Vista Group Interim Report 2024

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 2024 (**1H24**) and represent the half year results for Vista Group. Comparisons are to the first six months of 2023 (**1H23**).

Vista Group delivered a strong performance during 1H24 with the benefits of a simplified organisation flowing through, not just to deliver improved operational efficiencies and margin expansion, but also a more connected client experience.

The new business structure is now fully operational, with a $4.8m reduction in total cost to serve and operating expenses[6] from 1H23.

Vista Cloud client onboarding accelerated during 1H24, and on 5 August 2024, 138 sites were live on Vista Cloud and 247 on digital solutions.

In addition to existing clients transitioning to Vista Cloud, new name clients to Vista Group continued to sign during the period including Silky Otter in New Zealand and Cine Colombia in South America.

Vista Group's reported revenue of $69.6m was consistent with 1H23, with Recurring Revenue[3] up 5% and SaaS Revenue[3] up 20%. EBITDA[1] of $7.2m was up 188% or $4.7m on 1H23, with the new business structure delivering significant operating leverage improvement. The EBITDA[1] margin for 1H24 was 10%, up from 4% on 1H23.

Vista Group continues to expect to be Free Cash Flow[5] positive in 4Q24.

Financial overview

- EBITDA[1] of $7.2m (up $4.7m on 1H23)
- ARR[2] of $129.4m (up 9% on 30 June 2023)
- Total revenue of $69.6m (in line with 1H23), with Recurring Revenue[3] of $63.4m (up 5% on 1H23) and SaaS Revenue[3] of $25.4m (up 20% on 1H23)
- Operating cashflow of $3.0m, or $6.1m after adjusting for movements in working capital[4] (up $8.5m on 1H23 on a like for like basis)
- Loss for the period of $2.7m (a 68% improvement on 1H23).

Outlook

- 2024 total revenue guidance of $148m-$153m (was $152m-$157m), Recurring Revenue[3] of $133m-$137m and Non-Recurring Revenue[3] of $15m-$16m (was ~$18m)
- On track to be Free Cash Flow[5] positive in 4Q24
- 2024 EBITDA[1] margin of 13-14% (stronger than expected)
- 2025 EBITDA[1] margin upgraded to 16-18% (was 15%+)
- On target to achieve December 2025 ARR[2] of $175m+.

Operational overview

- 247 sites were live on Vista Cloud solutions on 5 August 2024, including Major Cineplex (79 sites), Everyman (44 sites), Pathé (29 sites), NCG (27 sites), and Megaplex (15 sites)
- New client Cine Colombia (48 sites) has signed to move its cinema circuit to Vista Cloud's Moviegoer Engagement solution
- The new business structure is now fully operational, with a $4.8m reduction in total cost to serve and operating expenses[6] from 1H23.

Industry overview

- *Deadpool & Wolverine* has smashed domestic box office records, becoming only the ninth film to open above US$200m, representing the sixth-highest opening weekend, and the highest R-rated film opening weekend of all time[7]
- Animated coming-of-age Pixar film *Inside Out 2* has taken US$1.5b at the box office, making it the highest grossing animated film of all time[7]
- Highly successful film franchises anchor the 2H24 movie slate including *Joker: Folie à Deux, Moana 2, Transformers One, The Lord of the Rings: The War of the Rohirrim, Mufasa: The Lion King,* and *Gladiator II*
- 1H24 domestic box office of US$3.6b, down ~19% on 1H23[7] due to the impacts of the 2023 writers' and actors' strikes.

Group results

Vista Group's reported revenue of $69.6m was consistent with 1H23, with Recurring Revenue[3] up 5% and SaaS Revenue[3] up 20%. EBITDA[1] of $7.2m was up 188% or $4.7m on 1H23, with the new business structure delivering significant operating leverage improvement. The EBITDA[1] margin for 1H24 was 10%, up from 4% on 1H23.

Vista Group's balance sheet remains sound with cash of $20.0m ($0.9m net of bank borrowings) now expected to approximate to its lowest point before Free Cash Flow[5] positive is realised in 4Q24. At 30 June 2024, Vista Group had $42.9m of cash and bank facilities available for use ($20.0m cash and $22.9m undrawn bank facilities).

Vista Group generated $3.0m cashflow from operating activities, which after adjusting for movements in working capital[4] would be $6.0m (up $8.5m on 1H23 on a like for like basis).

A continued focus on working capital has resulted in cash collections from clients representing 108% of total revenue, a pleasing outcome given the content delays from the 2023 writers' and actors' strikes.

Segmental results

The management reports which are regularly reviewed by the CEO to make strategic decisions changed in the 2024 financial year to align to the newly transformed business.

Cinema

Vista Group's largest reporting segment 'Cinema'[8], represents ~80% of Vista Group's revenue, and includes software solutions for the cinema industry, primarily Vista Cloud, Movio EQ, Vista Classic (legacy on-premises) and Veezi.

The Cinema segment reported total revenue of $55.4m (in line with 1H23). Recurring Revenue[3] was up 4% and SaaS Revenue[3] was up 20%. The Cinema segment contribution margin[9] of $17.1m was up 4% on 1H23. The Cinema segment's global market share[10] of enterprise clients, excluding China and India, remained at 46% at 30 June 2024.

Client signings to Vista Cloud continue, with new client Cine Colombia being signed in July 2024. Vista Group sees this as a strong market validation, with 247 sites live on Vista Cloud's Digital Enablement, Moviegoer Engagement and Operational Excellence capabilities on 5 August 2024, and about 800 sites are expected to be live on Vista Cloud solutions by the end of 2024.

Movio Cinema EQ, a data analytics and campaign management solution offered as part of Vista Cloud's Moviegoer Engagement capability, continues to increase engagement and visitation.

Film

Vista Group's new 'Film' segment[8] includes software solutions for film studios and distributors, including Maccs and Numero (for box office reporting and film distribution), Movio Research, Powster and Flicks.

The Film segment reported total revenue of $14.2m is in line with 1H23, with a segment contribution margin[9] of $5.5m, up 22% on 1H23.

