Interim Report

Vista Group International Limited

2021

Management commentary

The following consolidated interim financial statements for Vista Group International Limited ('Company') and its subsidiaries (collectively 'Vista Group'), are for the six months ended 30 June 2021 and represent the half year results for Vista Group. Comparisons are to the first six months of 2020 ('1H20').

Financial highlights

- Total revenue $44.9m, in line with 1H20, recurring revenue up 13%
- Positive operating cashflow of $1.0m and reduced cash burn, an average of $1.6m per month for the last six months
- EBITDA[1] profit of $6.4m, an improvement of $12.9m compared to 1H20
- Loss before tax of $2.1m, an improvement of $47.9m compared to 1H20

Operating highlights

- Launch of Vista Cloud
- Active moviegoers and connections in Movio Cinema trending up strongly
- Good uptake of Vista Digital, now 142 sites
- Maintains 51% market share of the 20+ screens segment excluding China

Industry overview

Box Office

With extensive reopening of cinemas in key markets, around 80% at the end of June 2021, and Hollywood blockbusters in wide release, the global box office recovery has been strong. Cinemas have commented that Godzilla vs. Kong, F9, Black Widow and Free Guy all exceeded expectations on audience numbers. In the context of the recovery from the pandemic, and while many geographies are still under various operating restrictions, strong consumer support for the moviegoing experience has been encouraging in terms of industry health. With good demand and a backlog of blockbusters, 2021 looks likely to continue to outperform expectations.

Segment overview

Cinema

Vista Cinema revenue was up 6% to $31.5m against the first half of 2020. Recurring revenue was up 25% with strong billing for maintenance revenue and Veezi performing in line with cinema reopening. Site count for Vista Digital, delivering an omni-channel experience for moviegoers across mobile, web and kiosk, grew to 142. The EBITDA[1] profit of $10.9m includes favourable movements to the expected credit loss provision of $3.4m and a credit of $2.6m for the US wage support scheme.

Market share data remains difficult to confirm, but Vista estimates it has retained its 51% share of the global enterprise market (20+ screens) excluding China. A high degree of uncertainty will remain around these estimates until each market is fully open.

Vista Cloud has been launched to select customers in the second half of 2021, increasing the addressable market within the cinema segment and lowering the risk/return hurdles for customers. Cloud focused developments now make up the majority of Vista Group's spend on innovation.

Movio

Movio revenue was $6.5m, down 19% against the first half of last year, impacted by the reduced release schedule of movies. Movio Research and Media trended up with cinema reopenings and the free flow of content late in the half. Movio Cinema remained in high usage with 2.3b connections in the trailing twelve months, the same number as at 31 December 2020.

With the launch of Madex in the media space and improvements in Movio Cinema later in the year, Movio will have completed the transformation of its core technology, enabling customers 'faster, simpler, smarter' access to deliver improved insights across its moviegoer data set. These granular insights are now supported by stronger deployment tools allowing customers to dynamically target a more diverse range of moviegoers in real time across more channels. Early indications of strong studio/distributor interest as industry activity increases.

Additional Group Companies

This segment comprises Numero, Maccs, Powster and Flicks.

The Numero and Maccs business had a good first half of 2021, revenue was up 12% and 5 new mica customers went live, bringing the total to 11. The geographic expansion of flash and electronic box office reporting continues to support strong and stable revenue growth.

Powster's revenue was down 26% against the continued headwind of industry closures. Billings for showtimes were down in line with cinema closure and reduced content, and creative revenues were modest whilst the industry restarted in the key US and UK markets.

Flicks revenue was up 25% with good advertising growth and continued expansion into Australia. Site traffic continues to grow as Flicks cements its role as a movie destination site, regardless of how it is consumed (theatrical, streaming or free to air). What to watch and where to watch it.

Corporate

Cost management across Vista Group remains strong, with the reduced run rate of costs at $45m for the half reflecting the successful cost saving initiatives carried over from 2020. Group corporate costs were up on 1H20 primarily due to the reintroduction of short and long-term incentive costs which were not achieved in the first half 2020. In the medium-term, corporate costs will grow back higher than pre-pandemic levels, reflecting the centralisation of all finance, legal, people and culture, and executive costs, including those that were previously incurred within the operating segments.

Financial overview

Trading performance for the first half of 2021 contains only six weeks of reopened cinemas and the reintroduction of Hollywood blockbusters to the release schedule. Group reported revenue was flat with the first half of 2020, though recurring revenue was up strongly as customers continued to use Vista Group products even with partial opening and limited content flow. Vista Group's EBITDA[1] profit of $6.4m was a $12.9m turnaround from 1H20 and includes favourable non-cash expected credit loss write backs of $3.7m.

Vista Group's balance sheet remains strong with cash burn well below targets, as well as good cost and collections management. At 30 June 2021, Vista Group had $58.1m of cash and had drawn only $15.9m of the available $54.0m of its bank facilities. Total trade receivables were up slightly on the year end balances due to increased billing, good collections and a reduction in expected credit loss provisions.

Vista Group reviewed the carrying value of its assets and has not taken any impairment charges in the period. The Stardust business was closed during the half, having been fully written down in 2020.

Vista Group generated positive cashflow from operating activities, $1.0m, with good cost management and improving customer collections. Investing cashflow decreased compared to the first half of 2020 with new product development targeting post-pandemic growth, in particular Vista Cloud, Madex and mica.

Assuming the current level of cinema opening is sustained at around 80% in key markets, and the film release schedule remains on track, Vista Group expects revenue for the full year to 31 December 2021 to be in the range of $95m - $100m, and to be EBITDA[1] and cash flow positive for the second half of 2021.

1 EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, "other gains and losses" (see section 4 of the interim report) and share of equity accounted results from associates and joint ventures.

