Vista Group
Interim Report

2023

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 2023 (**1H23**) and represent the half year results for Vista Group. Comparisons are to the first six months of 2022 (**1H22**).

Industry overview

- Strong box office performance over the northern hemisphere summer, with 'Barbenheimer' opening weekend delivering the best domestic box office since April 2019
- Q2 global box office produces the best quarterly result since 2019
- Number of domestic movies released in 2023 trending towards pre-pandemic levels with box office out-performing the return of the number of movies.

Operating overview

- Leading UK cinema group Everyman signed to Vista Group's cloud platform, including Movio Cinema EQ, Vista Digital and Vista Cloud
- Vista Cloud transition accelerates client benefits, with Vista Oneview app live with pilot client, ahead of September 2023 launch
- Business transformation is underway to support Vista Group's vision and strategy, drive greater client alignment, increase role clarity for our people, and deliver improved financial performance.

Financial overview

- Total revenue of $69.7m (up 12% on 1H22) and Recurring Revenue[1] of $60.5m (up 13% on 1H22)
- Combined Cinema and Movio Recurring Revenue[1] of $49.8m, up 10% on 1H22
- Substantial growth in the AGC segment[2] with total revenue up 29%
- EBITDA[3] of $2.5m and positive operating cashflow of $6.2m
- Average monthly Cash Usage[4] of $1.2m in 1H23 now expected to become free cashflow positive during Q4 2024 – a year earlier than previous guidance.

Outlook

- Vista Group reaffirms guidance for 2023 total revenue to be in the range of $142m – $147m
- Through the organisational transformation and the reprofiled capital expenditure program, Vista Group expects to be free cashflow positive during the fourth quarter of 2024
- Vista Group remains on target to achieve its 2023 ASM aspirations of ARR[5] between $175m – $205m and EBITDA[3] of 15+% by the end of 2025.

Segment overview

Cinema

Vista Cinema, Vista Group's largest business, reported revenue up 9% to $47.5m on the first half of 2022. Recurring Revenue[1] was up 12% due to expansion of client revenues and the improved box office. As expected, EBITDA[3] of $7.9m was in line with the first half of 2022.

The Vista Cloud roll out continues to expand with new clients including Everyman, a UK circuit operating with 40 sites. Vista Group's SaaS platform will support Everyman's mission to create an exceptional cinema experience for their customers and aligns with their focus on innovation. This project, and the digital component of Cineplex are expected to go live in late 2023 or 1Q24. Several smaller clients have also been added to the digital platform and Vista Cloud. The increased investment in the core business continues to build out the cloud operations capability, and deliver improvements in platform observability and manageability as well as functionality.

Movio

Movio, the global leader in data analytics and campaign management solutions for the cinema industry, reported revenue up 8% to $9.7m against the first half of 2022, as variable fees increase with the strength of the global box office.

The roll out of data analytics and campaign management solution, Movio Cinema EQ, continues at pace, with the transition for all clients expected before the end of 2023. Clients who have migrated to EQ are already seeing successful campaigns that reach more moviegoers and connect them with their ideal movies.

Additional Group Companies

Box office reporting platform, Numero, and film distribution software business, Maccs, reported revenue up 23%, primarily driven by the continued geographic expansion of the Numero platform. Numero and Maccs made a healthy contribution to EBITDA[3] performance.

Creative studio Powster's revenue was up 36% on the first half of 2022 predominantly due to higher demand for Powster's Showtimes platform as the number of movies released increases.

Flicks, the cinema and streaming discovery platform, reported revenue up 33% on the first half of 2022, with an impressive 28% growth in average users in New Zealand, Australia and the United Kingdom helping drive advertising and affiliate revenues.

Corporate

Cost management across Vista Group remains a key focus, with the $1.6m increase in general and administration costs correlating to increased investment in the sales pipeline, primarily travel and marketing.

Group financials

Vista Group's reported revenue of $69.7m was up 12% on the first half of 2022, with Recurring Revenue[1] up 13%, while EBITDA[3] of $2.5m was in line with the first half of 2022 (adjusting for foreign exchange losses) and in line with the management's strategy communicated in the 2023 Annual Shareholders Meeting.

Vista Group's loss for the period of $8.5m included $1.8m of other gains and losses (see section 2.3), including $1.6m relating to the transition of Retriever clients to Veezi, ensuring these clients are running the world leading cloud-based product, enabling Vista Group to retire the legacy Retriever platform.

A business transformation commenced at the end of the period which will bring together Vista Group's business brands under a unified business model, supported by a global senior leadership team. The streamlining of operations is expected to result in a reduction in its global workforce of between 6-8%.

Vista Group's balance sheet remains strong with cash of $37.1m ($18.8m net of borrowings), and cash liquidity of $60.8m (including $23.7m of undrawn bank facilities).

Vista Group generated $6.2m cashflow from operating activities, with an overall monthly Cash Usage[4] of $1.2m over the six months.

A renewed focus on working capital has resulted in net trade receivables over 90 days reducing from $10.9m to $5.8m (see section 4.1). Work continues in this area with management incentives aligned to receipts from clients.

1 Recurring Revenue is defined in section 2.1 of the 2023 Interim Report.
2 AGC segment includes Numero, Maccs, Powster and Flicks.
3 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 2.3 of the 2023 Interim Report) and share of equity accounted results from associates.
4 Cash Usage is calculated using the net movement in cash held, less cash applied to the Retriever acquisition / earn-outs, and less $0.7m cash applied to cash settled exceptional items (see other gains and losses in section 2.3 of the 2023 Interim Report).
5 ARR is Annualised Recurring Revenue, calculated as trailing 3 month Recurring Revenue[1] multiplied by four.