Box office reporting and film distribution products (Maccs, Numero, Movio Research) performed exceptionally well with revenue up 12% on 1H23, primarily driven by the continued geographic expansion of the Numero platform, with complete coverage of UK box office data achieved in 1H24.

The Powster creative studio business, which is one of the few Vista Group brands that was directly impacted by the content delays caused by the writers' and actors' strikes, saw revenue decline 22% on 1H23. This drop in creative revenue is expected to be temporary, with substantial improvements forecast in the 2H24 box office and movie slate.

Flicks, the cinema and streaming discovery app, reported revenue up another 20%, and is now reaching 22 million unique users globally each year. Flicks continue to innovate through a new membership offering, and rewarding users by offering discounts and tickets from partner brands.

1 EBITDA is a non-GAAP measure which is defined as earnings before net finance costs, income tax, depreciation, amortisation, and "other gains & losses" (see section 2.3 of the 2024 Interim Report).

2 ARR is Annualised Recurring Revenue, calculated as trailing 3 month Recurring Revenue multiplied by four. Aspirations for 2025 ARR assume no delays in key cloud transition projects and no adverse change in industry or operating outlook.

3 Recurring Revenue, SaaS Revenue and Non-Recurring Revenue are defined in section 1 of the 2024 Interim Report.

4 Net changes in working capital are reported in section 3.1 of the 2024 Interim Report.

5 Free Cash Flow and Cash Usage are non-GAAP measures and are calculated using the net movement in cash held, less cash used or applied to business acquisitions / earn-outs / movement in loans / exceptional items included within "other gains and losses" (see section 2.3 of the 2024 Interim Report).

6 Total cost to serve and operating expenses are disclosed in section 2.3 of the 2024 Interim Report.

7 Sources: Box Office Pro, Box Office Mojo, Rotten Tomatoes and Variety Magazine.

8 New reporting segments are defined in section 2.2 of the 2024 Interim Report, with 1H23 and FY23 comparative values also supplied. A datasheet is available on vistagroup.co.nz/investor-centre which contains reporting segment details by 6 month intervals from 1H20.

9 Contribution margin is a non-GAAP measure which is calculated as total revenue, less cost to serve, sales & marketing costs, and research & development costs.

10 Management's estimate of the Cinema segment percentage of the world market for Cinema Exhibition Companies with 20+ screens, excluding China and India.

Income statement

For the six months ended 30 June 2024

CONTINUING OPERATIONS	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
Total revenue	2.1, 2.2	**69.6**	**69.7**
Cost to serve	2.3	(28.9)	(26.4)
Gross profit		**40.7**	**43.3**
Sales and marketing costs	2.3	(4.9)	(7.7)
Research and development costs	2.3	(13.2)	(14.6)
Contribution margin[1]	2.2	**22.6**	**21.0**
General and administration costs	2.3	(14.6)	(17.6)
Foreign currency losses	2.3	(0.8)	(0.9)
EBITDA[2]		**7.2**	**2.5**
Amortisation	4.3	(6.7)	(6.6)
Depreciation		(3.0)	(3.2)
Finance costs		(1.3)	(1.4)
Finance income		0.2	0.6
Other gains and losses	2.3	-	(1.8)
Loss before tax		**(3.6)**	**(9.9)**
Taxation benefit	5.1	0.9	1.4
Loss for the period		**(2.7)**	**(8.5)**
Loss for the period is attributable to:			
Owners of the parent		(2.4)	(8.7)
Non-controlling interests		(0.3)	0.2
Loss for the period		**(2.7)**	**(8.5)**
Basic and diluted earnings per share (dollars)	6.2	($0.01)	($0.04)

1 Contribution margin is a non-GAAP measure which is calculated as total revenue, less cost to serve, sales & marketing costs, and research & development costs. It is the profit measure that the Chief Operating Decision Maker (**CODM**) and Board use to monitor operating segment performance.

2 EBITDA is a non-GAAP measure which is defined as earnings before net finance costs, income tax, depreciation, amortisation, and "other gains & losses" (see section 2.3).

Statement of other comprehensive income

For the six months ended 30 June 2024

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
Items that may be reclassified subsequently to the income statement[1]			
Translation of foreign operations		1.8	3.8
Items that will not be reclassified to the income statement			
Excess income tax benefit / (expense) on share-based payments	6.1	0.3	(0.2)
Total other comprehensive income		**2.1**	**3.6**
Loss for the period		(2.7)	(8.5)
Total comprehensive loss for the period		**(0.6)**	**(4.9)**
Total comprehensive loss for the period is attributable to:			
Owners of the parent		(0.3)	(5.1)
Non-controlling interests		(0.3)	0.2
Total comprehensive loss for the period		**(0.6)**	**(4.9)**

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 2024

2024 (UNAUDITED)	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
Balance at 1 January 2024	**140.5**	**(12.0)**	**4.5**	**2.8**	**135.8**	**1.5**	**137.3**
Total comprehensive income movement:							
Loss for the period	-	(2.4)	-	-	(2.4)	(0.3)	(2.7)
Other comprehensive income[1]	0.3	-	1.8	-	2.1	-	2.1
Total comprehensive income / (loss)	**0.3**	**(2.4)**	**1.8**	**-**	**(0.3)**	**(0.3)**	**(0.6)**
Transactions with owners:							
Share-based payments	2.4	-	-	(1.3)	1.1	-	1.1
Balance at 30 June 2024	**143.2**	**(14.4)**	**6.3**	**1.5**	**136.6**	**1.2**	**137.8**

2023 (UNAUDITED)	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
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**