Income statement

For the six months ended 30 June 2021

CONTINUING OPERATIONS	SECTION	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Total revenue	2, 3	**44.9**	**44.8**
Cost to serve [1]	4	(16.8)	(19.0)
Gross profit		**28.1**	**25.8**
Sales and marketing costs	4	(4.2)	(5.1)
Research and development costs	4	(10.3)	(9.6)
General and administration costs	4	(7.3)	(19.0)
Foreign currency gains		0.1	1.4
Total operating expenses [1]		**(21.7)**	**(32.3)**
EBITDA [2]		**6.4**	**(6.5)**
Amortisation	9	(4.0)	(3.7)
Depreciation		(3.4)	(4.5)
Finance costs		(1.1)	(1.2)
Finance income		0.3	0.1
Share of equity accounted loss from associates and JVs	7	(0.3)	(1.9)
Other gains and losses	4	-	(30.2)
Loss before tax		**(2.1)**	**(47.9)**
Taxation		(0.5)	4.7
Loss for the period		**(2.6)**	**(43.2)**
Loss for the period is attributable to:			
Owners of the parent		(2.8)	(42.4)
Non-controlling interests		0.2	(0.8)
Loss for the period		**(2.6)**	**(43.2)**
Basic and diluted earnings per share (cents)	10	($0.01)	($0.21)

1 See section 1 for information on the reclassification of cost to serve and total operating expenses.

2 EBITDA is a non-GAAP measure which is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 4) and share of equity accounted results from associates and joint ventures.

Statement of other comprehensive income

For the six months ended 30 June 2021

	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Items that may be reclassified subsequently to the income statement		
Translation of foreign operations	1.3	1.9
Items that will not be reclassified to the income statement		
Excess income tax benefit on share-based payments	0.4	-
Total other comprehensive income [1]	**1.7**	**1.9**
Loss for the period	(2.6)	(43.2)
Total comprehensive loss for the period	**(0.9)**	**(41.3)**
Total comprehensive loss for the period is attributable to:		
Owners of the parent	(1.2)	(40.7)
Non-controlling interests	0.3	(0.6)
Total comprehensive loss for the period	**(0.9)**	**(41.3)**

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 2021

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT						
	CONTRIBUTED EQUITY	RETAINED EARNINGS	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Six months ended 30 June 2021	**NZ$M**	**NZ$M**	**NZ$M**	**NZ$M**	**NZ$M**	**NZ$M**	**NZ$M**
UNAUDITED							
Balance at 1 January 2021	126.0	34.4	(0.5)	1.3	161.2	1.9	163.1
Loss for the period	-	(2.8)	-	-	(2.8)	0.2	(2.6)
Other comprehensive income[1]	0.4	-	1.2	-	1.6	0.1	1.7
Total comprehensive income / (loss)	**0.4**	**(2.8)**	**1.2**	**-**	**(1.2)**	**0.3**	**(0.9)**
Transactions with owners:							
Share-based payments	0.6	-	-	2.4	3.0	-	3.0
Balance at 30 June 2021	**127.0**	**31.6**	**0.7**	**3.7**	**163.0**	**2.2**	**165.2**

Six months ended 30 June 2020							
UNAUDITED							
Balance at 1 January 2020	61.8	85.8	2.6	2.1	152.3	11.2	163.5
Loss for the period	-	(42.4)	-	-	(42.4)	(0.8)	(43.2)
Other comprehensive income[1]	-	-	1.7	-	1.7	0.2	1.9
Total comprehensive (loss) / income	**-**	**(42.4)**	**1.7**	**-**	**(40.7)**	**(0.6)**	**(41.3)**
Transactions with owners:							
Issue of equity	62.4	-	-	-	62.4	-	62.4
Share-based payments	0.8	-	-	(1.1)	(0.3)	-	(0.3)
Dividends paid	-	-	-	-	-	(1.5)	(1.5)
Balance at 30 June 2020	**125.0**	**43.4**	**4.3**	**1.0**	**173.7**	**9.1**	**182.8**

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 2021

	SECTION	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
CURRENT ASSETS			
Cash		58.1	67.1
Trade and other receivables	6	42.3	38.6
Income tax receivable		0.8	0.4
Total current assets		**101.2**	**106.1**
NON-CURRENT ASSETS			
Trade and other receivables	6	0.4	-
Property, plant and equipment		4.1	4.8
Lease assets		20.6	20.8
Investment in associates and JVs	7	13.3	13.6
Goodwill	8	55.5	54.7
Other intangible assets	9	37.0	35.1
Deferred tax asset		18.8	16.9
Total non-current assets		**149.7**	**145.9**
Total assets		**250.9**	**252.0**
CURRENT LIABILITIES			
Borrowings - related parties	5	0.6	-
Trade and other payables		14.5	17.9
Lease liabilities		3.7	3.3
Deferred revenue		20.1	19.0
Contingent consideration		-	0.4
Provisions		1.2	1.8
Income tax payable		0.9	0.4
Total current liabilities		**41.0**	**42.8**
NON-CURRENT LIABILITIES			
Borrowings - external	5	15.9	18.1
Lease liabilities		19.8	19.7
Deferred revenue		0.7	0.5
Provisions		0.5	0.1
Deferred tax liability		7.8	7.7
Total non-current liabilities		**44.7**	**46.1**
Total liabilities		**85.7**	**88.9**
Net assets		**165.2**	**163.1**
EQUITY			
Contributed equity		127.0	126.0
Retained earnings		31.6	34.4
Foreign currency reserve		0.7	(0.5)
Share-based payment reserve		3.7	1.3
Total equity attributable to owners of the parent		**163.0**	**161.2**
Non-controlling interests		2.2	1.9
Total equity		**165.2**	**163.1**

For and on behalf of the Board who approved these financial statements for issue on 26 August 2021.

