Annual Report

Vista Group
International
Limited

2021

Our purpose

Enhancing the moviegoer experience

Contents

This report is dated 28 February 2022 and signed on behalf of Vista Group International Limited by Susan Peterson and Murray Holdaway.

Susan Peterson
Chair

Murray Holdaway
Director

Dear Shareholder,

Cinemas are open, blockbuster movies are being released and moviegoers are back enjoying the cinema experience. A year which began with some uncertainty has concluded with box office records tumbling around the world.

In parallel, we are seeing a step change in the way that business is conducted globally as digitisation accelerates across all industries and more businesses adopt cloud technologies. Positioned at the intersection of technology and the moviegoing experience, Vista Group is ideally placed to support our customers as they tackle these challenges and realise the benefits of doing business using our platform.

Against this backdrop, our business has performed strongly and we are delighted to have delivered a resilient set of financial results. We have delivered on each of the metrics we targeted at the half year. We delivered revenue at the top end of the range representing a 12% increase on 2020. We have also delivered 24% growth in recurring revenue and met our commitment to be cashflow positive in the second half of the year.

Our careful financial discipline has also meant that we have been able to advance our Vista Cloud transition and look after our people in an increasingly competitive global labour market for technology talent.

Our team

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

This past year, we have actively explored different 'ways of working' and focussed heavily on what we can do to support the wellbeing of our people — in particular as they have largely been working from home. We implemented a trial 'R&R Fridays' where we are encouraging our global workforce to use their Friday afternoons to step away from work and refresh. Early indications are that R&R Fridays has been a terrific success with a fully engaged team and with productivity remaining unaffected.

Other initiatives include implementing a employee share scheme for all non-executive employees in New Zealand, USA, and the UK, and launching a refreshed leadership development program across the business — with personalised plans structured to challenge and excite our people to grow their leadership skills and experience.

In a very competitive market for talent, it is encouraging to see our eNPS scores continue to climb, and our employee turnover rate remaining comparatively low.

Another continued area of focus is diversity and inclusion. At Vista Group, diversity means acknowledging, appreciating and celebrating all of the many ways that we are different in all of its forms, both visible and not. It includes differences that relate to gender, age, culture, ethnicity, race, disability, family status, language, religion, sexual orientation, gender identify, as well as differences in background, skills, work styles, perspective and experiences.

Vista Group is a proud member of the New Zealand Champions of Change group, and we have signed up to 40:40:20 as a target to focus our efforts in increasing the representation of women across the Group.

Our customers

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

In the early months of the pandemic, the future relevance of the cinema experience was questioned as people took to streaming while in lockdown. This enabled other movie distribution models to be tested. The results are clear and the cinema experience has been reaffirmed as a cornerstone of the economic model of blockbusters. The major studios have now all committed to an exclusive theatrical window, averaging 45 days, for the vast majority (in some cases all) of their premium content in 2022.

We look forward to a tremendously exciting 2022 as we build out our Digital and Cloud offerings, help more customers to be successful and capitalise on new opportunities.

There is no better illustration than the success of *Spider-Man: No Way Home*, which was released globally in December 2021. Even with operating restrictions still in place in many countries, *Spider-Man: No Way Home* has become the 6th biggest movie of all time globally, the third biggest in the North American domestic market (displacing *Avatar*) and the #1 superhero movie in 19 countries.

Innovation and growth

Across the Group we've continued to progress our innovation agenda. An exciting milestone was the first iteration of Vista Cloud becoming production ready in early December, and the continued innovation of Movio Madex and the new Movio Cinema EQ (which will release later in 2022).

Numero and Maccs have continued to deliver, with Numero now reporting from 35 territories in total, and the cloud-based Mica (from Maccs) increasing customer numbers from 6 in 2020 to 17 at the end of 2021. It was also very pleasing to see the Flicks team launch into the UK as their success in Australasia created momentum with moviegoers and advertisers.

After the reporting date, we announced the acquisition of the Retriever cinema software business in the USA. This acquisition, though small in total revenue, increases the strength of Vista Cinema's footprint in USA market and will speed the adoption of our SaaS solutions, with a commitment from the largest Retriever customer to transition to Vista Cloud during 2022.

A further highlight for us has been the recently announced expansion of the Odeon Cinemas Group relationship into Spain and Portugal which will include the full range of our platform offerings — Vista Cinema, Movio, Vista Digital, movieXchange, and Numero.

Vista Group's environmental and social impact

We remain focused on lessening our impact on the environment for current and future generations.

We are working with two specialist climate agencies to ensure we provide the right information to our stakeholders and the wider community as TCFD Reporting comes into force — but further, that we make meaningful and sustained efforts to reduce our carbon footprint over time.

