied to assess the amount that is likely to be collected.

  At 1 July 2021, Vista Group determined that the health of the cinema industry had improved, with the risk of worldwide closures being considered less likely. Accordingly, Vista Group determined revenue would cease being treated as 'variable consideration', with any risk of default being encompassed in the expected credit loss (ECL) provision (recognised as an expense on the income statement). The only exception being where revenue is recognised for customers who are deemed to be a liquidation risk.

  For revenues recognised between 1 March 2020 and 30 June 2021, a credit risk provision remains. This is calculated as a reduction in revenue and trade receivables (as presented in section 7.5) until all associated invoices have been cleared.

- **Credit risk provision (Additional Group Companies):** Customers in this segment are predominantly studios, each of whom have more diversified revenues (i.e. video on demand, television etc.). These customers have predominantly continued settling their invoices during the pandemic and are not anticipated to have the same level of collectability issues. Accordingly, only minimal provisioning has been required on a customer-by-customer basis (within the specific ECL provision).

See section 7.5 for further details of the revenue provisions at 30 June 2022, including how these provisions add to the ECL provisions to show the proportion of total provisions against trade receivables and accrued revenues. A sensitivity analysis of credit risk is also available in section 7.5.

3. Operating segments

Vista Group operates in the vertical cinema/film market via three reportable segments and a corporate segment.

The Chief Executive and Board of Vista Group are collectively considered to be the CODM in terms of NZ IFRS 8 *Operating Segments*. These segments have been defined based on the reports regularly reviewed by the CODM to make strategic decisions.

- **Cinema segment:** Software associated with cinema management via the Vista software suite of products, plus the cloud based Veezi product for smaller scale cinemas. This segment also includes movieXchange and Share Dimension and the recent acquisition of the customer relationships of Retriever (see section 5). It also includes revenues from Vista China, which is an associate company of Vista Group (see section 15.2).
- **Movio segment:** Includes the Movio Cinema and Movio Media products, both of which provide data analytics and campaign management.
- **Additional Group Companies segment (AGC):** An aggregation of Maccs, Powster, Flicks and Numero. None of these businesses individually exceed the 10% threshold for segment revenue or profitability that would require separate disclosure under NZ IFRS 8.
- **Corporate segment:** The shared services functions associated with Vista Group, being legal, finance and senior management.

3.1 Revenue by domicile of entity

Vista Group recognises revenue within entities across several jurisdictions. Revenue is allocated to geographical regions based on where the sale is recorded by each operating entity within Vista Group. Independent resellers are used to promote Vista Group's products in multiple jurisdictions. The revenues recognised via these independent resellers are not allocated geographically, rather they are shown within the New Zealand and United Kingdom jurisdictions based on the location of the transacting Vista Group entity.

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m UNAUDITED
New Zealand		13.7	8.9
United States		23.6	13.2
United Kingdom		15.3	13.2
Mexico		4.6	4.9
Other[1]		5.2	4.7
Total revenue	2.1	**62.4**	**44.9**

1 The other category includes entities in Australia, Brazil, Germany, Malaysia, Netherlands, Romania and South Africa.

3.2 Non-current assets by domicile of entity

Non-current operating assets by location of the reporting entity are presented in the following table.

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
New Zealand	62.8	62.1
United States	28.3	18.2
United Kingdom	9.7	11.6
Mexico	12.6	11.5
Other[1]	14.2	13.9
Non-current assets[2]	**127.6**	**117.3**

1 The other category includes entities in Australia, Brazil, Germany, Malaysia, Netherlands, Romania and South Africa.

2 As required by NZ IFRS 8, non-current operating assets in the table above excludes deferred tax assets and investments in associates and joint ventures.

3.3 Operating segment performance

SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)	CINEMA NZ$m	MOVIO NZ$m	AGC NZ$m	CORPORATE NZ$m	TOTAL NZ$m	% OF REVENUE
SaaS revenue	6.7	8.2	3.1	-	18.0	
Non-SaaS revenue	29.8	0.4	5.3	-	35.5	
Recurring revenue	**36.5**	**8.6**	**8.4**	**-**	**53.5**	
Non-recurring revenue	7.2	0.4	1.3	-	8.9	
Total revenue	**43.7**	**9.0**	**9.7**	**-**	**62.4**	
Cost to serve	(17.2)	(3.1)	(3.7)	-	(24.0)	*38%*
Gross profit	**26.5**	**5.9**	**6.0**	**-**	**38.4**	
Gross profit %[1]	*61%*	*66%*	*62%*		*62%*	
Sales and marketing costs	(4.2)	(1.4)	(1.2)	-	(6.8)	*11%*
Research and development costs	(8.8)	(1.8)	(2.0)	-	(12.6)	*20%*
General and administration costs	(4.7)	(0.9)	(3.1)	(7.1)	(15.8)	*25%*
ECL benefit	0.1	-	-	-	0.1	
Foreign currency (losses) / gains	(1.1)	0.2	0.6	0.1	(0.2)	
EBITDA[1]	**7.8**	**2.0**	**0.3**	**(7.0)**	**3.1**	
EBITDA margin[1]	*18%*	*22%*	*3%*		*5%*	