Income statement

For the six months ended 30 June 2023

CONTINUING OPERATIONS	SECTION	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
Total revenue	2.1, 2.2	**69.7**	**62.4**
Cost to serve	2.3	(26.4)	(24.0)
Gross profit		**43.3**	**38.4**
Sales and marketing costs	2.3	(7.7)	(6.8)
Research and development costs	2.3	(14.6)	(12.6)
General and administration costs	2.3	(17.6)	(15.7)
Foreign currency losses		(0.9)	(0.2)
Total operating expenses		**(40.8)**	**(35.3)**
EBITDA[1]	2.2	**2.5**	**3.1**
Amortisation	4.4	(6.6)	(5.7)
Depreciation		(3.2)	(2.7)
Finance costs		(1.4)	(1.1)
Finance income		0.6	0.3
Share of equity accounted loss from associate		-	(2.7)
Other gains and losses	2.3	(1.8)	(11.1)
Loss before tax		**(9.9)**	**(19.9)**
Taxation benefit		1.4	1.9
Loss for the period		**(8.5)**	**(18.0)**
Loss for the period is attributable to:			
Owners of the parent		(8.7)	(17.8)
Non-controlling interests		0.2	(0.2)
Loss for the period		**(8.5)**	**(18.0)**
Basic and diluted earnings per share (cents)	5.1	($0.04)	($0.08)

1 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 2.3) and share of equity accounted results from associates.

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

Statement of other comprehensive income

For the six months ended 30 June 2023

	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
Items that may be reclassified subsequently to the income statement[1]		
Translation of foreign operations	3.8	3.6
Items that will not be reclassified to the income statement		
Excess income tax expense on share-based payments	(0.2)	(0.2)
Total other comprehensive income	**3.6**	**3.4**
Loss for the period	(8.5)	(18.0)
Total comprehensive loss for the period	**(4.9)**	**(14.6)**
Total comprehensive loss for the period is attributable to:		
Owners of the parent	(5.1)	(14.6)
Non-controlling interests	0.2	-
Total comprehensive loss for the period	**(4.9)**	**(14.6)**

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

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

Statement of changes in equity

For the six months ended 30 June 2023

SIX MONTHS ENDED 30 JUNE 2023	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 2023	**135.0**	**1.9**	**3.8**	**5.3**	**146.0**	**2.0**	**148.0**
Total comprehensive income movement:							
Loss for the period	-	(8.7)	-	-	(8.7)	0.2	(8.5)
Other comprehensive (loss) / income[1]	(0.2)	-	3.8	-	3.6	-	3.6
Total comprehensive (loss) / income	**(0.2)**	**(8.7)**	**3.8**	**-**	**(5.1)**	**0.2**	**(4.9)**
Transactions with owners:							
Share-based payments	5.7	-	-	(3.4)	2.3	-	2.3
Dividends paid	-	-	-	-	-	(0.7)	(0.7)
Balance at 30 June 2023	**140.5**	**(6.8)**	**7.6**	**1.9**	**143.2**	**1.5**	**144.7**

SIX MONTHS ENDED 30 JUNE 2022	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 (loss) / income[1]	(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	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**

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

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

Statement of financial position

As at 30 June 2023

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
CURRENT ASSETS			
Cash		37.1	46.0
Trade and other receivables	4.1	30.3	36.4
Contract assets	4.1	6.0	4.9
Income tax receivable		0.9	1.3
Total current assets		**74.3**	**88.6**
NON-CURRENT ASSETS			
Contract assets	4.1	0.5	0.4
Property, plant and equipment		4.3	4.7
Lease assets	4.5	13.1	12.3
Net investment in sublease	4.5	-	1.2
Goodwill	4.3	59.0	57.1
Other intangible assets	4.4	54.5	53.0
Deferred tax asset		21.3	17.8
Total non-current assets		**152.7**	**146.5**
Total assets		**227.0**	**235.1**
CURRENT LIABILITIES			
Borrowings - related parties	3.2	0.6	0.5
Trade and other payables		19.5	23.6
Lease liabilities		5.7	5.3
Deferred revenue		23.8	22.3
Contingent consideration	4.7	0.8	1.4
Provisions	4.6	0.6	0.6
Income tax payable		0.4	0.4
Total current liabilities		**51.4**	**54.1**
NON-CURRENT LIABILITIES			
Borrowings - external	3.2	18.3	17.6
Lease liabilities		10.9	13.3
Deferred revenue		0.5	0.4
Contingent consideration	4.7	-	1.5
Provisions	4.6	0.5	0.1
Deferred tax liability		0.7	0.1
Total non-current liabilities		**30.9**	**33.0**
Total liabilities		**82.3**	**87.1**
Net assets		**144.7**	**148.0**
EQUITY			
Contributed equity	5.2	140.5	135.0
Retained earnings		(6.8)	1.9
Foreign currency reserve		7.6	3.8
Share-based payment reserve		1.9	5.3
Total equity attributable to owners of the parent		**143.2**	**146.0**
Non-controlling interests		1.5	2.0
Total equity		**144.7**	**148.0**

For, and on behalf, of the Board who approved these interim financial statements for issue on 24 August 2023.