We intend to report on our response to climate change, in alignment with the standards of the Task Force on Climate-related Financial Disclosures. More information about our social and environmental impact program is on page 28.

We also launched a Volunteer Day scheme so that our people can work on community initiatives and be able to "give back" to the community. We look forward to the results of that work over the coming years.

Board changes

We would like to take this opportunity to warmly thank James Ogden for his wonderful contibution to the success of Vista Group. James joined the Board shortly before Vista Group's successful IPO in 2014 and, as he indicated previously, he won't be standing for re-election at this year's ASM. James has made an extremely valuable contribution and we are very grateful for his guidance and wisdom. We wish James all the very best for the future.

James Miller, who joined us as an Independent Director in August 2021, will assume the role of Chair of the Audit and Risk Committee at the conclusion of the ASM.

The future

Looking ahead, we are optimistic as digitisation and adoption of cloud technology accelerates across the world. Vista Group is well placed to take advantage of these global trends through Vista Cloud and the digital toolbox that our Vista Cinema and Movio businesses provide to help cinemas globally find operating efficiencies, expand their customer reach and enhance their moviegoer relationships.

We look forward to a tremendously exciting 2022 as we build out our Digital and Cloud offering, help more customers to be successful and capitalise on new opportunities.

Thank you for the trust that you place in Vista Group and we hope that, wherever you are, you and your loved ones remain safe and well.

Kind regards,

Susan Peterson
Chair

Kimbal Riley
CEO

Vista Group's key strategies

01 Support our customers to rebuild their business

02 Expand our core platform that delivers value to our customers and connects moviegoers

03 Create and invest in new opportunities

Group overview

Our mission at Vista Group is to 'enhance the moviegoer experience'. We know if we keep this experience at the centre of what we do, we will deliver value to our customer's customer — the moviegoer.

Vista Group's platform serves the full value chain of the film industry, from production and distribution to cinema exhibition and the moviegoer. The graphic on the opposite page illustrates how Vista Group views its vertical market and the fit of its products.

Our products follow the film from its creation through to screenings by cinemas for the moviegoer — the tracking of all the data, interrelationships and information that is needed by each party for the duration of that journey. We report on the box office performance of the movie — back through the cinema exhibition channels — to the entity that made and invested in the film at the start.

The data aggregation and analysis that is required by the film industry is very significant. This provides many additional opportunities for our products such as Movio, Numero, and Powster. It has also created the opportunity to enable more efficient access to data for industry participants leading to the Group's investment in movieXchange, Movio Media, and additional modules within the Vista Cinema product set.

We anticipate the global cinema market will continue to expand over time with the number of cinema screens increasing and box office revenue rebounding. Our platform enables our customers to respond well to key industry trends of premiumisation, and data-driven decisions and marketing.

Vista Group's businesses

Customer focused innovation

We were delighted to see our cinema customers globally welcome moviegoers back in the second half of 2021. With a great love for cinema and film, our customers are at the heart of our innovation. We continue to evolve our products and bring new features and services to market. This digital transformation provides our customers with the most advanced technology and continues to position our platform as market leading within the film and cinema industry.

We share some highlights from across the Group, showcasing the variety of innovation and technology delivered throughout the year.

Vista Cinema

The purpose of Vista Cinema is to empower a world of cinema. While the pandemic has been felt in all 100+ countries running our technology, the challenges have varied from market to market. The demand for touch-free service and payments has been consistent across markets, while other challenges such as labor shortages, which force exhibitors to operate with fewer employees, are occurring on a market-to-market basis. We recognise the importance of our role in supporting exhibitors through their recovery and have been hard at work to innovate around these new challenges. Our innovation falls under two areas, Vista Digital and Vista Cloud.

Vista Digital gives moviegoers a seamless and personalised experience across a cinema exhibitor's digital channels, including website, kiosk, and mobile applications. Vista Digital includes three offerings—Digital Platform, Lumos and Omnia—tailored to the different sizes and requirements of its various exhibitor customers. These offerings are differentiated largely by the level of configurability and degree of engagement with Vista Cinema's in-house digital agency. Vista Digital delivers significant benefits to Vista Cinema's exhibitor customers, including a true omnichannel experience—across their entire digital real estate—and cloud-based scaling that ensures all digital channels remain available during peak demand for movie tickets.

Vista Cloud is our comprehensive, reliable, and secure cinema management solution. Vista Cloud removes the need for exhibitors to maintain on-premises, server-based software, and delivers an always-on, always updated, secure cloud-based solution. Vista Cloud allows cinemas to step away from the hygiene of running Cinema Technology and focus entirely on the moviegoer experience. More on Vista Cloud in the following pages.