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	CINEMA NZ$m	MOVIO NZ$m	AGC NZ$m	CORPORATE NZ$m	TOTAL NZ$m	% OF REVENUE
SaaS revenue	3.6	6.2	2.3	-	12.1	
Non-SaaS revenue	21.4	0.1	3.7	-	25.2	
Recurring revenue	**25.0**	**6.3**	**6.0**	**-**	**37.3**	
Non-recurring revenue	6.5	0.2	0.9	-	7.6	
Total revenue	**31.5**	**6.5**	**6.9**	**-**	**44.9**	
Cost to serve	(11.9)	(2.3)	(2.6)	-	(16.8)	*37%*
Gross profit	**19.6**	**4.2**	**4.3**	**-**	**28.1**	
Gross profit %[1]	*62%*	*65%*	*62%*		*63%*	
Sales and marketing costs	(2.3)	(1.2)	(0.7)	-	(4.2)	*9%*
Research and development costs	(6.9)	(1.7)	(1.7)	-	(10.3)	*23%*
General and administration costs	(2.8)	(0.9)	(2.0)	(5.3)	(11.0)	*24%*
ECL benefit	3.4	0.2	0.1	-	3.7	
Foreign currency (losses) / gains	(0.1)	0.2	-	-	0.1	
EBITDA[1]	**10.9**	**0.8**	**-**	**(5.3)**	**6.4**	
EBITDA margin[1]	*35%*	*12%*	*0%*		*14%*	

1 EBITDA is a non-GAAP financial measure and is defined below. Gross profit % and EBITDA margin are calculated as gross margin over total revenue and EBITDA over total revenue, respectively.

3.4 Non-GAAP financial measures

EBITDA is a non-GAAP financial measure that the CODM uses to evaluate the financial performance of Vista Group and its operating segments, because it closely correlates to operating cashflows. It is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 4.4) and share of equity accounted results from associates and joint ventures. A reconciliation is provided on the income statement.

4. Expenses and other income

4.1 Classification of expenses on the income statement

Cost to serve is the direct costs incurred in deriving Vista Group's revenue. Examples of such costs include hosting, technical staff, transaction fees and the cost of hardware.

Sales and marketing costs are those costs incurred by Vista Group in directly selling or marketing its products, including associated personnel costs, sales commissions, trade shows and customer conferences.

Research and development costs include staffing and supplier costs directly associated with the researching, developing and maintaining Vista Group's software platforms. These costs are net of development costs which meet the criteria of being capitalised as an intangible asset.

General and administration costs are the overhead costs incurred by Vista Group that are not directly associated with cost to serve, sales and marketing costs, or research and development costs. Amortisation and depreciation are separated from this category to improve a reader's understanding of the financial statements.

4.2 Total cost to serve and operating expenses

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m UNAUDITED
Direct cost of sales (excl. hardware and personnel)		7.2	5.0
Hardware cost of sales[1]		2.4	0.5
Personnel costs		39.0	32.5
Share-based payment expense		1.9	3.0
Defined contribution plans and employee insurances		3.9	3.0
Capitalised development	11.1	(7.6)	(5.8)
Government grants	4.5	(0.2)	(4.1)
Computer equipment and software		2.5	1.5
Marketing costs		1.4	0.2
Travel related costs		1.2	0.2
ECL benefit	7.4	(0.1)	(3.7)
Bad debt expense	7.4	0.4	0.7
Foreign currency losses / (gains)		0.2	(0.1)
Auditor's remuneration		0.3	0.3
Other operating expenses		6.8	5.3
Total cost to serve and operating expenses		**59.3**	**38.5**

1 Hardware cost of sales solely relate to the Cinema segment.

4.3 Personnel Costs

Accruals for personnel costs, including non-monetary benefits, commissions and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid using the remuneration rate expected to apply at the time of settlement, on an undiscounted basis. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Vista Group has pension obligations in respect of various defined contribution plans. Vista Group pays contributions to publicly or privately administered pension insurance plans on a mandatory or contractual basis. Vista Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee entitlement expense when they are due.

4.4 Other gains and losses

'Other gains and losses' are excluded from operating expenses and EBITDA because they result from non-cash activities, or are not derived in the ordinary course of business. They have been disclosed separately in order to improve a reader's understanding of the financial statements.

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m *Restated* UNAUDITED
Acquisition expenses	5	(0.2)	-
Impairment charges - Vista China investment	9.4	(8.9)	-
Impairment charges - Vista China intangibles	11.2	(1.1)	-
Impairment charges - Sublease asset	8.1	(0.9)	-
Sales tax expense	15.1	-	(0.4)
Total other gains and losses		**(11.1)**	**(0.4)**

Impairment charges in 2022 all relate to the cinema segment.

Vista Group completed a US sales tax economic nexus study in 2021 which revealed sales taxes should have been charged to US-based customers (see section 15.1 for further details). The associated cost is considered one-off and exceptional in nature, as it would not have been incurred if Vista Group collected the taxes from the customers.