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 2024

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
CURRENT ASSETS			
Cash		20.0	28.5
Trade and other receivables	4.1	31.1	38.4
Contract assets	4.1	5.2	4.1
Net investment in sublease		0.6	-
Income tax receivable		0.5	0.4
Total current assets		**57.4**	**71.4**
NON-CURRENT ASSETS			
Contract assets	4.1	1.0	0.5
Property, plant and equipment		2.4	3.2
Lease assets		7.3	8.7
Net investment in sublease		0.7	-
Goodwill	4.2	58.7	57.7
Other intangible assets	4.3	57.1	54.8
Deferred tax asset	5.2	25.4	24.1
Total non-current assets		**152.6**	**149.0**
Total assets		**210.0**	**220.4**
CURRENT LIABILITIES			
Borrowings	3.2	1.9	1.0
Trade and other payables		14.5	22.3
Lease liabilities		6.2	5.5
Deferred revenue		25.2	26.7
Provisions	4.4	0.2	1.2
Contingent consideration		-	0.5
Income tax payable		-	0.1
Total current liabilities		**48.0**	**57.3**
NON-CURRENT LIABILITIES			
Borrowings	3.2	18.2	17.6
Lease liabilities		5.1	7.0
Deferred revenue		0.7	0.5
Provisions	4.4	0.2	0.1
Deferred tax liability	5.2	-	0.6
Total non-current liabilities		**24.2**	**25.8**
Total liabilities		**72.2**	**83.1**
Net assets		**137.8**	**137.3**
EQUITY			
Contributed equity	6.1	143.2	140.5
Retained earnings		(14.4)	(12.0)
Foreign currency reserve		6.3	4.5
Share-based payment reserve		1.5	2.8
Total equity attributable to owners of the parent		**136.6**	**135.8**
Non-controlling interests		1.2	1.5
Total equity		**137.8**	**137.3**

For, and on behalf, of the Board who approved these interim financial statements for issue on 5 August 2024.

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 2024

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		75.3	78.4
Payments to suppliers and employees		(70.4)	(71.7)
Payments associated to the 2023 business transformation	2.3	(0.5)	-
Taxes (paid) / received		(0.2)	0.1
Interest paid		(1.2)	(0.6)
Net cash inflow from operating activities	3.1	**3.0**	**6.2**
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(0.2)	(0.5)
Purchase of internally generated software and other intangibles	4.3	(9.2)	(10.8)
Interest received		0.4	0.6
Contingent consideration paid		(0.5)	(1.3)
Net cash applied to investing activities		**(9.5)**	**(12.0)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Lease payments - principal elements		(3.0)	(2.7)
Loan drawdown - ASB	3.2	2.7	-
Loan repayment - ASB	3.2	(1.9)	-
Loan drawdown - RDTI loan	3.2	0.2	-
Loan repayment - related parties	3.2	(0.2)	-
Dividends paid to non-controlling interests		-	(0.7)
Net cash applied to financing activities		**(2.2)**	**(3.4)**
Net decrease in cash		(8.7)	(9.2)
Cash at beginning of period		28.5	46.0
Foreign exchange differences		0.2	0.3
Cash at period end		**20.0**	**37.1**

 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 2023 Annual Report.

With exception to changes in reporting segments in section 2.2, 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 2023 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.

Impact of climate-related matters on these financial statements

Vista Group continues to assess the impact of climate change on its business along with plans to set targets and to reduce its emissions. The current commitments made by Vista Group are detailed within the 2023 Group Climate Statement, located at vistagroup.co.nz/investor-centre. The main emission commitments include:

1. An absolute reduction for Scope 2 GHG emissions of 42% by 2030, from the 2022 base year;

2. Measuring all applicable Scope 3 GHG emission categories; and

3. Setting reduction targets for Scope 3 GHG emissions aligned with science-based targets.

To the best of our knowledge, when preparing this interim report, Vista Group determined there were no material impacts from climate-related matters on these financial statements, including sources of estimation uncertainty or significant judgements.

Non-GAAP financial measures

Vista Group's CODM (being Vista Group's CEO) and Board use the following non-GAAP financial measures to evaluate the financial performance of Vista Group and its reporting segments:

- **Contribution margin:** which closely correlates to the operating cashflows of each reporting segment that the business leads can control. It is calculated as total revenue, less cost to serve, sales & marketing costs, and research & development costs. A reconciliation by reporting segment is provided in section 2.2.
- **EBITDA:** which 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, and "other gains and losses" (see section 2.3). A reconciliation is provided on the income statement.
- **Recurring and Non-Recurring Revenues:** 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 classification 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.

2. Financial performance

This section outlines further details of Vista Group's financial performance by building on information presented in the income statement.

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 2024 NZ$m UNAUDITED	% UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED	% UNAUDITED
SaaS revenue	25.4		21.1	
Non-SaaS revenue	38.0		39.4	
Recurring revenue	**63.4**	**91%**	**60.5**	**87%**
Perpetual software	1.4		2.7	
Hardware	0.9		1.6	
Services & development - one off	3.7		4.6	
Other revenue	0.2		0.3	
Non-recurring revenue	**6.2**	**9%**	**9.2**	**13%**
Total revenue[1]	**69.6**	**100%**	**69.7**	**100%**

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

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 jurisdictions based on the location of the transacting Vista Group entity.

	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
New Zealand	12.3	13.0
United States	25.2	25.3
United Kingdom	18.9	18.8
Mexico	5.3	6.1
Other[1]	7.9	6.5
Total revenue	**69.6**	**69.7**

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

Revenue process and policy

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

REVENUE CATEGORY	REVENUE TYPE	REPORTING SEGMENT	DESCRIPTION	TIMING OF REVENUE RECOGNITION
SaaS revenue *Recurring revenue*	**Vista recurring subscriptions – annual fee**	**Cinema**	A subscription for the right to access cloud-hosted software.	**Over time** Benefits are simultaneously received and consumed; revenue is recognised over the contract term.
	Vista recurring subscriptions – variable fee	**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	**Cinema**	Movio cloud-hosted data, marketing and analytics platform. Clients 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	**Cinema**	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	**Film**	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	**Film**	A subscription for the right to access the Maccs platforms, including Maccs Box, DCHub and Theatrical Distribution Services.	**Over time** Platform access is recognised over time as benefits are simultaneously received and consumed.
	Maccs platforms – variable fee	**Film**	Variable revenue based on the use of Maccs platforms, including Maccs Box, DCHub and Theatrical Distribution Services.	**Point in time** Variable license revenue is recognised at the end of each month once usage-based quantities are known.
	Numero platform	**Film**	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	REPORTING SEGMENT	DESCRIPTION	TIMING OF REVENUE RECOGNITION
Non-SaaS revenue ***Recurring revenue***	**On-premises subscription fees**	**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	**Cinema & Film**	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	**Cinema & Film**	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	**Film**	Website and marketing platform for feature films, incorporating Showtimes data.	**Point in time** Recognised when the platform is made available to the client.
Non-recurring revenue	**Perpetual software**	**Cinema & Film**	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 client can benefit from using the software.
	Website development	**Film**	Creation of websites for new films about to be released.	**Point in time** Recognised when the website has been delivered to the client.
	Services & development – one off	**Cinema & Film**	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	**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 Reporting segments