From our customers

Vista Cinema + Studio Movie Grill

Our fantastic customer, Studio Movie Grill (SMG), creates premium moviegoing experiences for their moviegoers. They leverage advanced technologies like laser projection, and the sound systems to take guests on a big-screen adventure in their 212 screens across seven states.

In the wake of the pandemic, moviegoers required a variety of ordering options for their comfort. Vista Cinema enables SMG to present their guests with the perfect balance of hospitality and self-service. Guests can order in advance on the robust Vista Mobile App or at the cinema with the user-friendly Vista Kiosk. For guests who enjoy a more personal touch, they can order from waitstaff once seated in the auditorium. The waitstaff enters orders in Vista Serve, an easy-to-use handheld device which is purpose built for dine-in cinema. Serve features cinema seat maps, automatic upselling, food coursing, and the ability to beam orders straight to the kitchen. It streamlines the process which not only allows guests to indulge quicker, but also provides more opportunities to increase spend.

We use a wide array of Vista's technology across our business, and Vista stepped up to the plate in a big way for us throughout the pandemic. From our guest facing channels, to our point of sale system, to our cloud hosting, we were able to rely on Vista heavily over the past year. They are the ultimate technology partner and enable us to continue improving the moviegoing experience for our guests.

Looking ahead, SMG is dedicated to optimizing their digital channels and operations to the highest quality. Their investment in the moviegoing experience and trail blazing spirit has led to their reputation as market leaders. They truly embody their mantra of "opening hearts and minds one story at a time."

The Vista Cloud journey

Vista Cloud is live and running in the market! All capabilities have feature parity with our existing on-premise products and we're pleased to confirm our first customer is benefiting from the new platform.

Vista Digital continues to deliver benefits to our customers, a service we're now enhancing with the launch of Vista's latest Digital SaaS offerings: Vista Digital Platform, Lumos Web, App, and Kiosk.

The focus for 2022 is to deliver further benefits for Vista Cloud customers and a platform that can scale optimally to support many more customers.

What we've achieved to date

Digital Channels

- SaaS Web sales platform live with rapid scalability (Vista Digital Platform)
- MVPs of SaaS Kiosk and Mobile Apps complete
- First customers live with SaaS web ticketing

Vista Cloud

- SaaS platform live
  - All servers out of cinema and in the cloud
  - Upgrades pushed automatically
  - Ability to scale up and down based on demand
  - Monitoring and management tools to ensure world class service
  - Secure service
- First customer onboarded and live on new platform

Where we are now

- Vista Cloud SaaS offering in market
- Engagements with the next tranche of customers to onboard well underway
- Overall on track and within budget

What we said we'd do in 2021

- Customer benefits
  - Servers out of cinema
  - Head Office servers in cloud
  - Automated upgrades
- Cloud engineering
  - Licensing platform
  - Rapid scalability for core services
  - Localisation support for fiscal compliance, custom integrations, etc.
  - Monitoring and management improvements
  - Cost efficiency improvements

What's coming in 2022

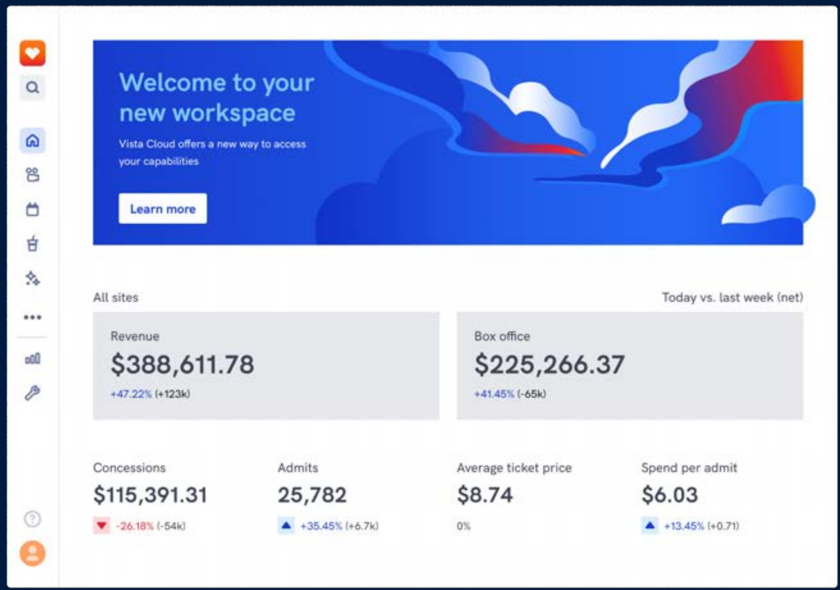
Digital Channels

- New SaaS Kiosk and Mobile App products in market and live with customers
- Onboarding more customers to the new SaaS Web Ticketing product
- Migrating Vista customers over to Vista Digital Platform