4.5 Government grants (significant judgement / estimate)

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised in the income statement within operating expenses on a systematic basis over the periods in which Vista Group recognises the related costs that the grants are intended to compensate. Grants relating to capitalised development are included within the cost of the developed intangible asset recognised.

Vista Group recognised $0.2m of government grants in the income statement during the period (30 June 2021: $4.1m). Details of these grants are as follows:

- **Research & development grants:** Vista Group enrolled to receive the New Zealand Research & Development Tax Incentive (RDTI) in 2021. Vista Group continue to believe it is entitled to this grant, however the cash is expected to be received in late 2022 or early 2023. Estimates of the amount to be received under the RDTI have evolved as new facts are known, and the financial statements have been prepared on the following basis:

  30 June 2021: Accrued $1.3m ($1.0m to the income statement, $0.3m to capitalised development).

  31 December 2021: Accrued $2.3m ($2.1m to the income statement, $0.2m to capitalised development).

  30 June 2022: No change to the $2.3m accrued at 31 December 2021.

  Predominantly all of the 2021 RDTI claim relates to the Transitional Support Payment, which is no longer available in 2022. Vista Group are currently assessing whether it will be eligible for a 2022 RDTI grant for work completed on the Vista Cloud and Movio EQ projects – however at 30 June 2022 no amounts have been accrued due to management not yet having reasonable assurance Vista Group will be eligible.

- **HSBC PPP loan:** In 2020, Vista Group entered into a US$2.0m loan arrangement with HSBC as part of the US Government paycheck protection program (PPP). This loan was a US Government designed incentive for businesses impacted by the pandemic to keep staff employed. Vista Group was entitled to apply for this loan to be forgiven if all employees were kept on the payroll for at least eight weeks and the money was used for payroll, rent, mortgage interest, or utilities.

  Forgiveness of this loan was obtained in H1 2021. Accordingly, the NZ$2.8m loan was de-recognised in 2021 with the associated credit being classified as a government grant within other income.

- **Wage subsidies:** Vista Group received $0.2m during the period from various governments (30 June 2021: $0.3m). The purpose of these subsidies were to help incentivise businesses to retain as many employees as possible.

5. Retriever acquisition (significant judgement / estimate)

On 16 February 2022, Vista Group announced it had acquired the assets of US entertainment software company Retriever Software Inc. ('Retriever'). Vista Cinema acquired Retriever's software and customer relationships, with an offer of employment to all current employees. This transaction resulted in Vista Cinema adding over 100 new customers – further strengthening its market share in the US and cementing its position as the leading cinema software provider in that market.

After applying a concentration test the transaction was classified as an asset acquisition. Accordingly, it was determined all of Retriever's fair value was attributed to the customer relationships.

The fair value of the net assets acquired, along with the components that form consideration, are as follows:

	SECTION	NZ$m UNAUDITED
Fair value of the net assets acquired		
Customer relationships		9.6
Net assets acquired		**9.6**
Total consideration satisfied by:		
Cash consideration		3.3
VGL share consideration	13.2	3.2
Contingent cash consideration		3.1
Total consideration		**9.6**

On the date of acquisition, 1,529,987 shares in Vista Group were issued to the vendors of Retriever.

Contingent cash consideration of $3.1m is assumed to be 100% earned and is comprised of the following two earn-outs.

- Between US$0.5m and US$1.0m contingent cash consideration payable before 30 April 2023, based on specific post-completion revenue targets; and
- Up to US$1.125m contingent cash consideration payable based on the retention and integration of key customers over the 24 month period post completion.

At 30 June 2022, the contingent consideration liability had increased to $3.3m due to movements in the USD exchange rate.

Acquisition costs in this transaction were $0.2m, which have been included on the income statement within other gains and losses (see section 4.4).

6. Cash flows and borrowings

6.1 Reconciliation of net profit to operating cash flows

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m *Restated* UNAUDITED
Loss for the period		**(18.0)**	**(3.1)**
Non-cash items:			
Amortisation	11.1	5.7	4.0
Depreciation		2.7	3.4
Impairment charges	4.4	10.9	-
Share-based payment expense		1.9	3.0
Deferred tax expense		(4.0)	(1.4)
Non-cash finance charges		0.2	0.3
Share of equity accounted loss from associates and JVs	9.3	2.7	0.3
Unrealised foreign currency gains		0.2	0.9
ECL benefit	7.4	(0.1)	(3.7)
Movement in revenue provision - concession discounts	7.5	(0.7)	(3.7)
Movement in revenue provision - credit risk	7.5	(1.9)	2.8
Movement in other provisions	12.2	(1.5)	0.2
Net non-cash items		**16.1**	**6.1**
Movements in working capital:			
Increase / (decrease) in related party trade and other payables		0.1	(0.5)
Increase in related party trade and other receivables, net of deferred revenue		(1.2)	(0.5)
Decrease in trade and other payables		(0.5)	(3.5)
Decrease in trade and other receivables, net of deferred revenue		7.2	2.5
Decrease in net taxation receivable		1.4	-
Net change in working capital		**7.0**	**(2.0)**
Net cash inflow from operating activities		**5.1**	**1.0**

6.2 Borrowings

Borrowings are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowing costs are expensed as incurred.