The management reports which are regularly reviewed by the CODM to make strategic decisions changed in the 2024 financial year to align to the newly transformed business. The new reporting segments are as follows:

- **Cinema segment:** Software products predominantly sold to the cinema industry, including Vista Cinema, Veezi, Share Dimension and movieXchange (each previously included within the 2023 Cinema segment), and also includes Movio Classic and Movio Cinema EQ (previously included within the Movio segment).
- **Film segment:** Software products predominantly sold to film studios and distributors, including Maccs and Numero (both being box office reporting software products), Movio Research and Movio Media (each previously included within the Movio segment), Powster and Flicks.

Reporting segment performance[1]

The table below provides a breakdown of Vista Group's new reporting segments. Comparative disclosures for the periods ending 30 June 2023 and 31 December 2023 have been restated in this table to align to the new segmental reporting. Unaudited historical reporting segment results are available in the Investor Centre section of Vista Group's website vistagroup.co.nz/investor-centre.

	FOR THE SIX MONTHS ENDED 30 JUNE 2024 (UNAUDITED)				FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)			
	CINEMA NZ$m	FILM NZ$m	TOTAL NZ$m	*% OF REVENUE*	CINEMA NZ$m	FILM NZ$m	TOTAL NZ$m	*% OF REVENUE*
SaaS revenue	19.5	5.9	25.4		16.2	4.9	21.1	
Maintenance revenue	19.4	2.5	21.9		22.3	2.3	24.6	
Other non-SaaS revenue	12.0	4.1	16.1		10.3	4.5	14.8	
Recurring revenue	**50.9**	**12.5**	**63.4**		**48.8**	**11.7**	**60.5**	
Hardware revenue	0.9	-	0.9		1.6	-	1.6	
Other non-recurring revenue	3.6	1.7	5.3		5.1	2.5	7.6	
Non-recurring revenue	**4.5**	**1.7**	**6.2**		**6.7**	**2.5**	**9.2**	
Total revenue	**55.4**	**14.2**	**69.6**		**55.5**	**14.2**	**69.7**	
Hardware cost of sales	(0.5)	-	(0.5)		(1.1)	-	(1.1)	
Other cost to serve	(23.9)	(4.5)	(28.4)	*41%*	(19.8)	(5.5)	(25.3)	*36%*
Cost to serve	**(24.4)**	**(4.5)**	**(28.9)**		**(20.9)**	**(5.5)**	**(26.4)**	
Gross profit	**31.0**	**9.7**	**40.7**		**34.6**	**8.7**	**43.3**	
Gross profit %	*56%*	*68%*	*58%*		*62%*	*61%*	*62%*	
Gross profit (excl hardware) %	*56%*	*68%*	*59%*		*63%*	*61%*	*63%*	
Sales and marketing costs	(2.9)	(2.0)	(4.9)	*7%*	(6.2)	(1.5)	(7.7)	*11%*
Research and development costs	(11.0)	(2.2)	(13.2)	*19%*	(11.9)	(2.7)	(14.6)	*21%*
Contribution margin[2]	**17.1**	**5.5**	**22.6**		**16.5**	**4.5**	**21.0**	
Contribution margin %	*31%*	*39%*	*32%*		*30%*	*32%*	*30%*	

1 Vista Group's CODM does not regularly review assets and liabilities for each reporting segment. The prior comparative period values (30 June 2023 and 31 December 2023) have been restated to align to Vista Group's new reporting segments.

2 Contribution margin is a non-GAAP measure which is calculated as total revenue, less cost to serve, sales & marketing costs, and research & development costs. It is the profit measure that the CODM and Board use to monitor operating segment performance.

Reporting segment performance (prior year)

	FOR THE YEAR ENDED 31 DECEMBER 2023 (UNAUDITED) CINEMA NZ$m	FILM NZ$m	TOTAL NZ$m	% OF REVENUE
SaaS revenue	35.5	10.4	45.9	
Maintenance revenue	41.0	4.6	45.6	
Other non-SaaS revenue	23.3	9.2	32.5	
Recurring revenue	**99.8**	**24.2**	**124.0**	
Hardware revenue	3.7	-	3.7	
Other non-recurring revenue	10.7	4.6	15.3	
Non-recurring revenue	**14.4**	**4.6**	**19.0**	
Total revenue	**114.2**	**28.8**	**143.0**	
Hardware cost of sales	(2.6)	-	(2.6)	
Other cost to serve	(39.9)	(10.8)	(50.7)	*35%*
Cost to serve	**(42.5)**	**(10.8)**	**(53.3)**	
Gross profit	**71.7**	**18.0**	**89.7**	
Gross profit %	*63%*	*63%*	*63%*	
Gross profit (excl hardware) %	*64%*	*63%*	*64%*	
Sales and marketing costs	(12.4)	(2.9)	(15.3)	*11%*
Research and development costs	(23.0)	(5.4)	(28.4)	*20%*
Contribution margin[1]	**36.3**	**9.7**	**46.0**	
Contribution margin %	*32%*	*34%*	*32%*	

1 Contribution margin is a non-GAAP measure which is calculated as total revenue, less cost to serve, sales & marketing costs, and research & development costs. It is the profit measure that the CODM and Board use to monitor operating segment performance.

Non-current assets by domicile of entity

	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
New Zealand	71.0	69.3
United States	19.9	20.7
United Kingdom	9.8	8.5
Mexico	12.7	12.3
Other[1]	13.8	14.1
Non-current assets[2]	**127.2**	**124.9**

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

2 As required by NZ IFRS 8 *Operating Segments*, non-current operating assets in the table above excludes deferred tax assets.