S R Peterson   J Ogden

Susan Peterson
Chair

James Ogden
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 2021

	SECTION	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		45.6	57.6
Payments to suppliers and employees		(43.1)	(49.3)
COVID-19 related wage subsidies	4	3.1	3.8
COVID-19 related tax deferrals	5	(2.2)	3.8
Taxes (paid) / received		(1.6)	1.6
Interest paid		(0.8)	(0.8)
Net cash inflow from operating activities	**5**	**1.0**	**16.7**
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(0.3)	(0.6)
Purchase of internally generated software and other intangibles	9	(5.8)	(7.5)
Interest received		0.2	0.1
Payment of contingent consideration		(0.4)	-
Net cash applied to investing activities		**(6.3)**	**(8.0)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares		-	62.4
Lease payments - principal elements		(1.6)	(2.1)
Loan drawdown - ASB	5	-	31.3
Loan repayment - ASB	5	-	(24.1)
Loan drawdown - HSBC PPP	5	-	3.1
Loan forgiveness - HSBC PPP	5	(2.8)	-
Loan drawdown - related parties	5	0.6	-
Dividends paid to non-controlling interests		-	(1.5)
Net cash (outflow) / inflow from financing activities		**(3.8)**	**69.1**
Net (decrease) / increase in cash		(9.1)	77.8
Cash at beginning of period		67.1	19.5
Foreign exchange differences		0.1	(1.3)
Cash at period end		**58.1**	**96.0**

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. They comply with NZ IAS 34 *Interim Financial Reporting*. The consolidated interim financial statements do not include all the notes of the type normally included in the Annual Report. Accordingly, this report is to be read in conjunction with the 2020 Annual Report.

Except as set out below, 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 2020 Annual Report.

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

Reclassifications from the presentation in the 2020 Annual Report have been made for total revenue within section 2, total operating expenses within the income statement and section 4, and the segmental analysis in section 3. These reclassifications have been made to better represent the nature of the revenue and costs of a SaaS business; how key performance indicators are measured; and to allow for improved comparability. There is no change in the total revenue or total operating expenses recognised for the 2020 period.

Segment disclosures for the prior comparative period for the Cinema and Corporate segments has been reclassified to include the $1.1m (30 June 2020: $1.1m) maintenance revenues from Vista China (an associate company) within the Cinema segment. This represents a change in the definition of these segments.

2. Revenue

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

Revenue by category

	30 JUNE 2021 NZ$m UNAUDITED	% UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED	% UNAUDITED
SaaS revenue	12.1		11.5	
Non-SaaS revenue	25.2		21.4	
Recurring revenue	**37.3**	**83%**	**32.9**	**73%**
Perpetual software	2.3		2.3	
Hardware	0.6		2.5	
Services & development - one off	4.5		6.6	
Other revenue	0.2		0.5	
Non-recurring revenue	**7.6**	**17%**	**11.9**	**27%**
Total revenue[1]	**44.9**	**100%**	**44.8**	**100%**

1 See section 1 for information on the reclassification of total revenue. No individual customer exceeded 10% of revenue in either the current or prior comparative period.

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

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

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

Revenue process and policy

The following details Vista Group's new 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 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	**AGC (Maccs)**	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	**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.

Revenue provisioning (significant judgement / estimate)

As a result of the COVID-19 pandemic, there is a risk that Vista Group is not able to recover all amounts billed due to the financial distress of its customers. In accordance with NZ IFRS 15 *Revenue from Contracts with Customers,* revenue can only be recognised when it is probable that the entity will collect the consideration. Accordingly, all revenue recognised after 1 March 2020 (the month when the COVID-19 pandemic forced worldwide cinema closures) has been treated as variable consideration as on average, the amount of consideration to which Vista Group ultimately collects is expected to be less than the price stated in the contract.

At 30 June 2021, Vista Group applied judgement in determining the amount of consideration expected to be received from its customers. Such revenue provisioning is highly subjective due to it not being clear when cinemas will operate at normal capacity levels, nor is the financial position of customers necessarily known. Judgements made in the revenue provisioning include:

- **Concession discounts:** Many of Vista Group's core customers are located in regions which have been affected by the COVID-19 pandemic (such as North America, Europe and Asia), where the majority of cinemas have been closed. To ensure timely payment, or to facilitate support to customers, Vista Group have granted concessions to payment terms or discounts to recurring fees. Vista Group has worked closely with its customer base to provide appropriate relief, whilst seeking to reserve its position in respect of amounts contractually owed.

  At 30 June 2021, concession discounts are only recognised when they have been agreed, or where the customer has a reasonable expectation of being entitled to a discount. Vista Group have applied judgement when determining the customers who have a reasonable expectation to receive a concession discount.

  For agreed concession discounts, a reduction in revenue and trade receivables were recognised throughout the period. For expected concession discounts, a reduction in revenue was recognised with a corresponding recognition of a concession discount provision, as presented in section 6.

- **Credit risk provision (core businesses):** For revenue recognised after 1 March 2020, Vista Group applied judgement in assessing each of its customers for any known risk that may impact the ability to collect the associated consideration and their ability to pay the amounts invoiced. Where these facts are known, judgement has been applied to assess the probable amount of collections.

  Vista Group also applied judgement in determining a general provision for collectability to account for customers not currently known to be experiencing financial distress. Accordingly, Vista Group determined that approximately 5% of trade receivables and accrued revenues in the Cinema and Movio segments, where customers are predominantly cinemas, may not be collectible. This percentage has been reduced from the 15% rate applied at 31 December 2020, as the outlook for Vista Group's customers has improved with circa 80% of global cinemas now open and Hollywood movie content now being released. Vista Group has also noted the number of customers being forced into chapter 11 bankruptcy, or liquidation, is likely to be lower than previously anticipated.

- **Credit risk provision (Additional Group Companies):** Customers in this segment are predominantly studios, each of whom have more diversified revenues (i.e. video on demand, television etc.). These customers have predominantly continued settling their invoices during the COVID-19 pandemic and are not anticipated to have the same level of collectability issues. Accordingly, only minimal provisioning has been required on a customer-by-customer basis.

See section 6 for further details of the revenue provisions at 30 June 2021, including how these provisions add to the expected credit loss (ECL) provisions to show the proportion of total provisions against trade receivables and accrued revenues. A sensitivity analysis of credit risk is also available in section 6.

3. Operating segments

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

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

Cinema segment

Software associated with cinema management via the Vista software suite of products, plus the cloud based Veezi product for smaller scale cinemas. This segment also includes movieXchange and Share Dimension.

This segment now includes maintenance revenues from Vista China (an associate company), and the prior comparative period has been reclassified accordingly.

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.

Corporate segment

Includes the shared services functions associated with Vista Group, being legal, finance, people and culture, and senior management.

The prior comparative period has been reclassified as the maintenance revenues from Vista China (an associate company) is now recognised in the Cinema segment.