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 2023

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		78.4	63.4
Payments to suppliers and employees		(71.7)	(57.2)
Taxes received / (paid)		0.1	(0.2)
Interest paid		(0.6)	(0.9)
Net cash inflow from operating activities	3.1	**6.2**	**5.1**
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(0.5)	(0.7)
Purchase of internally generated software and other intangibles	4.4	(10.8)	(7.6)
Interest received		0.6	-
Contingent consideration paid	4.7	(1.3)	-
Retriever acquisition, net of cash acquired		-	(3.3)
Net cash applied to investing activities		**(12.0)**	**(11.6)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Lease payments - principal elements		(2.7)	(2.5)
Loan repayment - related parties	3.2	-	(0.1)
Dividends paid to non-controlling interests		(0.7)	-
Net cash applied to financing activities		**(3.4)**	**(2.6)**
Net decrease in cash		(9.2)	(9.1)
Cash at beginning of period		46.0	60.4
Foreign exchange differences		0.3	0.6
Cash at period end		**37.1**	**51.9**

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 2022 Annual Report.

With exception to changes disclosed in 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 2022 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.

2. Financial performance

2.1 Revenue

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

Revenue by category

	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2023 % UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED	30 JUNE 2022 % UNAUDITED
SaaS revenue	21.1		18.0	
Non-SaaS revenue	39.4		35.5	
Recurring revenue	**60.5**	**87%**	**53.5**	**86%**
Perpetual software	2.7		1.9	
Hardware	1.6		2.9	
Services & development - one off	4.6		4.0	
Other revenue	0.3		0.1	
Non-recurring revenue	**9.2**	**13%**	**8.9**	**14%**
Total revenue[1]	**69.7**	**100%**	**62.4**	**100%**

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

Non-GAAP financial measures

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. This categorisation of revenue is also expected to help investors understand the nature of Vista Group's revenue.

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.

Non-GAAP financial information does not have a standardised meaning prescribed by NZ GAAP and therefore may not be comparable to similar financial information presented by other entities.

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.

2.2 Operating segments

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

- **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 the Retriever client contracts, movieXchange and Share Dimension products, and maintenance revenues from Vista China (an associate company).
- **Movio segment:** Includes the Movio Cinema and 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 *Operating Segments.*
- **Corporate segment:** The shared services functions associated with Vista Group, being legal, finance, people and culture, risk and compliance, and the Vista Group Chief Executive.

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 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
New Zealand		13.0	13.7
United States		25.3	23.6
United Kingdom		18.8	15.3
Mexico		6.1	4.6
Other[1]		6.5	5.2
Total revenue	2.1	**69.7**	**62.4**

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

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 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
New Zealand	68.9	65.3
United States	24.2	26.4
United Kingdom	10.5	10.2
Mexico	12.9	12.4
Other[1]	14.9	14.4
Non-current assets[2]	**131.4**	**128.7**

1 The other category includes entities in Australia, Brazil, 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.

Operating segment performance[1]

SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)	CINEMA NZ$m	MOVIO NZ$m	AGC NZ$m	CORPORATE NZ$m	TOTAL NZ$m	*% OF REVENUE*
SaaS revenue	8.8	8.4	3.9	-	21.1	
Non-SaaS revenue	32.1	0.5	6.8	-	39.4	
Recurring revenue	**40.9**	**8.9**	**10.7**	**-**	**60.5**	
Non-recurring revenue	6.6	0.8	1.8	-	9.2	
Total revenue	**47.5**	**9.7**	**12.5**	**-**	**69.7**	
Cost to serve	(17.7)	(3.3)	(4.3)	-	(25.3)	*36%*
Hardware cost of sales	(1.1)	-	-	-	(1.1)	
Gross profit	**28.7**	**6.4**	**8.2**	**-**	**43.3**	
Gross profit %[2]	*60%*	*66%*	*66%*		*62%*	
Sales and marketing costs	(5.1)	(1.5)	(1.1)	-	(7.7)	*11%*
Research and development costs	(10.3)	(1.7)	(2.6)	-	(14.6)	*21%*
General and administration costs	(4.8)	(1.3)	(3.3)	(8.7)	(18.1)	*26%*
Movement in ECL provision through P&L[3]	0.3	-	0.2	-	0.5	
Foreign currency (losses) / gains	(0.9)	(0.1)	0.1	-	(0.9)	
EBITDA[2]	**7.9**	**1.8**	**1.5**	**(8.7)**	**2.5**	
EBITDA margin[2]	*17%*	*19%*	*12%*		*4%*	
SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)	***Re-presented***					
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	(14.8)	(3.1)	(3.7)	-	(21.6)	*35%*
Hardware cost of sales	(2.4)	-	-	-	(2.4)	
Gross profit	**26.5**	**5.9**	**6.0**	**-**	**38.4**	
Gross profit %[2]	*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	(4.3)	(0.9)	(3.1)	(7.1)	(15.4)	*25%*
Movement in ECL provision through P&L[3]	(0.3)	-	-	-	(0.3)	
Foreign currency (losses) / gains	(1.1)	0.2	0.6	0.1	(0.2)	
EBITDA[2]	**7.8**	**2.0**	**0.3**	**(7.0)**	**3.1**	
EBITDA margin[2]	*18%*	*22%*	*3%*		*5%*	

1 The CODM does not regularly review assets and liabilities for each reportable segment.

2 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 The movement in ECL provision through P&L represents the reduction in the prior period ECL provision which has been recognised in the income statement, as the associated cash has either been received, or is now considered highly probable to be received. This value is reported in section 4.1.