2.3 Expenses and other income

Classification of operating expenses on the income statement

Cost to serve: are the incremental 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 client conferences.

Research and development costs: include staffing and supplier costs directly associated with 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 as they are non-cash costs, and it also enables Vista Group's non-GAAP financial measure, EBITDA (as defined in section 1) to be presented clearly on the income statement.

Impact of the business transformation on the classification of operating expenses

On December 2023, Vista Group completed a business transformation by unifying its seven operating businesses into a single SaaS-focused business. As a result of this transformation, significant changes were made to Vista Group's operating model which have impacted how personnel costs are now categorised within the operating expense classifications (cost to serve, sales & marketing costs, research & development costs, and general & administration costs). Prior year classifications have not been re-categorised as they better reflect how the business was operating at that time.

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'. The prior period values have been represented to show the capitalised development costs in a like for like manner (those that were recognised on the income statement).

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m *Represented* UNAUDITED
Direct cost of sales (excl. hardware and personnel)		8.1	7.8
Hardware cost of sales		0.5	1.1
Personnel costs		43.5	46.6
Share-based payment expense		1.1	2.3
Defined contribution plans and employee insurances		4.7	4.8
Capitalised development	4.3	(8.8)	(9.7)
Government grants	2.3	(0.6)	(0.1)
Computer equipment and software		3.0	3.2
Marketing costs		1.1	1.2
Travel related costs		1.0	1.3
ECL expense / (benefit)	4.1	0.4	(1.5)
Bad debt expense	4.1	0.1	1.0
Foreign currency losses		0.8	0.9
Group auditor remuneration		0.3	0.3
Other operating expenses		7.2	8.0
Total cost to serve and operating expenses		**62.4**	**67.2**

Other gains and losses

'Other gains and losses' are excluded from operating expenses, contribution margin and EBITDA because they result from non-cash activities, or relate to unusual transactions 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 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
Business transformation costs		-	(0.8)
CEO transition costs		-	(0.5)
Fair value movements on contingent consideration		-	0.8
Impairment charges - Contract assets	4.1	-	(0.2)
Impairment charges - Retriever client contracts	4.3	-	(2.4)
Impairment reversal - Sublease asset		-	1.3
Total other gains and losses		**-**	**(1.8)**

Details of the other gains and losses recognised in the prior period:

- **Business transformation costs:** On 6 July 2023, Vista Group announced it had commenced consultation with its people around a proposed business transformation designed to streamline operations into a single business approach and reduce the global workforce by 6-8%. These business transformation costs predominantly related to a constructive obligation for impacted people consulted prior to 30 June 2023 and do not include the expected redundancy payments for impacted people consulted after 30 June 2023. These costs were considered unusual as they were non-recurring in nature and were presented separately to ensure the reader can better project future cashflows. Full details of the 2023 full year business transformation costs of $5.4m are available in the 2023 Annual Report.

  At 31 December 2023, Vista Group recognised a $0.8m provision relating to business transformation costs expected to be settled during the 2024 financial year. At 30 June 2024, $0.5m of this provision had been settled in cash.

- **CEO transition costs:** To help facilitate a seamless CEO transition where momentum was maintained, Vista Group's Board agreed to a cross-over consulting arrangement in 2023 with the incoming and departing CEOs. These incremental costs were presented separately to ensure the reader can better project future cashflows. Full details of the 2023 full year CEO transition costs of $1.1m are available in the 2023 Annual Report.

- **Fair value movements on contingent consideration:** The acquisition price for Retriever included contingent cash consideration through two earn-outs. In the prior period Vista Group recognised a fair value gain of $0.8m as the amount likely to be settled had reduced.

  The final amount due under the Retriever earn-outs was $0.5m, which was settled in the current period. No fair value gains or losses were recognised in the current year.

- **Impairment reversal – Sublease asset:** During the 2022 financial 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 and the leased asset reverted to being a right of use asset of Vista Group. An impairment charge of $1.5m was recognised at 31 December 2022.

  By 30 June 2023, Vista Group had started using the space as at that time it was considered unlikely to be re-sublet on its own. This resulted in an impairment reversal of $1.3m at 30 June 2023.

  By 31 December 2023, Vista Group had found a new subtenant for the same space with the lease commencing in March 2024. The new sublease asset has therefore been reclassified from lease assets and recognised as a sublease asset in 2024. The impairment charge reversal of $1.3m recognised at 30 June 2023 was then reduced to $0.6m at 31 December 2023.

Government grants (significant accounting judgement)

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.

Total Government grants recognised in the income statement during the period were $0.6m (30 June 2023: $0.1m):

- **Employee Retention Credit (ERC):** Vista Group made an ERC claim with the US Government which could refund up to US$2.0m of pandemic related wage costs. While Vista Group believes it is eligible to make this claim, due to its complexity and various procedural factors, Vista Group applied judgement in determining that reasonable assurance will only be achieved when the claim has been accepted, meaning no ERC claim has been recognised.
- **New Zealand Research & Development Tax Incentives (RDTI):** Vista Group recognised $0.5m of Government grants associated to the RDTI (30 June 2023: $1.2m). The amount recognised on the income statement was $0.1m (30 June 2023: $0.1m) and the amount recognised as an offset to capitalised intangible asset costs was $0.4m (30 June 2023: $1.1m). Vista Group determines claims under the RDTI are reasonably probable when a general approval has been received by the Inland Revenue.

3. Cash flows and borrowings

This section outlines further details of Vista Group's cash flows and liquidity.