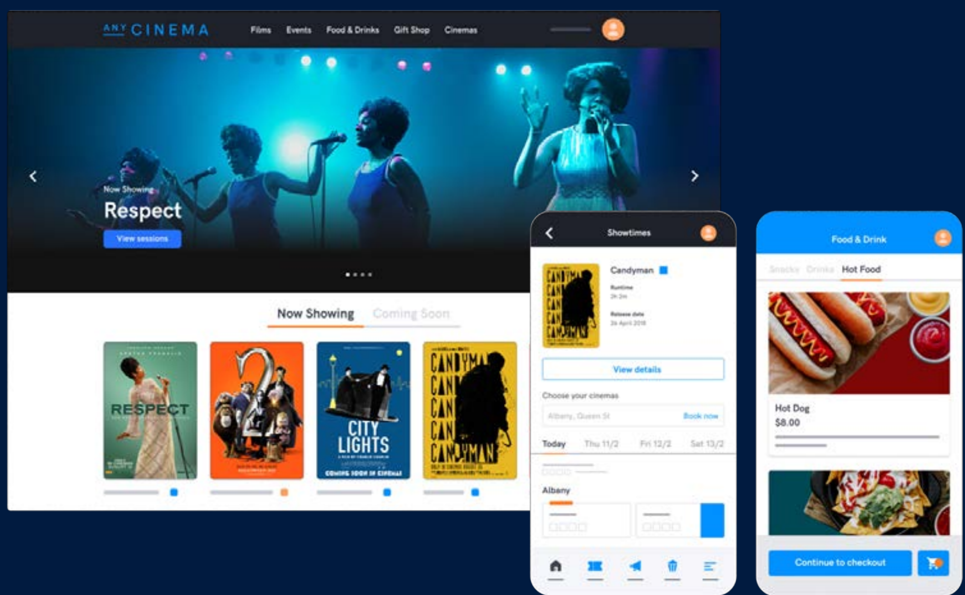
Vista Cloud

- Onboarding more Vista customers to Vista Cloud
- Highlight particular areas of investment
  - Platform extensibility
  - Regional Integrations to broaden customer appeal
  - Data analytics
  - Broadened offline support
  - Expanded automated testing
  - Expanded automation in the deployment pipeline

Vista Cloud



Vista Digital • Lumos



From our team

Tristan Phipps & Tiga Seagar

Head of Design + Product Design Director

What has been the most exciting thing relating to the shift to Cloud?

Being able to deliver innovations more quickly to customers. With customers on the same platform, we can be much more dynamic with how we design software. Not only are we able to work closely with customers and use real-time data to make decisions, but we also can scale out new solutions with continual improvements at every step. Customers will get proven solutions much quicker. No more upgrade windows.

What has been a customer highlight?

Whenever we undertake a big piece of work we always engage our customers to get their input, and Vista Cloud was no different. We talked with a lot of customers to understand how they've had to navigate recent obstacles and gain insights into the future of the cinema industry. Keeping an open dialogue allows us to innovate together.

How has this enabled/grown your skills and capabilities?

You can't have diamonds without a bit of pressure. Everyone working on Vista Cloud has embraced a new approach to our software. The creation of Vista Cloud meant we had to rethink and redefine our values, processes, and drivers with the internal culture to adapt to meet the outcome. Through our collective growth, we've been able to unify the company and build a foundation that moves us towards our vision of 'empowering a world of cinema'.

Vista Cloud looks quite different. For the first time in Vista, we've aligned how we design our solutions and how we present them. Vista Cloud is a cumulative effort by many groups within Vista. From high impact things like a newly developed brand, behind the scenes architectural improvements like single sign-on, down to small details like each word being carefully curated. The result is a modern, unified experience that showcases the care and attention Vista puts into its platforms.

Where do you see the future of the cloud experience going?

Bringing all capabilities together is going to unlock new workflows that weren't possible before. No more hunting through different products to get reports from various places, you'll be able to access them all from Vista Cloud. Vista Cloud removes the hassle of a distributed product system and brings management and operations into one experience. Data and visualising data, so that users can make informed decisions, is going to define the Vista Cloud experience.

From our team

Chris South

VP Engineering

What excites you most about the move to Cloud?

There are a huge number of benefits but the most critical for me is that our customers get the latest version of our software, updated very regularly, meaning that they benefit from improvements and new features without delay. Vista's software has always been the most powerful in the industry but customer uptake has lagged behind our releases due to customers seeing the upgrade process as being quite a big investment. Cloud removes that problem and means that our customers will benefit continuously.

The flip side of this is that our engineers see the result of their work almost immediately — this is hugely satisfying and enables a faster feedback loop resulting in more targeted improvements.