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, and therefore is considered useful to investors. It is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 2.3) and share of equity accounted results from associates. A reconciliation is provided on the income statement.

Non-GAAP financial information does not have a standardised meaning prescribed by NZ GAAP and therefore may not be comparable to similar financial information presented by other entities.

2.3 Expenses and other income

Classification of expenses on the income statement

Costs to serve are the direct costs incurred to support our clients 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 client 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 costs 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.

Total cost to serve and operating expenses

The table below provides a breakdown of the various types of expenditure incurred within 'cost to serve' and 'operating expenses'.

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
Direct cost of sales (excl. hardware and personnel)		7.8	7.2
Hardware cost of sales		1.1	2.4
Personnel costs		48.0	39.0
Share-based payment expense		2.3	1.9
Defined contribution plans and employee insurances		4.8	3.9
Capitalised development	4.4	(9.7)	(7.6)
Government grants	2.3	(1.5)	(0.2)
Computer equipment and software		3.2	2.5
Marketing costs		1.2	1.4
Travel related costs		1.3	1.2
ECL benefit	4.1	(1.5)	(0.1)
Bad debt expense	4.1	1.0	0.4
Foreign currency losses		0.9	0.2
Auditor's remuneration		0.3	0.3
Other operating expenses		8.0	6.8
Total cost to serve and operating expenses		**67.2**	**59.3**

Government grants

The total Government grants recognised in the income statement were $1.5m (30 June 2022: $0.2m) which includes an accrued amount of $1.2m relating to the New Zealand Research & Development Tax Incentive (RDTI). The RDTI accrual results in $1.1m recognised as an offset to intangible assets (due to the underlying costs being capitalised development costs) and $0.1m recognised as an offset to operating expense. Cash associated with the 2022 RDTI claim ($0.8m) is expected to be received in H2 2023.

Other gains and losses

'Other gains and losses' are excluded from operating expenses and EBITDA because they result from non-cash activities, or relate to unusual transactions not derived or incurred 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 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m UNAUDITED
Acquisition expenses		-	(0.2)
Business transformation costs		(0.8)	-
CEO transition costs		(0.5)	-
Fair value movements on contingent consideration	4.7	0.8	-
Impairment charges - Contract assets	4.1	(0.2)	-
Impairment charges - Retriever client contracts	4.4	(2.4)	-
Impairment reversal / (charges) - Lease and sublease asset	4.5	1.3	(0.9)
Impairment charges - Vista China investment		-	(8.9)
Impairment charges - Vista China intangibles	4.4	-	(1.1)
Total other gains and losses		**(1.8)**	**(11.1)**

- **Business transformation costs:** On 6 July 2023, Vista Group announced it had begun consultation with its people around a proposed business transformation which will streamline operations into a single business approach and reduce the global workforce by between 6-8%. These business transformation costs predominantly relate to a constructive obligation for impacted people consulted prior to 30 June 2023 (see section 4.6) and do not include the expected redundancy payments for impacted people consulted after 30 June 2023 (see section 7.4). These costs are considered unusual as they are non-recurring in nature and have been presented separately to ensure the reader can better project future cashflows.
- **CEO transition costs:** To help facilitate a seamless CEO transition where momentum has been maintained, Vista Group's Board agreed to a cross-over consulting arrangement with the incoming and departing CEOs. These costs have been presented separately to ensure the reader can better project future cashflows.
- **Impairment reversal / (charges) – Lease and sublease asset:** In the prior period, Vista Group recognised impairment charges of $0.9m for the six months to June 2022 and $1.5m for the year ended December 2022. These impairment charges related to the Vista Cinema subleased premises in Los Angeles, where the previous subtenant vacated the premises with 4 years of the sublease term remaining. In the current period, $1.3m of this impairment charge was reversed as this space is unlikely to be sublet on its own and due to Vista Cinema now utilising this leased space.
- **Impairment charges – Vista China investment:** In the prior period, Vista Group reviewed its investment in Vista China for objective evidence of impairment. In accordance with NZ IAS 28 *Investments in Associates and Joint Ventures*, Vista Group concluded that this definition was met due to there being a 'significant financial difficulty of the associate' (subsection 41A(a)). Full details of this impairment charge are available on page 135 of the 2022 Annual Report.
- **Impairment charges – Vista China intangibles:** In the prior period, 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 were fully impaired.

3. Cash flows and borrowings

3.1 Reconciliation of net profit to operating cash flows

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	30 JUNE 2022 NZ$m *Re-presented* UNAUDITED
Loss for the period		**(8.5)**	**(18.0)**
Non-cash items:			
Amortisation	4.4	6.6	5.7
Depreciation		3.2	2.7
Impairment charges	2.3	1.3	10.9
Fair value movements in contingent consideration	2.3	(0.8)	-
Share-based payment expense		2.3	1.9
Deferred tax expense		3.1	(4.0)
Non-cash finance charges		0.8	0.2
Share of equity accounted loss from associate		-	2.7
Unrealised foreign currency (losses) / gains		(0.6)	0.2
Movement in ECL provision through the income statement	4.1	(0.5)	0.3
Movement in revenue provision - concession discounts	4.1	(0.8)	(0.7)
Movement in revenue provision - credit risk	4.1	(1.7)	(1.9)
Movement in other provisions	4.6	0.4	(1.5)
Net non-cash items		**13.3**	**16.5**
Movements in working capital:			
(Decrease) / increase in related party trade and other payables		(0.1)	0.1
Decrease / (increase) in related party trade and other receivables, net of deferred revenue		0.2	(1.2)
Decrease in trade and other payables, including contingent consideration		(6.0)	(0.5)
Decrease in trade and other receivables, net of deferred revenue		6.7	6.8
Decrease in net taxation receivable		0.6	1.4
Net change in working capital		**1.4**	**6.6**
Net cash inflow from operating activities		**6.2**	**5.1**