Operating segment performance

SIX MONTHS ENDED 30 JUNE 2021 (UNAUDITED)	CINEMA[1] NZ$m	MOVIO NZ$m	AGC NZ$m	CORPORATE[1] NZ$m	TOTAL NZ$m	*% OF REVENUE*
SaaS revenue	3.6	6.2	2.3	-	12.1	
Non-SaaS revenue	21.4	0.1	3.7	-	25.2	
Recurring revenue	**25.0**	**6.3**	**6.0**	**-**	**37.3**	
Non-recurring revenue	6.5	0.2	0.9	-	7.6	
Total revenue	**31.5**	**6.5**	**6.9**	**-**	**44.9**	
Cost to serve	(11.9)	(2.3)	(2.6)	-	(16.8)	*37%*
Gross profit	**19.6**	**4.2**	**4.3**	**-**	**28.1**	
Gross profit %[2]	*62%*	*65%*	*62%*		*63%*	
Sales and marketing costs[1]	(2.3)	(1.2)	(0.7)	-	(4.2)	*9%*
Research and development costs[1]	(6.9)	(1.7)	(1.7)	-	(10.3)	*23%*
General and administration costs[1]	(2.8)	(0.9)	(2.0)	(5.3)	(11.0)	*24%*
ECL expense	3.4	0.2	0.1	-	3.7	
Foreign currency (losses) / gains	(0.1)	0.2	-	-	0.1	
EBITDA[2]	**10.9**	**0.8**	**-**	**(5.3)**	**6.4**	
EBITDA margin[2]	*35%*	*12%*	*0%*		*14%*	

SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)						
SaaS revenue	2.7	7.1	1.7	-	11.5	
Non-SaaS revenue	17.3	-	4.1	-	21.4	
Recurring revenue	**20.0**	**7.1**	**5.8**	**-**	**32.9**	
Non-recurring revenue	9.7	0.9	1.3	-	11.9	
Total revenue	**29.7**	**8.0**	**7.1**	**-**	**44.8**	
Cost to serve	(13.2)	(3.1)	(2.7)	-	(19.0)	*42%*
Gross profit	**16.5**	**4.9**	**4.4**	**-**	**25.8**	
Gross profit %[2]	*56%*	*61%*	*62%*		*58%*	
Sales and marketing costs[1]	(3.4)	(1.3)	(0.4)	-	(5.1)	*11%*
Research and development costs[1]	(6.1)	(1.7)	(1.8)	-	(9.6)	*21%*
General and administration costs[1]	(5.5)	(1.7)	(2.5)	(3.5)	(13.2)	*29%*
ECL expense	(5.0)	(0.7)	(0.1)	-	(5.8)	
Foreign currency gains / (losses)	1.1	0.3	0.3	(0.3)	1.4	
EBITDA[2]	**(2.4)**	**(0.2)**	**(0.1)**	**(3.8)**	**(6.5)**	
EBITDA margin[2]	*-8%*	*-3%*	*-1%*		*-15%*	

1 See section 1 for information on the reclassification of the various operating expenditure lines and the segmental reclassification of Vista China maintenance revenue.

2 EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 4) and share of equity accounted results from associates and joint ventures. Gross profit % and EBITDA margin are non-GAAP measures which the CODM regularly reviews. They are calculated as gross margin over total revenue and EBITDA over total revenue, respectively.

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.

	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
New Zealand	8.9	8.7
United States	13.2	17.6
United Kingdom	13.2	10.2
Mexico	4.9	3.4
Other[1]	4.7	4.9
Total revenue	**44.9**	**44.8**

1 The other category includes entities in Australia, Brazil, Germany, 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 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
New Zealand	60.0	59.6
United States	20.4	21.4
United Kingdom	12.2	10.0
Mexico	11.1	10.8
Other[1]	13.9	13.6
Non-current assets (excluding DTA and associates)	**117.6**	**115.4**

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

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

4. Expenses and other income

Reclassification of expenses on the income statement

Costs to serve are the direct costs incurred in deriving Vista Group's revenue. Examples of such costs include hosting, technical staff, transaction fees and the cost of hardware purchased for customers.

Sales and marketing costs are those costs incurred by Vista Group in directly selling or marketing products, including associated personnel costs, sales commissions, trade shows and customer conferences. This measure is calculated differently to prior reported periods, where a significant portion of personnel costs were classified as part of the 'administration expense' designation.

Research and development costs include staff 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.

See section 1 for information on the reclassification of the various operating expenditure lines.

Total cost to serve and operating expenses

	SECTION	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Direct cost of sales (excl. hardware and personnel)		5.0	5.7
Hardware cost of sales[1]		0.5	2.1
Personnel costs		32.5	36.9
Share based payment expense		3.0	(0.3)
Defined contribution plans and employee insurances		3.0	3.9
Capitalised development	9	(5.8)	(7.5)
Government grants and wage subsidies		(4.1)	(7.6)
Computer equipment and software		1.5	1.7
Marketing costs		0.2	1.6
Travel related costs		0.2	1.0
ECL (credit) / expense	6	(3.7)	5.8
Bad debt expense	6	0.7	0.7
Foreign currency gains		(0.1)	(1.4)
Auditor's remuneration		0.3	0.2
Other operating expenses		5.3	8.5
Total cost to serve and operating expenses		**38.5**	**51.3**

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

Government grants (significant judgement / estimate)

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

Total government grants recognised in the income statement during the period were $4.1m (30 June 2020: $7.6m). The cash amount of grants received during the period was $3.1m. Details of these grants are as follows:

- **HSBC PPP loan:** In the prior period, Vista Group entered into a US$2.0m loan arrangement with HSBC as part of the US Government paycheck protection program (PPP). This loan is a US Government designed incentive to keep staff employed for businesses impacted by the COVID-19 pandemic. Vista Group was entitled to apply for this loan to be forgiven if all employees were kept on the payroll for at least eight weeks and the money was used for payroll, rent, mortgage interest, or utilities.

  At 30 June 2020, NZ$2.3m was recognised in the income statement as a government grant because Vista Group had reasonable assurance that forgiveness of the loan would be achieved. However, at 31 December 2020 this amount was fully reversed due to H2 2020 changes in the scheme meaning Vista Group had less confidence that the loan would be forgiven.