Overall, it's simply better for everyone.

What has been a customer highlight?

We have seen hugely impressive strides forward in our quality assurance processes getting ready for the first customer going live in early 2022. For example, we've implemented more than 100 critical improvements that resulted from automated and manual QA processes — the quality of what we put out into Cloud will be great, and that's a success story for every customer.

What does this mean for our people in terms of growth (OR what opportunities does this provide to our employees)?

I've mentioned the feedback loop benefit above but the other really huge opportunity is that we can use any technologies we like in our cloud deployments, so our engineers have the chance to learn and use the latest tech stacks which is hugely exciting. We've long been an on-premise product company and that brings with it a responsibility to move steadily forward and retain backwards compatibility for years in some cases. With Cloud, we can use best-in-class practices and toolsets, allowing our engineers to enjoy the latest technology!

What have you done differently or started to do to set the teams up for success to deliver Cloud for our first customers?

In the past we've always been aware that the software we build will likely not be adopted very quickly, due to the upgrade time barriers mentioned above. Also our customers' IT teams would run and look after the software on-premise. So we've been distant from the impacts of our work in terms of both time and involvement. This has been utterly changed with Cloud — we are now fully in the mindset that everything we build will be used by customers almost immediately, and that we have to monitor, upgrade, fix, and optimise it on an ongoing basis. It's a complete alteration to our business and impacts not only engineering, but the service teams, account management, finance, legal, marketing, everyone.

It's the single biggest change to the business that I believe Vista has ever gone through; it's challenging, exciting, and completely the right move for Vista.

John Burrows

Technical Product Director

What is your current role? How does that relate to our new Cloud environment?

I am a Product Director and I'm responsible for our Digital (alongside Will Riley) and F&B offerings. This essentially means that I make sure our software is tailored to our markets' needs. I do this by working with customers to identify what they need and then collaborate with our design and engineering teams to make it happen.

Tell us a bit more about your career journey with Vista

I started as a summer intern in 2014 and officially joined a year later as a graduate. I was the first Business Analyst intern that Vista employed. The dine-in cinema market was exploding and I quickly became a subject matter expert in this space. I later moved into the role of Product Director.

The highlight of my career to date has been building our Serve product. Together with an amazing team we took Serve from non-existence, identified the problem/need, tested with end users, right through to launching and marketing of that product which has gone on to be a much-loved Vista product.

I recently relocated from Auckland to Los Angeles and am continuing working at Vista Group as a Product Director. From LA I'm able to work much more closely with our largest market and stay on the pulse of what our customers need.

What excites you most about the move to Cloud?

Through talking to customers before Cloud, we noted they spend so much of their time doing IT heavy admin but were bursting with knowledge and ideas of how to grow their business but didn't have the time to execute. Vista Cloud gives them back time to focus on the things that's important to them, delivering the best cinema experience to their guests. They could now expand their business offering and even add on modules from Vista as their trusted provider.

Post pandemic, our customers are ready and expecting digital channels that are poised for this even more self-service world.

Knowing that the move to Cloud is the right thing for our customers is comforting, plus there's the bonus that our software is not only powerful, but stunning. I'm so proud of what we've created and how it's pushing the boundaries of what cinema software can be. I genuinely believe we are moving our market forward with Cloud and Digital… and we've got plenty more to go.

What would moving to Cloud mean for our employees?

It provides us with an opportunity to do more exciting and challenging work. It will require a change in mindset moving to a real-time model but it's an energising and important change. We deliver several SaaS products already and it'll soon be everything we do. It provides employees with more ownership of their work and allows us to create software with a more agile culture — to test, improve, and deliver to meet our customers' ever-changing needs.

Movio

Movio supports exhibitors, distributors, and studios to connect all moviegoers to their ideal movie so that everyone experiences the magic of cinema — and recent hardships reinforce the importance of a little cinematic magic in all our lives! Our customers told us that how they achieve this magic, must evolve. This guidance has focused Movio's efforts during 2021, readying us for the years ahead.

We are now testing an entire re-imagining of our foundation product for exhibitors. On track to release in the first half of 2022, our next-generation Movio Cinema EQ allows users to access AI-driven insights to inspire moviegoer engagement, embrace the platform's full potential via its intuitive simplicity, and to complete their tasks faster than ever before.

Our suite of distributors and studio-oriented audiences, campaign and research solutions are growing to meet these challenges. Madex, our moviegoer data exchange, is central to this, conceived to fulfill exhibitors' and studios' desire for innovative, data-driven ways to collaborate for the benefit of our industry. Though still in its early days, Madex is already becoming a vital companion to our longstanding Media and Research solutions.

With the acceleration of digitisation across the film industry, Movio is entering a new phase. Just as we have done since our inception, our motivation remains helping our customers to be more successful and to bring more moviegoers to the movies.