The table below details the movement in borrowings during the period:

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January	16.8	18.1
Repayments during the period	(0.1)	-
Drawdowns during the period	-	0.6
PPP loan forgiveness during the period	-	(2.8)
Movement in foreign exchange	1.7	0.9
Total borrowings at period end	**18.4**	**16.8**
Represented by:		
Borrowings - external	17.9	16.2
Borrowings - related parties	0.5	0.6
Total borrowings at period end	**18.4**	**16.8**

A schedule of all debt facilities is shown below:

FACILITY PROVIDER	REASON FOR LOAN	EXPIRY DATE	CURRENT LIMIT (NZ$m)	INTEREST RATE 30-Jun-22	INTEREST RATE 31-Dec-21	DEBT DRAWN (NZ$m) 30-Jun-22	DEBT DRAWN (NZ$m) 31-Dec-21
ASB - revolving credit	General commercial / Future acquisitions	Jan 2026	40.0	1.78%	1.57%	17.9	16.2
ASB - overdraft	Working capital	On demand	2.0	6.48%	4.78%	-	-
Related parties	Working capital	On demand	0.5	4.00%	4.00%	0.5	0.6
Total borrowings at period end			**42.5**			**18.4**	**16.8**

A line fee of 1.45% is also paid on the credit limit of the ASB revolving credit facility.

With the ASB revolving credit facility due for maturity in January 2023, Vista Group agreed to new terms in June 2022. The facility has been extended by three years with a reduced credit limit of $42.0m (including the overdraft facility). Details are provided in the table above.

ASB facilities are secured by an interest in Vista Group's tangible assets. Agreed covenants include:

- Gearing ratio of not greater than 2.5 times
- Interest cover of equal or greater than 3.0 times
- A rolling 12 month normalised EBITDA of the charging group not being less than 80% of Vista Group.

Vista Group has been compliant with all ASB covenants for both the current and prior reporting periods.

The related party loan has been provided by the co-shareholder of Powster. This is unsecured, incurs interest at 4% per annum and is repayable on demand.

7. Trade and other receivables

7.1 Carrying value of trade and other receivables

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Trade receivables		36.2	38.9
Accrued revenues	7.3	7.2	4.6
Revenue provision - concession discount	2.3	(0.7)	(1.4)
Revenue provision - credit risk	2.3	(7.0)	(8.9)
ECL provision	7.4	(4.7)	(4.6)
Sundry receivables		3.3	4.2
Prepayments		2.5	3.3
Vista China acquisition deposit		0.5	0.4
Total trade and other receivables		**37.3**	**36.5**

7.2 Trade receivables

Included within trade receivables is a receivable from Vista China of $2.4m (31 December 2021: $nil).

7.3 Accrued revenues

Accrued revenues are contract assets related to revenue that are recognised on customer contracts where Vista Group's performance obligations have been fully satisfied, but billing is not contractually due until a subsequent date.

The movement in accrued revenues during the period was as follows:

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January	4.6	5.9
Amounts included in opening balance released in the current period	(3.0)	(5.0)
Additional accrued revenues recognised during the period	5.4	3.5
Exchange movements	0.2	0.2
Accrued revenues at period end	**7.2**	**4.6**

7.4 ECL provisioning (significant judgement / estimate)

For trade receivables and accrued revenues, Vista Group applies the simplified approach permitted by NZ IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables and accrued revenues are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with Vista Group and a failure to make contractual payments for a period of greater than 180 days past due.

To measure ECL, trade receivables and accrued revenues have been grouped and reviewed based on the number of days past due. The ECL has been calculated by considering the impact of the following characteristics:

- The baseline characteristic considers the age of each invoice and applying an increasing ECL estimate as the trade receivable ages.
- The aging and write off characteristics consider the history of write off related to the specific customer and the relative size of aged debt to current debt. If the trade receivable aged over 180 days makes up more than 45% of the total trade receivable for a specific customer, a further provision for ECL is added.
- The country, customer and market characteristics consider the relative risk related to the country and / or region within which the customer resides and assesses the financial strength of the customer and the market position that Vista Group has achieved within that market.

The pandemic has resulted in a significant level of risk that Vista Group is not able to recover all trade receivables and accrued revenues due to its customers' financial distress, including where those customers suffer insolvency. Accordingly, Vista Group applied additional judgement in determining the ECL provision at 30 June 2022.

- **Specific provision:** All customer invoices and accrued revenues have been reviewed with a specific provision made for customers that are known to have liquidity / solvency issues, or where the debt is older than 180 days.