3.1 Reconciliation of net profit to operating cash flows

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m *Represented* UNAUDITED
Loss for the period		**(2.7)**	**(8.5)**
Non-cash items:			
Amortisation	4.3	6.7	6.6
Depreciation		3.0	3.2
Impairment charges	2.3	-	1.3
Fair value movements in contingent consideration	2.3	-	(0.8)
Share-based payment expense		1.1	2.3
Deferred tax benefit	5.1	(1.9)	(3.1)
Non-cash finance charges		0.3	0.8
Unrealised foreign currency losses / (gains)		0.3	(0.6)
Movement in ECL provision through the income statement	4.1	0.4	(1.5)
Movement in revenue provisions	4.1	(0.2)	(2.5)
Movement in other provisions	4.4	(0.9)	0.4
Net non-cash items		**8.8**	**6.1**
Movements in working capital:			
Decrease in related party trade and other payables		-	(0.1)
Decrease in related party trade and other receivables, net of deferred revenue		-	0.2
Decrease in trade and other payables		(8.2)	(4.4)
Decrease in trade and other receivables, net of deferred revenue		4.8	12.3
Decrease in net taxation receivable		0.3	0.6
Net change in working capital		**(3.1)**	**8.6**
Net cash inflow from operating activities		**3.0**	**6.2**

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 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Balance at 1 January	18.6	18.1
Repayments during the period	(2.1)	(0.1)
Drawdowns during the period	2.9	0.5
Movement in foreign exchange	0.7	0.1
Total borrowings at period end	**20.1**	**18.6**
Represented by:		
Current portion	1.9	1.0
Non-current portion	18.2	17.6
Total borrowings at period end	**20.1**	**18.6**

A schedule of all debt facilities is shown below:

FACILITY PROVIDER	REASON FOR LOAN	EXPIRY DATE	CURRENT LIMIT (NZ$m)	WEIGHTED AVERAGE INTEREST RATE		DEBT DRAWN (NZ$m)	
				30-Jun-24	31-Dec-23	30-Jun-24	31-Dec-23
ASB - revolving credit	General commercial / Future acquisitions	Jan 2026	40.0	7.31%	7.43%	18.2	17.6
ASB - overdraft	Working capital	On demand	2.0	10.13%	10.13%	0.9	-
Related parties	Working capital	On demand	0.3	4.00%	4.00%	0.3	0.5
RDTI loans	Government grants	May 2025	0.7	-	-	0.7	0.5
Total borrowings at period end						**20.1**	**18.6**

ASB facilities

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; and
- 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.

Other borrowings

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

This section outlines details of Vista Group's financial performance by building on information presented in the statement of financial position.

4.1 Trade and other receivables

Carrying value of trade and other receivables

	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Trade receivables	25.7	31.5
Sundry receivables	2.6	2.2
Prepayments	2.8	4.7
Total trade and other receivables	**31.1**	**38.4**

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 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Balance at 1 January		4.6	5.3
Amounts included in opening balance released in the current period		(3.3)	(4.5)
Additional contract assets recognised during the period		4.9	3.8
Impairment charges	2.3	-	(0.2)
Exchange movements		-	0.2
Contract assets at period end		**6.2**	**4.6**
Represented by:			
Current portion		5.2	4.1
Non-current portion		1.0	0.5
Contract assets at period end		**6.2**	**4.6**

Revenue provisioning (significant estimation uncertainty)

During the pandemic period, Vista Group was required to assess its trade receivable and contract asset balances for revenue related provisions as follows:

- **Credit risk provision:** During the initial impact of the pandemic (March 2020 to June 2021), Vista Group applied '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.

  All receivables relating to this period, but still on balance sheet at 30 June 2024, 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.

Due to the above, total revenue may include a reversal of prior period revenue provisioning, where the performance obligations were performed in a prior period. In the current period the amount was less than $0.1m (30 June 2023: $1.1m).

ECL provisioning (significant estimation uncertainty)

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:

- **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.
- **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 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Balance at 1 January	1.5	4.4
Bad debts written off	(0.1)	(1.6)
Movement in provision through the income statement	0.5	(0.7)
Movement in provision through deferred revenue	-	(0.7)
Exchange differences	-	0.1
ECL provision at period end	**1.9**	**1.5**

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

30 JUNE 2024 (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]	**29.4**	**2.2**	**1.3**	**0.2**	**0.7**	**33.8**
Baseline	0.1	-	-	-	-	0.1
Aging, write offs and collection	-	-	0.1	-	-	0.1
Country, client and market	0.1	-	-	-	-	0.1
ECL - general provision	0.2	-	0.1	-	-	0.3
ECL - specific provision	0.7	0.1	0.1	-	0.7	1.6
Total ECL provision	**0.9**	**0.1**	**0.2**	**-**	**0.7**	**1.9**
General provision effective rate	*0.7%*	*0.0%*	*7.7%*	*0.0%*	*0.0%*	*0.9%*

31 DECEMBER 2023 (AUDITED)	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]	**33.2**	**2.6**	**0.8**	**0.3**	**0.7**	**37.6**
Baseline	0.1	-	-	-	-	0.1
Aging, write offs and collection	-	-	-	-	-	-
Country, client and market	0.1	-	-	-	-	0.1
ECL - general provision	0.2	-	-	-	-	0.2
ECL - specific provision	0.2	0.3	0.1	0.1	0.6	1.3
Total ECL provision	**0.4**	**0.3**	**0.1**	**0.1**	**0.6**	**1.5**
General provision effective rate	*0.6%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.5%*

1 Net trade receivables and contract assets have been adjusted for 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 7.8% is a reasonable level to provide against trade receivables and contract assets.

	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Trade receivables and contract assets	**34.6**	**38.6**
Revenue provision - credit risk	0.8	1.0
ECL provision	1.9	1.5
Total provisioning	**2.7**	**2.5**
Total provisioning effective rate	*7.8%*	*6.5%*

4.2 Goodwill

Testing for indicators of goodwill impairment

Vista Group reviewed the carrying value of its goodwill for indicators of impairment at 30 June 2024. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 30 June 2024.

Details of the significant estimates Vista Group applied in the 2023 annual impairment testing of goodwill, along with sensitivity disclosures, are included in section 4.4 of the 2023 Annual Report. The 2024 annual impairment testing of goodwill will be performed at 31 August 2024 (same month as prior year reviews).

4.3 Other intangible assets

Development costs and internally generated software (significant accounting judgement)

Capitalised development: Internally developed software is capitalised as an intangible asset when it meets the recognition criteria of NZ IAS 38 *Intangible Assets.* This requires Vista Group to establish that the expenditure can be reliably measured, and the development is:

- technically feasible;
- likely to be completed and then used or sold;
- likely to generate probable future economic benefits; and
- Vista Group will have adequate technical, financial and other resources available to complete the development.