From our team

Jardine Chapman

Graduate Software Engineer

What is it like working at Movio?

Working at Movio is an incredible experience where I have been exposed to many areas of the wider Vista Group. As a graduate engineer I have rotated through three different teams throughout the year where I have started from scratch in learning the technology and developed into a fully contributing team member. Each transition has been seamless, as I am constantly surrounded by brilliant and driven people who challenge me professionally to become better each day.

Vista Group has a truly positive culture that offers mutual support, promotes trust, rewards employees' efforts, and ensures that employees know their work is meaningful. I have great leaders and mentors who inspire me every day to be passionate and to love my job.

The work we do is complex and never-ending, but every meeting, even the tough ones, is always dotted with a personal connection. I always want to see what's around the next corner and having the freedom to apply my learning to the work I do every day has been one of the best parts of working for Vista Group.

Imagine waking up every day looking forward to getting back to work with the rest of your colleagues that you enjoy being around. That is how I feel about working for Vista Group.

What has been the highlight of your time at Movio so far?

The team culture at Movio is second to none, every positive moment and highlight from this year stems from the people. Each day I am encouraged to learn, to try something new, and engage socially.

In particular, the mentoring and encouragement to be part of not only my team but of something larger. The culture Vista Group has acts as a catalyst to innovate, try new things, and not to be afraid of failures. I appreciate how open we are about what we learn, and how we try to push our knowledge out beyond the team.

What do you think the future is for the cinema industry?

The future for the cinema industry is exciting and constantly evolving. One thing is for certain though, Vista Group is a vital constant in the progression for the cinema industry which I am looking forward to being a part of.

Maccs

Maccs provides market leading software solutions that manage the distribution of movies to cinemas. Maccs has released Mica, a cloud-based SaaS film distribution solution. Mica's fast, user-friendly interface can be seamlessly accessed via smartphones, tablets and browsers and can be tailored to provide each distributor with a unique user experience.

Mica uses a centralised worldwide database of cinemas which is available to all users. Updates are community driven (moderated by Maccs) providing up-to-date cinema site information on a global scale. With full multi-currency and multi-territory support, users from all over the world can book releases in any territory, allowing for the possibility of releasing a film globally from one application.

Mica supports integrations with multiple film industry systems including a seamless integration with suppliers of content and security keys for digital cinema content, to enable users to see the exact status of the delivery of their films to cinema sites in real-time. Box office results are imported automatically from Numero and MaccsBox. Mica has integrations to a range of accounting systems including Exact, Visma and Xero. The software and these integrations provide the film distributor with full control of the distribution life cycle of a film; from film management through to booking, invoicing, reporting and financial measurement.

Additional features include a visual planning tool with Google Maps integration and real-time social media statistics as well as extensive analytics tooling where users can create their own overviews and charts.

The latest development of Mica is a self-service login for exhibitors. There, exhibitors can request bookings, view existing bookings and invoices, confirm holdovers, enter box office results, and update venue information. The result is a disruptive shift in the market, where exhibitors will 'pull' bookings instead of distributors 'pushing' bookings.

Flicks

Flicks connects people with great content. Now more than ever, the entertainment offering across cinema and streaming is stacked with amazing things to watch. Flicks removes the consumer pain point in managing what would otherwise be an overwhelming amount of choice. Flicks distils this diverse content landscape. It is a trusted destination to discover your next favourite movie or show, be it in cinemas or at home.

Flicks' focus is squarely on the consumer. The Flicks team is busy building:

- a faster, native experience with iOS and Android apps (launching in early 2022)
- features to better recommend movies
- tools to help people track what is coming and notify them when it is out
- more content and data points to assist consumer decision-making

Alongside user growth, the aim is to see deeper user engagement with our customers.

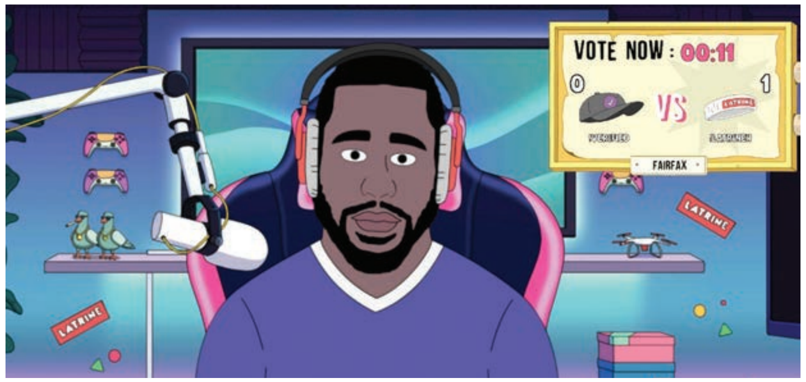
Despite cinema closures across New Zealand and Australia throughout the year impacting Flicks' traditional advertiser base, revenue is up 22%. This has been driven largely by our partners in streaming, such as Neon/SKY New Zealand, Prime Video, Apple TV+, Disney+, and Binge Australia.