  At 31 December 2021, Vista Group included a 10% insolvency risk assumption for all Cinema or Movio segment customers. Although the pandemic continues, there have been no further developments since 31 December 2021 that the Board believe would change the outlook for Vista Group. Accordingly, at 30 June 2022, Vista Group applied judgement by keeping the insolvency risk for all Cinema or Movio segment customers unchanged at 10%.
- **General provision:** Vista Group applies an ECL matrix to its trade receivables and accrued revenues to determine its general ECL provision. This matrix was prepared using historical loss rates, updated to also include both the current and future economic environment (both of which are largely unknown).

To avoid double counting, the specific and general ECL provisions are calculated after deducting the associated amount recognised as a revenue provision (see section 2.3 for more details). The movement in the ECL provision during the period was as follows:

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January	4.6	7.7
Bad debts written off	(0.4)	(0.7)
Change in provision	0.3	(2.4)
Exchange differences	0.2	-
ECL provision at period end	**4.7**	**4.6**

The table below illustrates how the carrying value of the ECL has been derived:

30 JUNE 2022 (UNAUDITED)	0-90 days NZ$m	91-180 days NZ$m	181-270 days NZ$m	271-360 days NZ$m	361+ days NZ$m	TOTAL NZ$m
Net trade receivables and accrued revenues[1]	**26.6**	**5.2**	**1.5**	**1.5**	**1.4**	**36.2**
Baseline	0.4	0.1	-	-	-	0.5
Aging, write offs and collection	-	-	0.1	0.1	0.1	0.3
Country, customer and market	0.1	-	-	-	-	0.1
ECL - general provision	0.5	0.1	0.1	0.1	0.1	0.9
ECL - specific provision	1.2	1.2	0.1	0.2	1.1	3.8
Total ECL provision	**1.7**	**1.3**	**0.2**	**0.3**	**1.2**	**4.7**
General provision effective rate	*1.9%*	*1.9%*	*6.7%*	*6.7%*	*7.1%*	*2.5%*
31 DECEMBER 2021 (AUDITED)						
Net trade receivables and accrued revenues[1]	**25.4**	**4.0**	**1.3**	**1.1**	**1.8**	**33.6**
Baseline	0.5	0.1	0.1	0.1	-	0.8
Aging, write offs and collection	-	-	-	-	0.1	0.1
Country, customer and market	0.1	-	-	-	-	0.1
ECL - general provision	0.6	0.1	0.1	0.1	0.1	1.0
ECL - specific provision	1.9	0.5	0.1	-	1.1	3.6
Total ECL provision	**2.5**	**0.6**	**0.2**	**0.1**	**1.2**	**4.6**
General provision effective rate	*2.4%*	*2.5%*	*7.7%*	*9.1%*	*5.6%*	*3.0%*

1 Net trade receivables and accrued revenue excludes the impact of concession discounts and credit risk provisioning.

7.5 Total revenue and ECL provisioning

The below table highlights the proportion of total provisioning made against trade receivables and accrued revenues. Vista Group considers the cumulative ECL and revenue provisions of 28.6% were a reasonable level to provide against trade receivables and accrued revenues.

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Trade receivables and accrued revenues		**43.4**	**43.5**
Revenue provision - concession discounts	2.3	0.7	1.4
Revenue provision - credit risk	2.3	7.0	8.9
ECL provision	7.4	4.7	4.6
Total provisioning		**12.4**	**14.9**
Total provisioning effective rate		*28.6%*	*34.3%*

One of the key judgements was that 10% of core business receivables may not be collectible. The following illustrates the sensitivity of this judgement.

30 JUNE 2022 (UNAUDITED)	5% JUDGEMENT NZ$m	10% JUDGEMENT NZ$m	15% JUDGEMENT NZ$m
Revenue provision - concession discount	0.7	0.7	0.7
Revenue provision - credit risk	6.8	7.0	7.2
ECL provision	4.0	4.7	5.9
Total provisioning	**11.5**	**12.4**	**13.8**
Total provisioning effective rate	*26.5%*	*28.6%*	*31.8%*

8. Net investment in sublease

8.1 Carrying amount of investment in sublease asset

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January	2.7	-
Additions during the period	-	2.7
Impairment charges	(0.9)	-
Lease payments received (including interest)	(0.1)	(0.1)
Exchange differences	-	0.1
Net investment in sublease at period end	**1.7**	**2.7**
Represented by:		
Current portion	-	0.5
Non-current portion	1.7	2.2
Net investment in sublease at period end	**1.7**	**2.7**

Vista Group reviewed the sublease asset for impairment at 30 June 2022 as the subtenant vacated the premises with 4 years of the sublease term remaining. Vista Group has rights under the lease agreement, which it intends to vigorously pursue, including the ability to enforce continued payment of rent until a new subtenant is found and recovery of associated costs.

The recoverable amount under this sublease was calculated using a probability-weighted evaluation of the most probable outcomes. The recoverable amount is sensitive to the length of time it may take to find a replacement subtenant, along with the rental amount per square foot achieved. The range of impairment charges that could be recognised under all likely scenarios was $nil to $1.4m, meaning any delta from the $0.9m recognised is not anticipated to be material.