3.2 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 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January	18.1	16.8
Repayments during the period	-	(0.1)
Movement in foreign exchange	0.8	1.4
Total borrowings at period end	**18.9**	**18.1**
Represented by:		
Borrowings - external	18.3	17.6
Borrowings - related parties	0.6	0.5
Total borrowings at period end	**18.9**	**18.1**

A schedule of all debt facilities is shown below:

FACILITY PROVIDER	REASON FOR LOAN	EXPIRY DATE	CURRENT LIMIT (NZ$m)	INTEREST RATE		DEBT DRAWN (NZ$m)	
				30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
ASB - revolving credit	General commercial / Future acquisitions	Jan 2026	40.0	6.96%	6.96%	18.3	17.6
ASB - overdraft	Working capital	On demand	2.0	9.98%	8.73%	-	-
Related parties	Working capital	On demand	0.6	4.00%	4.00%	0.6	0.5
Total borrowings at period end						**18.9**	**18.1**

A line fee of 1.45% is paid on the credit limit of the ASB revolving credit facility, and a line fee of 1.30% is payable on the overdraft facility.

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 likely to be repaid within the next 12 months.

4. Assets and liabilities

4.1 Trade and other receivables

Carrying value of trade and other receivables

	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Trade receivables	30.3	41.4
Revenue provision - concession discount	-	(0.8)
Revenue provision - credit risk	(3.4)	(5.1)
ECL provision	(2.4)	(4.4)
Sundry receivables	2.4	1.2
Prepayments	2.9	3.6
Vista China acquisition deposit	0.5	0.5
Total trade and other receivables	**30.3**	**36.4**

Trade receivables

Included within trade receivables is a receivable from Vista China of $1.2m (31 December 2022: $1.4m) which has been fully provisioned.

Contract assets

Contract assets primarily relate to Vista Group's rights to consideration for performance obligations completed but not billed at the reporting date. Vista Group also recognises contract assets for 'costs to fulfil a contract' (i.e. Vista Cloud implementation costs), where direct costs are incurred with the performance obligations being settled over time.

The movement in contract assets during the period was as follows:

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January		5.3	4.6
Amounts included in opening balance released in the current period		(4.6)	(4.5)
Additional contract assets recognised during the period		5.8	4.9
Impairment charges	2.3	(0.2)	-
Exchange movements		0.2	0.3
Contract assets at period end		**6.5**	**5.3**
Represented by:			
Current portion		6.0	4.9
Non-current portion		0.5	0.4
Contract assets at period end		**6.5**	**5.3**

Revenue provisioning (significant judgement / estimate)

Vista Group has assessed its trade receivable balances for revenue related provisions as follows:

- **Credit risk provision:** During the initial impact of the pandemic (1 March 2020 through to 30 June 2021), Vista Group was required to apply 'variable consideration' rules when recognising revenue from each of its clients. This was because 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. These variable consideration rules meant only the estimated consideration that will be received was permitted to be recognised as revenue.

  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 assess each of its clients 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.

  Judgement was subsequently applied in determining that the variable consideration rules were no longer required for any receivables where the revenue relates to 1 July 2021 onwards. These balances are instead assessed for an expected credit loss (ECL) provision.

  All receivables relating to revenue earned between 1 March 2020 to 30 June 2021, but still on balance sheet at 30 June 2023 have incurred a 100% revenue provision. An exception is made for any clients which have agreed and are adhering to a payment plan, or if recovery of the debt is considered highly probable. These balances have not been written off as Vista Group continues to seek recovery of these amounts owed.

- **Concession discounts:** To ensure timely payment from clients, or to facilitate support to clients during the pandemic, Vista Group granted concessions to payment terms or discounts to recurring fees. Concession discounts are recognised as a reduction to revenue when they have been agreed, or where the client has a reasonable expectation of being entitled to a discount.

  Such discounts are less common with a provision of $nil being recognised at 30 June 2023.

Expected Credit Loss (ECL) provisioning (significant judgement / estimate)

For trade receivables and contract assets, 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 contract assets 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 contract assets 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 applies 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 client 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 client, a further provision for ECL is added.
- The country, client and market characteristics consider the relative risk related to the country and / or region within which the client resides and assesses the financial strength of the client and the market position that Vista Group has achieved within that market.

To avoid double counting, the specific and general ECL provisions are calculated after deducting the associated amount recognised as a revenue provision.

Vista Group applied additional judgement in determining the ECL provision at 30 June 2023 as follows:

- **Specific provision:** All client invoices and contract assets have been reviewed with a specific provision made for clients that are known to have liquidity / solvency issues, or where the debt is older than 180 days. Vista Group takes into account any forward-looking information (such as macro-economic variables) when applying the provision to each specific client.

  At 30 June 2023, Vista Group applied judgement by including a 2.5% (31 December 2022: 10%) insolvency risk for all Cinema or Movio segment clients. This provision rate has reduced in the current period as Vista Group noted the level of credit notes required for Cinema or Movio segment clients was not as high as the previous cautious level of provisioning had projected may occur.

- **General provision:** Vista Group applies an ECL matrix to its trade receivables and contract assets 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).