  Forgiveness of this loan was obtained in the current period. Accordingly, the NZ$2.8m loan has been de-recognised with the associated credit being classified as a government grant in June 2021 (the date Vista Group had sufficient certainty the loan was eligible to be forgiven).

- **Wage subsidies:** In the current period, Vista Group received $0.3m of wage subsidies from various governments (30 June 2020: $3.8m) which has been fully recognised in the income statement in the period they were received. The purpose of these subsidies was to help incentivise businesses to retain as many employees as possible.

- **Research & development grants:** In the current period, Vista Group enrolled to receive the New Zealand Research & Development Tax Incentive (RDTI). Vista Group has recognised any funds expected to be received under this scheme as a government grant. At 30 June 2021, Vista Group has accrued $1.3m that it has reasonable assurance to receive. Of this amount, judgement has been applied in estimating $1.0m should be recognised as a government grant in the income statement, and $0.3m has been recognised as an offset to capitalised development on the financial position.

  In the prior period, Vista Group recognised $1.5m of grants from Callaghan Innovation in New Zealand (Callaghan) and Ministry of Economic Affairs (WBSO) in Netherlands to assist with research and development.

Other gains and losses

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

	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Acquisition expenses	-	(0.1)
Impairment charges	-	(28.5)
Restructuring costs	-	(1.6)
Total other gains and losses	**-**	**(30.2)**

Included within impairment charges in the prior period is a reduction of $11.6m to goodwill, $1.7m to intangible assets, $0.2m to lease assets, $1.3m investment in Stardust and $13.7m investment in Vista China.

All impairment charges relating to goodwill and investments in associates are attributable to the corporate operating segment. The investment in Vista China is attributable to the Cinema operating segment. Of the impairment charges relating to intangible and leased assets, $1.3m relates to Cinema, $0.4m relates to Movio and $0.2m relates to the AGC operating segments.

On 4 June 2020, Vista Group commenced consultation with its New Zealand and United Kingdom based staff around a proposed new structure for its core businesses (Vista Group, Vista Cinema and Movio). This consultation period concluded in July 2020 with a total cost of $1.6m being provided at 30 June 2020.

5. Cash flows and borrowings

Reconciliation of net profit to operating cash flows

	SECTION	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Loss for the period		**(2.6)**	**(43.2)**
Non-cash items:			
Amortisation	9	4.0	3.7
Depreciation		3.4	4.5
Impairment charges	4	-	28.5
Share-based payment expense	4	3.0	(0.3)
Deferred tax benefit		(1.4)	-
Non-cash finance charges		0.3	0.4
Acquisition expenses	4	-	0.1
Share of equity accounted loss from associates and JVs	7	0.3	1.9
Unrealised foreign currency losses / (gains)		0.9	(1.4)
ECL (credit) / expense	4, 6	(3.7)	5.8
Movement in revenue provision - concession discounts	6	(3.7)	2.4
Movement in revenue provision - credit risk	6	2.8	3.6
Movement in restructuring provision		-	1.6
Movement in other provisions		(0.2)	0.2
Net non-cash items		**5.7**	**51.0**
Movements in working capital:			
(Decrease) / increase in related party trade and other payables		(0.5)	0.2
Increase in related party trade and other receivables, net of deferred revenue		(0.5)	(2.1)
(Decrease) / increase in trade and other payables		(3.5)	5.5
Decrease in trade and other receivables, net of deferred revenue		2.5	6.8
Increase in net taxation receivable		(0.1)	(1.5)
Net change in working capital		**(2.1)**	**8.9**
Net cash inflow from operating activities		**1.0**	**16.7**

COVID-19 pandemic related tax deferrals

To enable the reader to better understand the composition of the net cash inflow from operating activities on the statement of cash flows, the following items have been disaggregated from cash payments to suppliers and cash taxes paid.

	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Government assistance - NZ payroll tax deferral	(2.2)	2.0
Government assistance - NZ loss carry back scheme	-	1.8
COVID-19 related tax deferrals	**(2.2)**	**3.8**

In the current period, Vista Group repaid all PAYE tax deferrals that were provided by the NZ Government.

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 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Balance at 1 January	18.1	10.9
Repayments during the period	-	(24.1)
Drawdowns during the period	0.6	34.4
PPP loan forgiveness during the period	(2.8)	-
Movement in foreign exchange	0.6	(3.1)
Total borrowings at period end	**16.5**	**18.1**
Represented by:		
Borrowings - external	15.9	18.1
Borrowings - related parties	0.6	-
Total borrowings at period end	**16.5**	**18.1**

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

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-21	31-Dec-20	30-Jun-21	31-Dec-20
ASB - revolving credit	General commercial/ Future acquisitions/ SaaS project	Jan 2023	52.0	1.57%	1.40%	15.9	15.4
ASB - overdraft	Working capital	On demand	2.0	4.34%	4.59%	-	-
HSBC - PPP loan	Working capital	Repaid	-	-	1.00%	-	2.7
Related parties	Working capital	On demand	0.6	4.00%	-	0.6	-
Total borrowings at period end			**54.6**			**16.5**	**18.1**

A line fee of 1.0% is also paid on the credit limit of the ASB revolving credit 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 50% of Vista Group at 31 December 2020; 60% at 30 June 2021; 70% at 31 December 2021; and 80% from 31 March 2022.

Vista Group has been compliant with all ASB covenants for both the current and prior reporting periods. Vista Group is also projecting that it will be compliant with these covenants for at least the next 12 months.

6. Trade and other receivables

Trade and other receivables at the end of the period were as follows:

	SECTION	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Trade receivables		46.3	47.5
Accrued revenues		6.2	5.9
Revenue provision - concession discount	2	(1.8)	(5.5)
Revenue provision - credit risk	2	(9.0)	(6.2)
ECL provision		(4.1)	(7.7)
Sundry receivables		3.1	1.7
Prepayments		1.6	2.5
Vista China acquisition deposit		0.4	0.4
Total trade and other receivables		**42.7**	**38.6**
Represented by:			
Current portion		42.3	38.6
Non-current portion		0.4	-
Total trade and other receivables		**42.7**	**38.6**

Trade receivables

Included within trade receivables is a receivable from Vista China of $2.3m (31 December 2020: $1.8m), see section 12 for further details of Vista China related party transactions.