8.2 Maturity of net investment in sublease asset

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Less than one year	-	0.6
One to five years	2.0	2.3
More than five years	-	-
Total undiscounted lease payments receivable	**2.0**	**2.9**
Unearned finance income	(0.3)	(0.2)
Net investment in sublease at period end	**1.7**	**2.7**

9. Investment in associates and joint ventures

9.1 Holdings in associates and joint ventures

NAME OF ENTITY	INVESTMENT TYPE	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	HOLDING PERCENTAGE 30-Jun-22	HOLDING PERCENTAGE 31-Dec-21
Vista Entertainment Solutions (Shanghai) Limited	Associate	China	China	47.5%	47.5%

The following disclosures have been reduced from prior reporting periods as Vista Group no longer consider Vista China to be a material component of Vista Group's market capitalisation.

9.2 Carrying value of associates and joint ventures

	VISTA CHINA 30 JUNE 2022 NZ$m UNAUDITED	VISTA CHINA 31 DECEMBER 2021 NZ$m AUDITED
Opening net assets	10.7	14.9
Loss for the period	(5.7)	(4.2)
Closing net assets	**5.0**	**10.7**
Vista Group weighted average shareholding	47.5%	47.5%
Share of closing net assets	2.4	5.1
Goodwill	20.2	20.2
Accumulated impairment charges	(22.6)	(13.7)
Carrying value of associates and JVs at period end	**-**	**11.6**

9.3 Share of equity accounted losses

	VISTA CHINA 30 JUNE 2022 NZ$m UNAUDITED	VISTA CHINA 30 JUNE 2021 NZ$m UNAUDITED
Loss for the period	(5.7)	(0.6)
Vista Group weighted average shareholding	47.5%	47.5%
Vista Group share of equity accounted losses	**(2.7)**	**(0.3)**

9.4 Impairment of Vista China (significant judgement / estimate)

The Chinese Government's continued 'zero-covid' public health response, including broad based lockdowns across many major cities, has continued to negatively impact the cinema industry and box office in China. The majority of Vista China's revenue is directly related to box office performance, and as a result was significantly reduced for the second quarter of 2022. At the beginning of June 2022 lockdowns were eased with the box office in China showing early signs of recovery. However, the situation in China remains uncertain and, based on the forecast box office through to the end of 2023, Vista China is expected to continue to face significant challenges going forward.

At 30 June 2022, Vista Group has reviewed its investment in Vista China for objective evidence of impairment. In accordance with IAS 28 *Investments in Associates and Joint Ventures*, Vista Group has concluded that this definition was met due to there being a 'significant financial difficulty of the associate or joint venture' (subsection 41A(a)). Based on the information available and the continued uncertainty in the market in China, Vista Group has estimated the recoverable amount of its investment in Vista China at 30 June 2022 to be nil. An impairment charge of $8.9m has been recognised on the income statement during the period (see section 4.4).

10. Goodwill

Vista Group reviewed the carrying value of its goodwill for indicators of impairment at 30 June 2022. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 30 June 2022.

11. Other intangible assets

11.1 Carrying amount of intangible assets

30 JUNE 2022 (UNAUDITED)	INTERNALLY GENERATED SOFTWARE NZ$m	SOFTWARE LICENSES NZ$m	INTELLECTUAL PROPERTY NZ$m	CUSTOMER RELATIONSHIPS NZ$m	TOTAL NZ$m
Gross carrying amount					
Balance at 1 January	50.6	4.6	2.6	6.0	63.8
Additions	7.6	-	-	9.6	17.2
Disposals	(1.3)	(0.1)	-	-	(1.4)
Impairment charges	(1.3)	-	-	-	(1.3)
Exchange differences	0.1	-	(0.1)	0.8	0.8
Balance at period end	**55.7**	**4.5**	**2.5**	**16.4**	**79.1**
Accumulated amortisation					
Balance at 1 January	(15.7)	(2.4)	(1.8)	(4.1)	(24.0)
Current period amortisation	(4.4)	(0.4)	(0.1)	(0.8)	(5.7)
Disposals	1.3	0.1	-	-	1.4
Impairment charges	0.2	-	-	-	0.2
Exchange differences	-	0.1	0.1	(0.3)	(0.1)
Balance at period end	**(18.6)**	**(2.6)**	**(1.8)**	**(5.2)**	**(28.2)**
Intangible assets at 30 June 2022	**37.1**	**1.9**	**0.7**	**11.2**	**50.9**

31 DECEMBER 2021 (AUDITED)	INTERNALLY GENERATED SOFTWARE NZ$m	SOFTWARE LICENSES NZ$m	INTELLECTUAL PROPERTY NZ$m	CUSTOMER RELATIONSHIPS NZ$m	TOTAL NZ$m
Gross carrying amount					
Balance at 1 January	38.1	4.9	2.7	6.8	52.5
Additions	12.6	-	-	-	12.6
Disposals	(0.1)	(0.1)	(0.1)	(0.8)	(1.1)
Exchange differences	-	(0.2)	-	-	(0.2)
Balance at period end	**50.6**	**4.6**	**2.6**	**6.0**	**63.8**
Accumulated amortisation					
Balance at 1 January	(9.4)	(2.1)	(1.7)	(4.2)	(17.4)
Current period amortisation	(6.4)	(0.5)	(0.2)	(0.7)	(7.8)
Disposals	0.1	0.1	0.1	0.8	1.1
Exchange differences	-	0.1	-	-	0.1
Balance at period end	**(15.7)**	**(2.4)**	**(1.8)**	**(4.1)**	**(24.0)**
Intangible assets at 31 December 2021	**34.9**	**2.2**	**0.8**	**1.9**	**39.8**

Cash additions for the period were $10.9m including $3.3m cash consideration transferred for the Retriever customer relationships (31 December 2021; $11.9m).