In Q4, Flicks successfully launched in the UK and users are growing steadily. The Flicks platform now brings together showtimes from more than 1,400 cinemas, and streaming links from more than 30 platforms, across three domains – flicks.co.nz, flicks.com.au, and flicks.co.uk.

Augmented reality innovations

Powster

Powster has continued to innovate within the augmented reality space, with technology allowing entertainment marketing teams to engage their audiences without a native app barrier. Utilising three AR technology areas; WebAR, Native AR viewers such as quicklook, and AR tools for live streaming.



Customer examples

WebAR

Candyman AR

Powster's activation utilises first-to-market technology to give visitors to the Candyman film's website an up-close-and-personal look at Candyman himself. Upon visiting the mobile homepage for idareyou.candymanmovie.com, visitors can activate the immersive experience by saying "Candyman" five times into a virtual mirror, just like the characters in the film do to summon Candyman. Available on your phone or desktop, the experience takes over the mobile camera and microphone and, as you say his name, bees from the film swarm your face before Candyman is revealed and the exclusive final trailer for the film is unlocked.

Powster utilised Google Speech-to-Text software and integrated it with technology partner 8th Wall's platform to make AR possible on a web browser, creating a one-of-a-kind experience. The voice-recognition software will recognise only the word "Candyman" in up to 120 dialects and six languages. 8th Wall's Face Effects works in the browser, on smartphones, and desktop computers with a webcam. The experience also made use of 8th Wall's in-browser media recorder allowing users to capture the scary moment and download a video to be shared.

Native AR Viewer

Liam Payne Sunshine

Liam Payne continues to push boundaries on innovation in music with his newest partnership with Powster and Universal Music Group. His new release 'Sunshine' featured in Disney's 'Ron's Gone Wrong' will be the world's first lyric video using native quicklook AR. Audiences everywhere can experience the song in a new way by being immersed in the lyrics as the words from 'Sunshine' shine all around them.

AR Live Streaming

Twitch Fairfax

Powster has created the tools to allow Twitch streamers to augment their live streams with Twitch chat-controlled graphics. With minimal set up for the streamer entertainment brands can partner with Powster to allow chat to vote on virtual augmented reality outfits for the Twitch streamer. This innovation allows for entertainment brands to tap into live gaming broadcast audiences.

With entertainment marketing teams planning their future plans for Metaverse engagement Powster has industry leading technologies to provide immediately available opportunities in the space.

Our climate, people and community

As the world continues to face big challenges, we recognise that we have our part to play in making a difference to the world we connect with. We call that *nga mea pai me nga tangata pai* — doing good things with good people. This goes beyond integrating ESG into our governance and full TCFD reporting in FY22 — we're doing that. This is about who we are.

Our climate

One of the most critical issues facing our planet is the continued impact of climate change and the pressing need for action. We have a very light "climate impact" due to the nature of our businesses, however we are determined to reduce our carbon footprint over time. To that end, we have engaged two NZ specialists to assist our internal team — *Toitū Envirocare* and *Te Whakahaere* — to help guide us on our climate journey.

Carbon Footprint

In conjunction with *Toitū Envirocare*, we have kicked off a carbon footprint assessment. Our initial work shows that we produce relatively small amounts of carbon, but we are undertaking a full assessment and audit in 2022. We will be reporting our footprint annually, and more importantly, what our carbon reduction target is and the steps we are taking to meet that target.

TCFD Reporting

We are laying the groundwork now to prepare for mandatory TCFD Reporting in 2023. One of the foundations is to ensure that our existing risk management framework and policy appropriately reflects applicable climate related risks and we have engaged an external specialist to assist us with this. *Te Whakahaere* will assist us with climate modelling and our climate strategy. This work will continue into 2022—and will expand our assessment of our key climate risks and opportunities as set out in the tables on the right.