The movement in the ECL provision during the period was as follows:

	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January	4.4	4.6
Bad debts written off	(1.0)	(0.6)
Movement in provision through the income statement	(0.5)	(0.4)
Movement in provision through deferred revenue	(0.6)	-
Exchange differences	0.1	0.8
ECL provision at period end	**2.4**	**4.4**

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

30 JUNE 2023 (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 contract assets[1]	**28.1**	**2.0**	**1.1**	**0.9**	**1.8**	**33.9**
Baseline	0.3	-	-	-	0.1	0.4
Aging, write offs and collection	-	-	-	-	0.1	0.1
Country, client and market	0.1	-	-	-	-	0.1
ECL - general provision	0.4	-	-	-	0.2	0.6
ECL - specific provision	0.5	0.3	0.1	0.1	0.8	1.8
Total ECL provision	**0.9**	**0.3**	**0.1**	**0.1**	**1.0**	**2.4**
General provision effective rate	*1.4%*	*0.0%*	*0.0%*	*0.0%*	*11.1%*	*1.8%*

31 DECEMBER 2022 (AUDITED)						
Net trade receivables and contract assets[1]	**30.4**	**4.1**	**3.1**	**2.0**	**1.7**	**41.3**
Baseline	0.4	0.1	0.1	-	-	0.6
Aging, write offs and collection	-	-	0.1	-	0.1	0.2
Country, client and market	0.1	-	-	-	-	0.1
ECL - general provision	0.5	0.1	0.2	-	0.1	0.9
ECL - specific provision	1.5	0.5	0.5	0.1	0.9	3.5
Total ECL provision	**2.0**	**0.6**	**0.7**	**0.1**	**1.0**	**4.4**
General provision effective rate	*1.6%*	*2.4%*	*6.5%*	*0.0%*	*5.9%*	*2.2%*

1 Presented net of the impact of concession discounts and credit risk provisioning.

Total revenue and ECL provisioning

The below table highlights the proportion of total provisioning made against trade receivables and contract assets. Vista Group believes that cumulative ECL and revenue provisions of 15.5% was a reasonable level to provide against trade receivables and contract assets.

	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Trade receivables and contract assets	**37.3**	**47.2**
Revenue provision - concession discounts	-	0.8
Revenue provision - credit risk	3.4	5.1
ECL provision	2.4	4.4
Total provisioning	**5.8**	**10.3**
Total provisioning effective rate	*15.5%*	*21.8%*

One of the key judgements was that 2.5% of core business receivables may not be collectible. The following illustrates the sensitivity of this judgement.

30 JUNE 2023 (UNAUDITED)	0% JUDGEMENT NZ$m	2.5% JUDGEMENT NZ$m	5% JUDGEMENT NZ$m
Revenue provision - concession discount	-	-	-
Revenue provision - credit risk	3.3	3.4	3.5
ECL provision	1.9	2.4	2.9
Total provisioning	**5.2**	**5.8**	**6.4**
Total provisioning effective rate	*13.9%*	*15.5%*	*17.2%*

4.2 Investment in associates

Impairment of Vista China

In accordance with NZ IAS 28, Vista Group concluded on 30 June 2022 that there was objective evidence of impairment in its investment in Vista China due to there being a 'significant financial difficulty of the associate' (subsection 41A(a)). This was due to the Chinese Government's continued 'zero-covid' public health response, including broad based lockdowns across many major cities, negatively impacting the Chinese cinema industry and box office in 2022. At the beginning of June 2022 lockdowns were eased with the box office in China showing signs of recovery. Accordingly, Vista Group concluded on 30 June 2022 that the entire carrying value was impaired, with an impairment charge of $8.9m being recognised within 'other gains and losses' (see section 2.3).

At both 31 December 2022 and 30 June 2023, Vista Group reviewed its investment in Vista China for objective evidence that its fair value may be materially higher than its nil carrying value. No such objective evidence was noted.

4.3 Goodwill

Testing for indicators of goodwill impairment

Vista Group reviewed the carrying value of its goodwill for indicators of impairment at 30 June 2023. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 30 June 2023.

4.4 Other intangible assets

Carrying amount of intangible assets

30 JUNE 2023 (UNAUDITED)	SECTION	INTERNALLY GENERATED SOFTWARE NZ$m	SOFTWARE LICENSES NZ$m	INTELLECTUAL PROPERTY NZ$m	CLIENT RELATIONSHIPS NZ$m	TOTAL NZ$m
Gross carrying amount						
Balance at 1 January		64.7	4.5	2.6	16.2	88.0
Additions		9.7	-	-	-	9.7
Impairment charges	2.3	-	-	-	(2.4)	(2.4)
Exchange differences		0.6	0.1	0.1	0.6	1.4
Balance at period end		**75.0**	**4.6**	**2.7**	**14.4**	**96.7**
Accumulated amortisation						
Balance at 1 January		(24.1)	(2.9)	(1.9)	(6.1)	(35.0)
Current period amortisation		(5.2)	(0.3)	(0.1)	(1.0)	(6.6)
Exchange differences		(0.1)	(0.1)	(0.1)	(0.3)	(0.6)
Balance at period end		**(29.4)**	**(3.3)**	**(2.1)**	**(7.4)**	**(42.2)**
Intangible assets at 30 June 2023		**45.6**	**1.3**	**0.6**	**7.0**	**54.5**
31 DECEMBER 2022 (AUDITED)						
Gross carrying amount						
Balance at 1 January		50.6	4.6	2.6	6.0	63.8
Additions		15.9	-	-	9.6	25.5
Disposals		(1.3)	(0.1)	-	-	(1.4)
Impairment charges		(0.5)	-	-	-	(0.5)
Exchange differences		-	-	-	0.6	0.6
Balance at period end		**64.7**	**4.5**	**2.6**	**16.2**	**88.0**
Accumulated amortisation						
Balance at 1 January		(15.7)	(2.4)	(1.8)	(4.1)	(24.0)
Current period amortisation		(8.9)	(0.6)	(0.2)	(1.8)	(11.5)
Disposals		1.3	0.1	-	-	1.4
Impairment charges		(0.8)	-	-	-	(0.8)
Exchange differences		-	-	0.1	(0.2)	(0.1)
Balance at period end		**(24.1)**	**(2.9)**	**(1.9)**	**(6.1)**	**(35.0)**
Intangible assets at 31 December 2022		**40.6**	**1.6**	**0.7**	**10.1**	**53.0**