11.2 Impairment testing of internally generated software

Vista Group reviewed the carrying value of its internally generated software assets for indicators of impairment at 30 June 2022 and determined all intangible assets owned by Vista Group relating to Vista China specific software was fully impaired. An impairment charge of $1.1m has been recognised on the income statement during the period (see section 4.4). No other indicators of impairment were noted.

12. Provisions

A provision is a liability of uncertain timing or amount and is recognised when Vista Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

12.1 Carrying amount of provisions

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
US sales taxes	12.3	1.3	2.8
Lease dilapidations		0.4	0.4
Total provisions at period end		**1.7**	**3.2**
Represented by:			
Current		1.3	2.8
Non-current		0.4	0.4
Total provisions at period end		**1.7**	**3.2**

12.2 Movement in provisions

	SECTION	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January		3.2	3.9
US sales taxes	12.3	(1.5)	0.8
Organisation restructuring		-	(0.1)
Movement in lease dilapidations		-	(0.1)
Onerous contracts		-	(0.8)
Other		-	(0.5)
Total provisions at period end		**1.7**	**3.2**

12.3 US sales tax provision

One of the primary markets for Vista Group's products is the United States. Sales tax obligations in the United States can arise in individual states where Vista Group is deemed to have a sales tax nexus. With the assistance of external US sales tax experts, Vista Group completed an economic nexus study during H2 2021. This involved a full review of all sales in each state from the end of 2018 (the date when states were able to first legislate nexus testing) to determine if an economic sales tax nexus was triggered.

The result of the economic nexus review was that Vista Group had an obligation to register and collect sales tax in some states. The total obligation was estimated to be $2.8m (of which $1.3m relates to 2019, $0.7m relates to 2020 and $0.8m relates to 2021). Vista Group are finalising voluntary disclosure agreements with all relevant state departments with $1.3m still expected to be paid.

The following represents the provision (net of any reasonably expected penalty or tax waivers):

	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Balance at 1 January	2.8	2.0
Sales tax expense	(0.2)	0.5
Use of money interest	(0.1)	0.1
Repayments during the period	(1.3)	-
Exchange differences	0.1	0.2
US sales tax provision at period end	**1.3**	**2.8**

13. Capital structure

13.1 Earnings per share

Vista Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to owners of the parent and the weighted average number of ordinary shares in issue during the period for the effects of all dilutive potential ordinary shares, which for Vista Group comprise share rights and performance rights. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	NUMBER OF SHARES (MILLIONS)	
	30 JUNE 2022 UNAUDITED	30 JUNE 2021 *Restated* UNAUDITED
Weighted average ordinary shares for basic EPS (millions)	**232.6**	**228.7**
Effect of dilution:		
Share options and awards (millions)	4.8	5.0
Weighted average ordinary shares adjusted for the effect of dilution	**237.4**	**233.7**
Loss for the period attributable to owners of the parent (NZ$m)	(17.8)	(3.3)
Basic and diluted EPS (cents)	**($0.08)**	**($0.01)**

13.2 Contributed capital

At 30 June 2022, there were 233,192,093 shares in issue (31 December 2021: 231,225,495). The following reflects where these shares were allocated:

	MILLIONS OF SHARES		NZ$m	
	30 JUNE 2022 UNAUDITED	31 DECEMBER 2021 AUDITED	30 JUNE 2022 UNAUDITED	31 DECEMBER 2021 AUDITED
Share issued and fully paid:				
Balance at 1 January	231.2	228.6	131.3	126.0
Ordinary shares issued during the period:				
Shares issued as a part of Retriever asset acquisition	1.5	-	3.2	-
Employee incentives	0.5	2.6	0.9	4.7
Tax on share-based payments	-	-	(0.2)	0.6
Total contributed equity at period end	**233.2**	**231.2**	**135.2**	**131.3**

Vista Group issued 1,529,987 shares on 16 February 2022 which formed part of the consideration transferred for the Retriever asset acquisition (see section 5).