Accrued revenues

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

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

	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Balance at 1 January	5.9	13.2
Amounts included in opening balance released in the current period	(3.7)	(10.3)
Additional accrued revenues recognised during the period	3.9	3.0
Exchange movements	0.1	-
Accrued revenues at period end	**6.2**	**5.9**

ECL provisioning (significant judgement / estimate)

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

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

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

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

In addition to the above, the COVID-19 pandemic has resulted in a significant level of risk that Vista Group is not able to recover all trade receivables and accrued revenues due to its customers' financial distress, including where those customers suffer insolvency. Accordingly, Vista Group applied additional judgement in determining the ECL provision at 30 June 2021.

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

  At 30 June 2021, Vista Group applied judgement by including a 5% insolvency risk for all Cinema or Movio segment customers. This percentage has been reduced from the 15% rate applied at 31 December 2020, as the outlook for Vista Group's customers has improved with circa 80% of global cinemas now open and Hollywood movie content now being released. Vista Group has also noted the number of customers being forced into chapter 11 bankruptcy, or liquidation, is likely to be lower than previously anticipated.
- **General provision:** Vista Group applies an ECL matrix to its trade receivables and accrued revenues to determine its general ECL provision. This matrix was prepared using historical loss rates, updated to also include both the current and future economic environment (both of which are largely unknown).

To avoid double counting, the specific and general ECL provisions are calculated after deducting the associated amount recognised as a revenue provision (see section 2 for more details).

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

	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Balance at 1 January	7.7	1.2
Bad debts written off	(0.7)	(1.0)
Change in provision	(2.9)	7.5
ECL provision at period end	**4.1**	**7.7**

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

30 JUNE 2021 (UNAUDITED)	0-90 days NZ$m	91-180 days NZ$m	181-270 days NZ$m	271-360 days NZ$m	361+ days NZ$m	TOTAL NZ$m
Net trade receivables and accrued revenues[1]	**25.2**	**6.2**	**4.7**	**3.0**	**2.6**	**41.7**
Baseline	0.6	0.1	0.1	0.2	0.1	1.1
Aging, write offs and collection	-	-	0.2	0.1	0.1	0.4
Country, customer and market	0.2	-	0.1	-	-	0.3
ECL - general provision	0.8	0.1	0.4	0.3	0.2	1.8
ECL - specific provision	-	-	-	-	2.3	2.3
Total ECL provision	**0.8**	**0.1**	**0.4**	**0.3**	**2.5**	**4.1**
General provision effective rate	*3.2%*	*1.6%*	*8.5%*	*10.0%*	*7.7%*	*4.3%*

31 DECEMBER 2020 (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 accrued revenues[1]	**25.8**	**6.8**	**4.3**	**2.9**	**1.9**	**41.7**
Baseline	0.2	0.1	0.1	0.1	-	0.5
Aging, write offs and collection	2.3	0.4	0.2	0.3	-	3.2
Country, customer and market	0.1	-	-	-	-	0.1
ECL - general provision	2.6	0.5	0.3	0.4	-	3.8
ECL - specific provision	0.1	-	0.2	1.7	1.9	3.9
Total ECL provision	**2.7**	**0.5**	**0.5**	**2.1**	**1.9**	**7.7**
General provision effective rate	*10.1%*	*7.4%*	*7.0%*	*13.8%*	-	*9.1%*

1 Net trade receivables and accrued revenue excludes 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 accrued revenues. Vista Group considers the cumulative ECL and revenue provisions of 28.4% were a reasonable level to provide against trade receivables and accrued revenues in such an uncertain time.

	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Trade receivables and accrued revenues	**52.5**	**53.4**
Revenue provision - concession discount	1.8	5.5
Revenue provision - credit risk	9.0	6.2
ECL provision	4.1	7.7
Total provisioning	**14.9**	**19.4**
Total provisioning effective rate	*28.4%*	*36.3%*

One of the key judgements was that 5% of core business receivables may not be collectible. The following illustrates the sensitivity of this judgement.

30 JUNE 2021 (UNAUDITED)	0% JUDGEMENT NZ$m	5% JUDGEMENT NZ$m	10% JUDGEMENT NZ$m
Revenue provision - concession discount	1.8	1.8	1.8
Revenue provision - credit risk	7.8	9.0	9.8
ECL provision	4.1	4.1	4.1
Total provisioning of trade receivables and accrued revenues	**13.7**	**14.9**	**15.7**
Total provisioning effective rate	*26.1%*	*28.4%*	*29.9%*

7. Investment in associates and joint ventures

Holdings in associates and joint ventures

The principal associates and joint ventures all have share capital consisting solely of ordinary shares. None of these entities are considered strategic to Vista Group's core operations.

NAME OF ENTITY	INVESTMENT TYPE	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	HOLDING PERCENTAGE 30 JUNE 2021	30 JUNE 2020
Vista Entertainment Solutions (Shanghai) Limited	Associate	China	China	47.5%	47.5%
Stardust Solutions Limited	JV	NZ	USA	40.0%	43.8%

During the current period, the Board of Stardust resolved to discontinue Stardust's operations. The carrying value of Stardust in these financial statements was already nil. Exit costs are anticipated to be less than $0.1m.

The following disclosures relate to Vista China only as Stardust is not considered to be a material joint venture.

Carrying value of associates and joint ventures

	VISTA CHINA 30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Opening net assets	14.9	20.8
Loss for the period	(0.6)	(5.9)
Closing net assets	**14.3**	**14.9**
Vista Group weighted average interest for the period	47.5%	47.5%
Vista Group's share of closing net assets	6.8	7.1
Goodwill	20.2	20.2
Accumulated impairment charges	(13.7)	(13.7)
Carrying value of associates and JVs at period end	**13.3**	**13.6**

Vista China summarised financial position

A summarised statement of financial position of Vista China is presented below:

	VISTA CHINA 30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Cash	7.2	8.8
Trade and other receivables	10.0	11.9
Total current assets	17.2	20.7
Total non-current assets	3.1	2.8
Total assets	**20.3**	**23.5**
Total current liabilities	(2.8)	(6.5)
Total non-current liabilities	(1.0)	(0.5)
Total liabilities	**(3.8)**	**(7.0)**
Effect of translation	(2.2)	(1.6)
Net assets	**14.3**	**14.9**

Vista China summarised trading results

A summarised income statement of Vista China is presented below. Included in this table is a reconciliation to the equity accounted losses recognised in Vista Group. All losses are derived from continuing operations and there were no movements to report in other comprehensive income. Adjustments have been applied to align the accounting policies of Vista China to those of Vista Group.