Cash additions

Internally generated software cash additions for the period were $10.8m and exclude the $1.1m accrual for Government grants (see section 2.3).

Internally generated software cash additions for the year ended 31 December 2022 were $16.8m and include a 2021 trade payable of $0.9m and the Retriever client relationships of $3.3m.

Testing for indicators of impairment – internally generated software

Vista Group reviewed the carrying value of its internally generated software for indicators of impairment at 30 June 2023. No such indicators were noted. In accordance with NZ IAS 36, no impairment review was performed at 30 June 2023.

An impairment charge of $1.1m was recognised on the income statement at 30 June 2022 as Vista Group determined all intangible assets owned by Vista Group relating to Vista China specific software was fully impaired.

Impairment of Retriever client contracts

On 16 February 2022, Vista Group announced it acquired the client relationships assets of Retriever Software Inc. ('Retriever'). The fundamental driver behind this transaction was to sign their largest North American client to Vista Cloud, which has created significant intrinsic value in assisting Vista Cloud's development. The secondary driver was to transfer their smaller clients to the Veezi platform.

Vista Group progressed with the closure of the Retriever legacy platform on 31 July 2023 which resulted in a higher client churn rate than anticipated. An impairment review was performed using a multi-excess earnings method (MEEM), which is 'fair value less costs to dispose' model that uses level 3 fair value measurement techniques. This model concluded that the $8.0m carrying value exceeded the $5.6m recoverable amount by $2.4m. Vista Group has recognised the $2.4m as an impairment charge within 'other gains and losses' (see section 2.3).

The key inputs applied to the MEEM include:

30 JUNE 2023 (UNAUDITED)	RATE ASSUMED	SENSITIVITY APPLIED	IMPAIRMENT CHARGE ADJUSTMENT IF SENSITIVITY IS APPLIED
Future cash flows: 5-year revenue CAGR	4.4%	+/- 1.0%	+/- $0.1m
Future cash flows: Direct costs	46.0%	+/- 5.0%	+/- $0.4m
Discount rate	17.0%	+/- 2.0%	+/- $0.5m
Long-term growth rate	2.5%	+/- 1.0%	+/- $0.1m

4.5 Leased and subleased assets

Carrying amount of leased assets

	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January	12.3	15.6
Additions during the period	-	1.8
Additions relating to previously subleased premises	2.5	-
Adjustments in respect of assumed lease term	(0.1)	(1.5)
Current period depreciation	(2.2)	(4.0)
Exchange differences	0.6	0.4
Lease assets at period end	**13.1**	**12.3**

Carrying amount of subleased assets

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January		1.2	2.7
Impairment reversal / (charge)	2.3	1.3	(1.5)
Amounts reclassified to right of use assets		(2.5)	-
Lease payments received (including interest)		-	(0.1)
Exchange differences		-	0.1
Net investment in sublease at period end		**-**	**1.2**

In the prior year, the subtenant of Vista Group's Los Angeles premises abandoned their sublease with 4 years remaining on its term. Prior to the end of 2022 the sublease was terminated. Vista Group reviewed the sublease asset for impairment at 30 June 2022 and again at 31 December 2022 and recognised an impairment charge on the income statement (within 'other gains and losses') of $0.9m and $1.5m, respectively.

Following termination of the sublease, the asset reverted to being a right of use asset of Vista Group, presented separately as Vista Group was pursuing a new subtenant. At 30 June 2023, these assets have been presented together as Vista Group started using the space as it is considered unlikely to be re-sublet on its own. As the space is now being utilised, a $1.3m impairment reversal has been recognised in the current period.

4.6 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.

Carrying amount of provisions

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
US sales taxes		-	0.3
Business transformation constructive obligations	2.3	0.6	-
Lease dilapidations		0.5	0.4
Total provisions at period end		**1.1**	**0.7**
Represented by:			
Current		0.6	0.6
Non-current		0.5	0.1
Total provisions at period end		**1.1**	**0.7**

Movement in provisions

	SECTION	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m AUDITED
Balance at 1 January		0.7	3.2
US sales taxes		(0.3)	(2.5)
Business transformation constructive obligations	2.3	0.6	-
Movement in lease dilapidations		0.1	-
Total provisions at period end		**1.1**	**0.7**