14. Financial instruments

14.1 Financial instruments by category

30 JUNE 2022 (UNAUDITED)	FINANCIAL ASSETS AT AMORTISED COST NZ$m	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L NZ$m	FINANCIAL LIABILITIES AT AMORTISED COST NZ$m	TOTAL NZ$m
Cash	51.9	-	-	51.9
Trade receivables	23.8	-	-	23.8
Sundry receivables	3.3	-	-	3.3
Net investment in sublease	1.7	-	-	1.7
Total financial assets	**80.7**	**-**	**-**	**80.7**
Borrowings - external	-	-	17.9	17.9
Borrowings - related parties	-	-	0.5	0.5
Trade payables	-	-	4.7	4.7
Sundry payables	-	-	4.6	4.6
Lease liabilities	-	-	20.3	20.3
Contingent consideration	-	3.3	-	3.3
Total financial liabilities	**-**	**3.3**	**48.0**	**51.3**
31 DECEMBER 2021 (AUDITED)				
Cash	60.4	-	-	60.4
Trade receivables	24.0	-	-	24.0
Sundry receivables	4.2	-	-	4.2
Net investment in sublease	2.7	-	-	2.7
Total financial assets	**91.3**	**-**	**-**	**91.3**
Borrowings - external	-	-	16.2	16.2
Borrowings - related parties	-	-	0.6	0.6
Trade payables	-	-	2.1	2.1
Sundry payables	-	-	5.9	5.9
Lease liabilities	-	-	22.6	22.6
Total financial liabilities	**-**	**-**	**47.4**	**47.4**

Vista Group's financial instruments that are measured after initial recognition at fair value are grouped into levels based on the degree to which the fair value is observable.

Level 1 Fair value measurements derived from quoted prices in active markets for identical assets.

Level 2 Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data.

During the current period, there have been no transfers between fair value measurement levels. The contingent consideration of the Retriever asset acquisition is subsequently fair valued using level 3 measurements, such as the probability Vista Group deem the earn-outs are likely to be earned and movements in exchange.

15. Other disclosures

15.1 Restatement of prior period errors

Vista Group completed a US economic nexus sales tax study in H2 2021 (see section 12.3). The result of the study was that Vista Group had an obligation to register and collect sales tax in some states. The total obligation was estimated to be $2.8m (of which $1.3m relates to 2019, $0.7m relates to 2020 and $0.8m relates to 2021).

These interim financial statements have been restated as the prior period adjustment of $1.3m on the statement of changes in equity at 1 January 2021 is considered to be a material prior period error.

The following table below shows the restated income statement and statement of other comprehensive income.

	SECTION	30 JUNE 2021 Previously Reported NZ$m	Adjustment NZ$m	30 JUNE 2021 Restated NZ$m
Other gains and losses	4.4	-	(0.4)	(0.4)
Taxation expense		(0.5)	(0.1)	(0.6)
Loss for the period		**(2.6)**	**(0.5)**	**(3.1)**

15.2 Related parties

Related parties are materially consistent with those disclosed in the 2021 Annual Report. The following table represents transactions with related parties excluding key management personnel.

	AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED	30 JUNE 2022 NZ$m UNAUDITED	31 DECEMBER 2021 NZ$m AUDITED
Associates and joint ventures	2.4	-	(1.3)	(1.2)

Vista Group's associate and joint venture related party transactions were as follows:

	ASSOCIATES AND JOINT VENTURES	
	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2021 NZ$m UNAUDITED
Receiving of services	-	(0.2)
Rendering of services	2.4	2.3
Total related party transactions	**2.4**	**2.1**

Vista Group recognised $0.9m of maintenance revenue from Vista China during the period (30 June 2021: $1.1m), with $1.5m being provisioned from the total amount due.

15.3 Going concern

These consolidated interim financial statements have been prepared on a going concern basis, which requires the Board to have reasonable grounds to believe that Vista Group will be able to pay their debts as and when they become due. The minimum requirement by NZ IAS 1 *Presentation of Financial Statements* being at least, but not limited to, twelve months from the end of the reporting period.

Vista Group has prepared cash flow projections factoring in the current market, covering a period of at least twelve months after these consolidated interim financial statements have been authorised for issue. This takes into account forecast revenue, operating cash flows, forecast capital expenditure and Vista Group's liquidity position.

At 30 June 2022, Vista Group had $76.0m in liquidity, with $51.9m in cash and $24.1m of undrawn ASB revolving credit and overdraft facilities. In addition to this, Vista Group's EBITDA and operating cash flows for the half year have remained positive. The ASB facilities have also been renewed and are now due to mature in January 2026.

Due to the above, the Board determined that the going concern basis of accounting was appropriate in the preparation of these consolidated interim financial statements.

15.4 Other notices

There were no significant capital commitments or contingent liabilities for Vista Group at 30 June 2022 (31 December 2021: $nil). There were no dividends declared or paid to shareholders during the period (31 December 2021: $nil).

15.5 Events after balance date

On 22 August 2022, Vista Group released a NZX/ASX market announcement responding to media speculation regarding a major customer based in the United Kingdom and United States potentially entering into a bankruptcy process. Vista Group is continuing to monitor the situation closely, but does not expect it to have a material impact on these interim financial statements.

There were no other significant events between balance date and the date these financial statements were approved for issue.

Vista Group International Limited

Shed 12, City Works Depot
90 Wellesley St West
Auckland 1010
New Zealand

+64 9 984 4570
info@vistagroup.co.nz
vistagroup.co