	VISTA CHINA	
	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Revenue	7.1	3.3
Total expenses	(7.7)	(7.0)
Loss for the period	**(0.6)**	**(3.7)**
Vista Group equity accounted interest	47.5%	47.5%
Vista Group share of equity accounted loss for the period	**(0.3)**	**(1.8)**

For the period ended 30 June 2021, the total equity accounted loss from associates and joint ventures was $0.3m and includes $nil from Stardust (30 June 2020: $1.9m includes $0.1m from Stardust).

Impairment of Vista China and Stardust (significant judgement / estimate)

Vista Group reviewed its net investment in Vista China and Stardust for objective evidence of impairment at 30 June 2021 and concluded that this definition was not met. In accordance with NZ IAS 28 *Investments in Associates and Joint Ventures*, no impairment review was performed at 30 June 2021.

Details of the prior period impairment charges recognised on the carrying value of both Vista China and Stardust are included in the 2020 Annual Report.

8. Goodwill

Vista Group reviewed the carrying value of its goodwill for indicators of impairment at 30 June 2021. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 30 June 2021.

Details of the prior period impairment charges recognised on the carrying value of goodwill are included in the 2020 Annual Report.

Carrying value of goodwill

	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Gross carrying amount		
Balance at 1 January	69.9	73.5
Numero acquisition	-	(2.7)
Exchange differences	0.8	(0.9)
Gross carrying amount at period end	**70.7**	**69.9**
Accumulated impairment		
Balance at 1 January	(15.2)	(3.6)
Impairment charges recognised during the period	-	(11.6)
Accumulated impairment at period end	**(15.2)**	**(15.2)**
Goodwill at period end	**55.5**	**54.7**

9. Other intangible assets

Impairment testing of internally generated software (significant judgement / estimate)

Vista Group reviewed the carrying value of its internally generated software assets for indicators of impairment at 30 June 2021. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 30 June 2021.

Details of the prior period impairment charges recognised on the carrying value of internally generated software are included in the 2020 Annual Report.

Carrying amount of intangible assets

30 JUNE 2021 (UNAUDITED)	INTERNALLY GENERATED SOFTWARE NZ$M	SOFTWARE LICENSES NZ$m	INTELLECTUAL PROPERTY NZ$m	CUSTOMER RELATIONSHIPS NZ$m	TOTAL NZ$m
Gross carrying amount					
Balance at 1 January	38.1	4.9	2.7	6.8	52.5
Additions	5.8	-	-	-	5.8
Exchange differences	0.1	(0.1)	(0.1)	0.1	-
Balance at period end	**44.0**	**4.8**	**2.5**	**6.9**	**58.2**
Accumulated amortisation					
Balance at 1 January	(9.4)	(2.1)	(1.7)	(4.2)	(17.4)
Current period amortisation	(3.1)	(0.3)	(0.1)	(0.5)	(4.0)
Exchange differences	-	-	0.1	-	0.1
Balance at period end	**(12.5)**	**(2.4)**	**(1.6)**	**(4.7)**	**(21.2)**
Intangible assets at 30 June 2021	**31.5**	**2.4**	**0.9**	**2.2**	**37.0**

31 DECEMBER 2020 (AUDITED)					
Gross carrying amount					
Balance at 1 January	27.5	2.5	2.4	5.5	37.9
Additions	12.8	-	-	-	12.8
Numero acquisition	-	2.4	0.3	1.3	4.0
Impairment charges	(2.2)	-	-	-	(2.2)
Balance at period end	**38.1**	**4.9**	**2.7**	**6.8**	**52.5**
Accumulated amortisation					
Balance at 1 January	(4.6)	(1.3)	(1.4)	(3.2)	(10.5)
Current period amortisation	(5.2)	(0.8)	(0.3)	(1.0)	(7.3)
Impairment charges	0.4	-	-	-	0.4
Balance at period end	**(9.4)**	**(2.1)**	**(1.7)**	**(4.2)**	**(17.4)**
Intangible assets at 31 December 2020	**28.7**	**2.8**	**1.0**	**2.6**	**35.1**

10. 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-based payments 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 2021 UNAUDITED	30 JUNE 2020 UNAUDITED
Weighted average ordinary shares for basic EPS (millions)	**228.7**	**198.7**
Effect of dilution:		
Share options and awards (millions)	5.0	1.1
Weighted average ordinary shares adjusted for the effect of dilution	**233.7**	**199.8**
Loss for the period attributable to owners of the parent (NZ$m)	(2.8)	(42.4)
Basic and diluted EPS (cents)[1]	**($0.01)**	**($0.21)**

1 Shares are only treated as dilutive when their conversion would decrease basic earnings per share.

On 16 April 2020, Vista Group issued 61,946,951 new ordinary shares of $1.05 each through a placement and rights issue. Accordingly, the prior comparative period weighted average ordinary shares (basic and diluted) has been adjusted by a bonus factor of 1.0870, based on the ratio of:

- an adjusted closing share price of $1.4900 per share on 20 April 2020, the business day before the shares started trading ex-rights; and
- the theoretical ex-rights price at that date of $1.3708 per share.