4.7 Contingent consideration

Movement in contingent consideration

	30 JUNE 2023 NZ$m UNAUDITED	31 DECEMBER 2022 NZ$m UNAUDITED
Balance at 1 January	2.9	-
Retriever acquisition - revenue earn-out	-	1.5
Retriever acquisition - transition earn-out	-	1.6
Amounts settled in cash during the period	(1.3)	-
Movements in fair value through the income statement	(0.8)	-
Exchange movements	-	(0.2)
Total contingent consideration at period end	**0.8**	**2.9**
Represented by:		
Current	0.8	1.4
Non-current	-	1.5
Total contingent consideration at period end	**0.8**	**2.9**

The acquisition price for Retriever included contingent cash consideration through the following earn-outs:

- **Revenue earn-out:** $1.5m was payable before 30 April 2023 if specific revenue targets were achieved. In the current period Vista Group settled $1.3m of this earn-out in cash.
- **Transition earn-out:** $1.6m remains payable in Q1 2024 based on the retention and integration of key clients to Vista Group's platforms. Vista Group project $0.8m of this earn-out will be achieved and ultimately payable.

Vista Group recognised a fair value gain of $0.8m in the current period relating to the reduction in these contingent cash consideration liabilities (see section 2.3). See section 4.4 for details of the $2.4m impairment charge relating to the Retriever client contracts (intangible asset).

5. Capital structure

5.1 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 2023 UNAUDITED	30 JUNE 2022 UNAUDITED
Weighted average ordinary shares for basic EPS (millions)	**234.5**	**232.6**
Effect of dilution:		
Share options and awards (millions)	3.6	4.8
Weighted average ordinary shares adjusted for the effect of dilution	**238.1**	**237.4**
Loss for the period attributable to owners of the parent (NZ$m)	(8.7)	(17.8)
Basic and diluted EPS (cents)	**($0.04)**	**($0.08)**

5.2 Contributed capital

At 30 June 2023, there were 236,243,042 shares were in issue (31 December 2022: 233,192,093). The following reflects where these shares were allocated:

	MILLIONS OF SHARES		NZ$m	
	30 JUNE 2023 UNAUDITED	31 DECEMBER 2022 AUDITED	30 JUNE 2023 UNAUDITED	31 DECEMBER 2022 AUDITED
Shares issued and fully paid:				
Balance at 1 January	233.2	231.2	135.0	131.3
Ordinary shares issued during the period:				
Shares issued as part of Retriever asset acquisition	-	1.5	-	3.2
Employee incentives	3.0	0.5	5.7	0.9
Excess income tax expense on share-based payments	-	-	(0.2)	(0.4)
Total contributed equity at period end	**236.2**	**233.2**	**140.5**	**135.0**

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

6. Financial instruments

6.1 Financial instruments by category

30 JUNE 2023 (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
Cash	37.1	-	-
Trade receivables	25.0	-	-
Sundry receivables	2.4	-	-
Total financial assets	**64.5**	**-**	**-**
Borrowings - external	-	-	18.3
Borrowings - related parties	-	-	0.6
Trade payables	-	-	3.0
Sundry payables	-	-	6.4
Lease liabilities	-	-	16.6
Contingent consideration	-	0.8	-
Total financial liabilities	**-**	**0.8**	**44.9**
31 DECEMBER 2022 (AUDITED)			
Cash	46.0	-	-
Trade receivables	31.6	-	-
Sundry receivables	1.2	-	-
Net investment in sublease	1.2	-	-
Total financial assets	**80.0**	**-**	**-**
Borrowings - external	-	-	17.6
Borrowings - related parties	-	-	0.5
Trade payables	-	-	7.7
Sundry payables	-	-	4.9
Lease liabilities	-	-	18.6
Contingent consideration	-	1.4	-
Total financial liabilities	**-**	**1.4**	**49.3**

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.

7. Other disclosures

7.1 Related parties

Related parties are materially consistent with those disclosed in the 2022 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 2023	31 DECEMBER 2022	30 JUNE 2023	31 DECEMBER 2022
	NZ$m	NZ$m	NZ$m	NZ$m
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
Associate company	1.2	1.4	(0.3)	(0.4)

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

	ASSOCIATE COMPANY	
	30 JUNE 2023	30 JUNE 2022
	NZ$m	NZ$m
	UNAUDITED	UNAUDITED
Receiving of services	-	-
Rendering of services	1.4	2.4
Total related party transactions	**1.4**	**2.4**

Services rendered to Vista China in 2023 have incurred a 100% credit risk provision. Vista Group recognised $0.9m of maintenance revenue from Vista China during the period (30 June 2022: $0.9m) through an agreement to offset amounts due to Vista China.

7.2 Going concern

These 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 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 2023, Vista Group had $60.8m in cash liquidity, with $37.1m in cash and $23.7m of undrawn ASB revolving credit and overdraft facilities. In addition to this, Vista Group's EBITDA and operating cash flows are accretive. The ASB facilities are due to mature in January 2026.

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

7.3 Capital commitments and contingent liabilities

There were no significant capital commitments or contingent liabilities for Vista Group at 30 June 2023 (31 December 2022: $nil).

7.4 Events after balance date

On 6 July 2023, Vista Group commenced a consultation with its people around a proposed business transformation which if accepted will streamline the business into a platform operating model and reduce the global workforce by between 6-8%. Sections 2.3 and 4.6 provide details of the costs / provisions recognised at 30 June 2023 for impacted people that were consulted prior to 1 July 2023. These provisions do not include the estimated costs of impacted people who were consulted after 30 June 2023. Due to the consultation period, if accepted, only concluding after the date of these financial statements, it is too early to estimate the additional transformation costs that may be incurred through this process.

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

VISTA GROUP

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