Carrying amount of other intangible assets

30 JUNE 2024 (UNAUDITED)	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	80.9	4.6	2.5	14.0	102.0
Additions	8.8	-	-	-	8.8
Exchange differences	0.1	-	-	0.4	0.5
Balance at period end	**89.8**	**4.6**	**2.5**	**14.4**	**111.3**
Accumulated amortisation					
Balance at 1 January	(33.9)	(3.5)	(2.1)	(7.7)	(47.2)
Current period amortisation	(6.0)	(0.3)	(0.1)	(0.3)	(6.7)
Exchange differences	-	-	-	(0.3)	(0.3)
Balance at period end	**(39.9)**	**(3.8)**	**(2.2)**	**(8.3)**	**(54.2)**
Intangible assets at 30 June 2024	**49.9**	**0.8**	**0.3**	**6.1**	**57.1**

31 DECEMBER 2023 (AUDITED)	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	18.7	-	-	-	18.7
Disposals	(0.7)	-	-	-	(0.7)
Impairment charges	(2.0)	-	-	(2.4)	(4.4)
Exchange differences	0.2	0.1	(0.1)	0.2	0.4
Balance at period end	**80.9**	**4.6**	**2.5**	**14.0**	**102.0**
Accumulated amortisation					
Balance at 1 January	(24.1)	(2.9)	(1.9)	(6.1)	(35.0)
Current period amortisation	(10.7)	(0.6)	(0.2)	(1.5)	(13.0)
Disposals	0.7	-	-	-	0.7
Impairment charges	0.2	-	-	-	0.2
Exchange differences	-	-	-	(0.1)	(0.1)
Balance at period end	**(33.9)**	**(3.5)**	**(2.1)**	**(7.7)**	**(47.2)**
Intangible assets at 31 December 2023	**47.0**	**1.1**	**0.4**	**6.3**	**54.8**

Internally generated software cash additions

The costs reported above on developing internally generated software differ from the cash outflows recognised in the statement of cashflows due to timing of cash receipts relating to RDTI Government grants. For example:

- **30 June 2024:** Additions in the table above of $8.8m include a $0.4m RDTI Government grant accrual (see more details in section 2.3). The total cash outflow for the period was therefore $9.2m.
- **31 December 2023:** Additions in the table above of $18.7m include a $0.8m RDTI Government grant accrual. The total cash outflow for the year ended 31 December 2023 was therefore $19.5m.

Impairment of intangible assets (significant estimation uncertainty)

Vista Group reviewed the carrying value of its internally generated software for indicators of impairment at 30 June 2024. As no such indicators were noted, in accordance with NZ IAS 36 no impairment review was performed at 30 June 2024.

Vista Group reviewed the carrying value of its internally generated software for indicators of impairment in the prior periods and recognised the following impairment changes:

- **Capitalised development:** Due to a change in the expectations of the Madex product, the carrying value was fully impaired in the second half of 2023, resulting in an impairment charge of $1.8m being recognised within 'other gains and losses' at 31 December 2023 (30 June 2023: $nil).
- **Retriever client contracts:** On 16 February 2022, Vista Group announced it acquired the client relationship assets of Retriever Software Inc. (**Retriever**). The fundamental driver behind this transaction was to onboard 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**) at 30 June 2023, which is a Fair Value Less Costs to Dispose (**FVLCD**) 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 recognised the $2.4m as an impairment charge within 'other gains and losses' at 30 June 2023 (see section 2.3).

  Key inputs applied to the MEEM are included in section 4.5 of the 2023 Annual Report.

4.4 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 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Business transformation constructive obligations	2.3	0.2	0.8
Lease dilapidations		0.2	0.5
Total provisions at period end		**0.4**	**1.3**
Represented by:			
Current		0.2	1.2
Non-current		0.2	0.1
Total provisions at period end		**0.4**	**1.3**

Movement in provisions

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Balance at 1 January		1.3	0.7
US sales taxes		-	(0.3)
Business transformation constructive obligations	2.3	(0.6)	0.8
Lease dilapidations		(0.3)	0.1
Total provisions at period end		**0.4**	**1.3**

5. Taxation

This section outlines details of the income tax expense incurred by Vista Group and the deferred taxes recognised on the statement of financial position.

5.1 Income tax expense

The income tax expense for the period comprises current and deferred tax. Taxation is recognised in the income statement, except when it relates to items recognised directly in equity (in which case the income tax is recognised in the statement of other comprehensive income). Income tax expense is based on tax rates and regulation enacted, or substantively enacted at the balance date, in the jurisdiction in which the respective entity operates.

Composition of income tax expense

	SECTION	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
Current tax expense		1.0	1.7
Deferred tax benefit	5.2	(1.9)	(3.1)
Total taxation benefit		**(0.9)**	**(1.4)**

Reconciliation of income tax expense

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (30 June 2023: 28%) and the reported tax expense in the income statement can be reconciled as follows:

	30 JUNE 2024 NZ$m UNAUDITED	30 JUNE 2023 NZ$m UNAUDITED
Loss before tax	(3.6)	(9.9)
Domestic tax rate for Vista Group International Limited	28%	28%
Expected taxation benefit	**(1.0)**	**(2.8)**
Foreign subsidiary company tax	(0.1)	(0.1)
Non-assessable income / non-deductible expenses	0.2	0.1
Prior period adjustments	(0.1)	0.1
Other	0.1	1.3
Total taxation benefit	**(0.9)**	**(1.4)**
Effective tax rate	*25%*	*14%*

Unrecognised tax losses and imputation credits

Vista Group had $3.1m (31 December 2023: $3.2m) of unused tax losses for which no deferred tax asset has been recognised, as they did not meet the required recognition criteria.

At 30 June 2024, the value of Vista Group's imputation credits available for use in subsequent reporting periods reduced to $1.3m (31 December 2023: $10.9m). This is due to significant changes in Vista Group's share register resulting in the associated shareholder continuity requirement no longer being met.