11. Financial instruments

Financial instruments by category

30 JUNE 2021 (UNAUDITED)	FINANCIAL ASSETS AMORTISED AT COST NZ$m	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS NZ$m	FINANCIAL LIABILITIES AT AMORTISED COST NZ$m	TOTAL NZ$m
Cash	58.1	-	-	58.1
Trade receivables	31.4	-	-	31.4
Sundry receivables	3.1	-	-	3.1
Total financial assets	**92.6**	**-**	**-**	**92.6**
Borrowings - external	-	-	15.9	15.9
Borrowings - related parties	-	-	0.6	0.6
Trade payables	-	-	1.0	1.0
Sundry payables	-	-	4.0	4.0
Lease liabilities	-	-	23.5	23.5
Total financial liabilities	**-**	**-**	**45.0**	**45.0**
31 DECEMBER 2020 (AUDITED)				
Cash	67.1	-	-	67.1
Trade receivables	28.1	-	-	28.1
Sundry receivables	1.7	-	-	1.7
Total financial assets	**96.9**	**-**	**-**	**96.9**
Borrowings - external	-	-	18.1	18.1
Trade payables	-	-	5.0	5.0
Sundry payables	-	-	3.3	3.3
Lease liabilities	-	-	23.0	23.0
Contingent consideration	-	0.4	-	0.4
Total financial liabilities	**-**	**0.4**	**49.4**	**49.8**

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 or changes in the valuation methods used to determine the fair value of Vista Group's financial instruments.

12. Other disclosures

Related parties

Related parties are materially consistent with those disclosed in the 2020 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 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED	30 JUNE 2021 NZ$m UNAUDITED	31 DECEMBER 2020 NZ$m AUDITED
Associates and joint ventures	2.3	1.8	(0.2)	(0.7)

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

	ASSOCIATES AND JOINT VENTURES	
	30 JUNE 2021 NZ$m UNAUDITED	30 JUNE 2020 NZ$m UNAUDITED
Receiving of services	(0.2)	(0.5)
Rendering of services	2.3	3.0
Total related party transactions	**2.1**	**2.5**

Details of significant related party transactions of Vista Group:

- During the period, Vista Group recognised $1.1m of maintenance revenue from Vista China (30 June 2020: $1.1m), which is recognised in the Cinema segment. The prior comparative period has been represented to also include this revenue within the Cinema segment.
- During the period, the co-shareholder of Powster provided a $0.6m loan to Vista Group. The loan is unsecured, incurs interest at 4% per annum and is repayable on demand.

Details of significant related party transactions of Vista China:

- On 30 January 2019, Vista China provided a retention accommodation loan of $4.4m (CNY20.0m) to the CEO of Vista China. This loan is interest free, partially secured against equity in Vista China and matures on 30 January 2022.
- On 23 December 2019, Vista China provided a shareholder loan of $3.2m (CNY14.3m) to Beijing Weying Technology Co. Ltd ("Weying"). This loan has matured and is now repayable on demand by the Vista China Board. Vista China and Weying are currently assessing options for the settlement of this loan.

Capital commitments

There were no capital commitments for Vista Group at 30 June 2021 (31 December 2020: $nil).

Going concern

The interim financial statements of Vista Group have been prepared on a going concern basis that 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.

Vista Group has prepared cash flow projections factoring in a continued impact of the COVID-19 pandemic covering a period of at least 12 months after these consolidated interim financial statements have been authorised for issue. This takes into account forecast revenue, operating cash flows, forecast capital expenditure and Vista Group's liquidity position.

At 30 June 2021, Vista Group had $96.2m in liquidity, with $58.1m in cash and $38.1m of undrawn ASB debt facilities. In addition, Vista Group's EBITDA for the first half has returned to being positive and the average first half cash burn was well below the previously guided $3m to $4m per month range.

The success of global vaccine rollouts and the release of new movie content during the half has enabled more than 80% of global cinemas to open by 30 June 2021. Based on the assumption that the current trajectory of cinema openings is sustained in key markets, Vista Group expects its cash flow position to track positive for the second half of 2021. Vista Group also projects it will continue to comply with its ASB facility covenant requirements.

As a result of how unpredictable the COVID-19 pandemic has been on Vista Group and its customers, the Board continues to take a cautious approach in provisioning against its accounts receivables and accrued revenues. The 28.4% cumulative provisions for discounts, credit risk and ECL (as detailed in section 6) is Vista Group's best estimate of the balances that are unlikely to be recovered.

Vista Group considered the impacts of the COVID-19 pandemic to its subsidiary businesses and assessed its goodwill and other assets for indicators of impairment. Vista Group also reviewed Vista China (an associate company) for loss events that might result in an impairment loss. No such indicators or loss events were identified that might be significant enough to result in an impairment charge at the 30 June 2021.

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

Contingent liabilities

One of the primary markets for Vista Group's products is the United States. Sales tax obligations in the United States can arise in individual states where Vista Group is deemed to have a sales tax nexus. Vista Group is currently working with external US sales tax experts to complete an economic nexus study where sales in each state are reviewed from the end of 2018 to determine if an economic sales tax nexus was triggered. A trigger would result in an obligation for Vista Group to register and collect sales tax in these states.

Should the outcome of this study show that the sales tax obligation was material, it would be classified as an error which is restated in the prior period income statement and statement of financial position. Conversely, if the amount is not material, the provision would be included in the current period with no prior periods being restated.

At the date the Board approved these interim financial statements, the external US sales tax experts were still completing this study. To help facilitate the scale of a potential liability, internal estimates project this liability could be up to $3.6m. However, in arriving at this number, significant judgements were applied by management who are not US sales tax experts. Moreover, numerous judgements applied in this calculation themselves have the potential to result in a materially different estimate.

For these interim financial statements, Vista Group applied judgement in determining the potential obligation could not be measured with sufficient reliability. This resulted in this obligation being classified as a contingent liability at 30 June 2021.

Once the external US sales tax experts have concluded their economic nexus study, Vista Group will look to enter into voluntary disclosure agreements with the relevant state authorities and proceed to register for sales taxes going forward. The timing for this is expected to occur in the second half of 2021.

Events after balance date

On 11 August 2021, Vista Group agreed to sublease a portion of its Los Angeles premises for the remainder of its leased term (30 June 2026). Should this agreement have been signed and available for use at balance date, it would have been recognised as a finance lease. The impact on these interim financial statements would be a reduction in the lease asset of $3.3m, a new 'investment of sublease' asset of $2.7m being recognised (current portion $0.6m, non-current portion $2.1m), and an immediate increase to the depreciation expense of $0.7m.

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

Vista Group International Limited

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

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