5.2 Deferred tax assets and liabilities

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available for the asset to be utilised.

Recognition of deferred tax assets (significant estimation uncertainty)

Deferred tax at period end includes temporary timing differences and income tax losses available to carry forward against future profits. A deferred tax asset is recognised on losses, only when it is considered probable that sufficient taxable profits will be available to utilise the losses in the near future. Vista Group applies judgement when reviewing current business plans and forecasts to ascertain the likelihood of future taxable profits. The financial forecasts used in this assessment are the same as those used in the annual impairment review of goodwill and other assets (see section 4.4 of the 2023 Annual Report).

Deferred taxes can be summarised as follows:

30 JUNE 2024 (UNAUDITED)	OPENING BALANCE NZ$m	RECLASS (TO) / FROM CURRENT TAX NZ$m	RECOGNISED IN OTHER COMPREHENSIVE INCOME NZ$m	RECOGNISED IN INCOME STATEMENT NZ$m	CLOSING BALANCE NZ$m
Trade and other receivables	1.0	-	-	0.9	1.9
Property, plant and equipment	(2.7)	-	-	(1.1)	(3.8)
Lease assets	(2.2)	-	-	0.4	(1.8)
Intangible assets	(0.6)	-	-	0.1	(0.5)
Employee benefits	2.9	-	0.3	(1.0)	2.2
Lease liabilities	3.1	-	-	(0.6)	2.5
Available tax losses	21.3	-	-	3.4	24.7
Other	0.7	(0.3)	-	(0.2)	0.2
Deferred tax net asset at 30 June 2024	**23.5**	**(0.3)**	**0.3**	**1.9**	**25.4**
31 DECEMBER 2023 (AUDITED)					
Trade and other receivables	2.6	-	-	(1.6)	1.0
Property, plant and equipment	(2.2)	-	-	(0.5)	(2.7)
Lease assets	(2.7)	-	-	0.5	(2.2)
Intangible assets	(1.0)	-	-	0.4	(0.6)
Employee benefits	3.2	-	(0.2)	(0.1)	2.9
Lease liabilities	3.8	-	-	(0.7)	3.1
Available tax losses	13.9	-	-	7.4	21.3
Other	0.1	-	-	0.6	0.7
Deferred tax net asset at 31 December 2023	**17.7**	**-**	**(0.2)**	**6.0**	**23.5**

Deferred tax net asset is represented by:

	30 JUNE 2024 NZ$m UNAUDITED	31 DECEMBER 2023 NZ$m AUDITED
Deferred tax asset	25.4	24.1
Deferred tax liability	-	(0.6)
Deferred tax net asset	**25.4**	**23.5**

The deferred tax asset of $24.7m recognised for available tax losses relate to the New Zealand ($23.1m), United States ($0.7m), United Kingdom ($0.6m) and Netherlands ($0.3m) tax jurisdictions. As none of these jurisdictions impose an expiry date on tax losses, and due to management prepared 5-year business models projecting a return to profitability, Vista Group applied judgement in determining that it is probable that these tax losses will be utilised.

6. Capital structure

This section outlines Vista Group's capital structure, earnings per share and share-based employee incentives which have an impact on Vista Group's equity.

6.1 Contributed capital

At 30 June 2024, there were 237,676,202 shares in issue (31 December 2023: 236,243,042). The following reflects where these shares were allocated:

	MILLIONS OF SHARES		NZ$m	
	30 JUNE 2024 UNAUDITED	31 DECEMBER 2023 AUDITED	30 JUNE 2024 UNAUDITED	31 DECEMBER 2023 AUDITED
Shares issued and fully paid:				
Balance at 1 January	236.2	233.2	140.5	135.0
Ordinary shares issued during the period:				
Employee incentives	1.5	3.0	2.4	5.7
Excess income tax benefit / (expense) on share-based payments	-	-	0.3	(0.2)
Total contributed equity at period end	**237.7**	**236.2**	**143.2**	**140.5**

No dividends were paid during the year (31 December 2023: $nil).

6.2 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.

Earnings per share calculation

	30 JUNE 2024 UNAUDITED	30 JUNE 2023 UNAUDITED
Weighted average ordinary shares for basic EPS (millions)	**236.8**	**234.5**
Effect of dilution:		
Share options and awards (millions)	3.1	3.6
Weighted average ordinary shares adjusted for the effect of dilution (millions)	**239.9**	**238.1**
Loss for the period attributable to owners of the parent (NZ$m)	(2.4)	(8.7)
Basic and diluted EPS (dollars)	**($0.01)**	**($0.04)**

7. Other disclosures

7.1 Financial instruments by category

30 JUNE 2024 (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	20.0	-	-
Trade receivables	25.7	-	-
Sundry receivables	2.6	-	-
Net investment in sublease	1.3	-	-
Total financial assets	**49.6**	**-**	**-**
Borrowings	-	-	20.1
Trade payables	-	-	1.2
Sundry payables	-	-	3.6
Lease liabilities	-	-	11.3
Total financial liabilities	**-**	**-**	**36.2**

31 DECEMBER 2023 (AUDITED)			
Cash	28.5	-	-
Trade receivables	31.5	-	-
Sundry receivables	2.2	-	-
Total financial assets	**62.2**	**-**	**-**
Borrowings	-	-	18.6
Trade payables	-	-	7.6
Sundry payables	-	-	4.0
Lease liabilities	-	-	12.5
Contingent consideration	-	0.5	-
Total financial liabilities	**-**	**0.5**	**42.7**

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.

7.2 Related parties

Related parties are materially consistent with those disclosed in the 2023 Annual Report. There have been no transactions with any associate companies during the period.

7.3 Going concern

These 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 2024, Vista Group had $42.9m in cash liquidity (net cash), with $20.0m in cash and $22.9m of undrawn ASB revolving credit and overdraft facilities. In addition to this, Vista Group's EBITDA and operating cash flows are positive. 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.

7.4 Capital commitments

There were no significant capital commitments for Vista Group at 30 June 2024 (31 December 2023: $nil).

7.5 Events after balance date

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

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