TOITŪ ENVIROCARE

Te Whakahaere

Risk and opportunities

Key Risks

	RESTRICTED ACCESS TO CAPITAL	REGULATORY RISK / INTERVENTION	MARKET CAP IMPACTS - SHAREHOLDER MIGRATION	LOSS OF CUSTOMER SITES	ATTRACTING AND RETAINING TALENT
RISK TYPE	Transitional	Transitional	Transitional	Physical	Transitional
LIKELIHOOD	If no action, very likely	If no action, likely	If no action, very likely	Probable	If no action, likely
TIMEFRAME	Short term	Short to medium term	Short term	Short to long term	Short term
SCALE	High	Medium to high	High	Low to medium	Medium

Key Opportunities

	ACQUISITION OF NEW CUSTOMERS	SHAREHOLDER GROWTH / MARKET CAP	LOWER FINANCING COSTS	ATTRACTING AND RETAINING TALENT
OPPORTUNITY TYPE	Transitional	Transitional	Transitional	Transitional
LIKELIHOOD	Possible	Likely	Already occurred (ASB)	Likely
TIMEFRAME	Short to medium term	Short to medium term	Short term	Short term
SCALE	High	High	Low	Medium

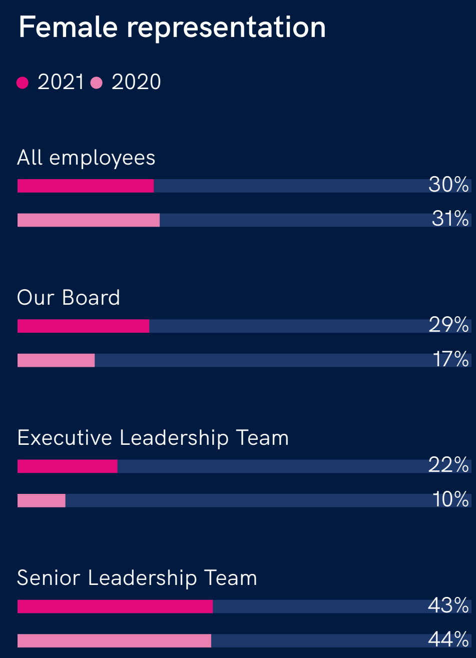
Our people

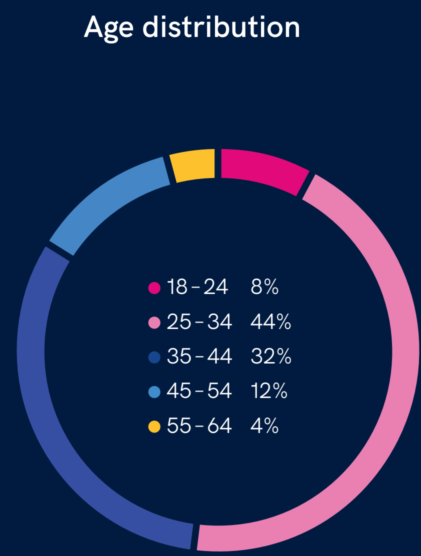
It has been a year of huge progress towards our strategic goals, despite many of us experiencing the challenges and uncertainties of lockdowns across the regions.

Our people are our most important asset. Our ongoing focus to do everything we can to support them, ensuring their safety and wellbeing, has remained a high priority. Without our people, we could not have achieved what we have achieved this year.

The competition for talent, particularly in the technology sector, has continued to increase, including as a result of travel restrictions and the trend towards rapid digitalisation in response to the pandemic. We have continued to focus on our employee proposition and on the engagement and retention of our team. The continuation of the Vista Group Recognition Scheme, our employee share scheme, and introduction of R&R Fridays are examples of our commitment to reward and motivate our team.

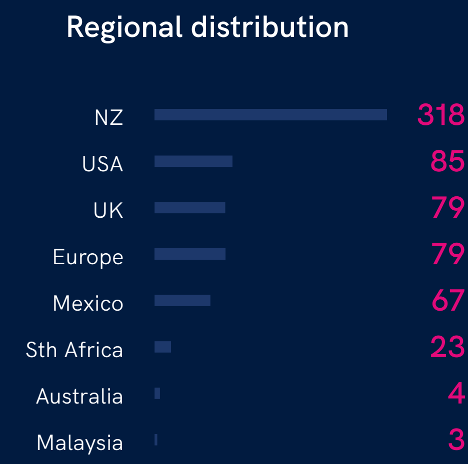
We are continuing to make progress towards our Diversity and Inclusion objectives, with improvement in the representation of women at senior levels. The Board now has two female members, with Susan Peterson undertaking her role as Chair from 1 January 2021 and Claudia Batten's appointment as an Independent Non-Executive Director from 1 January 2021. As of 31 December 2021, women made up 22% of the Executive Leadership Team and 43% of the Senior Leadership Team. Across our identified Emerging Leaders cohort, 35% are female.





15
countries our people are resident in

32
languages spoken



Wellbeing

To support wellbeing, we launched R&R Fridays in October, to give our team a better balance between personal and working life. We know from research that a healthier balance in life can make us more productive and happier overall. This sentiment has certainly been reflected in the positive feedback we have received since implementing this initiative.

We also launched our flexible working policy, Working Well, to support our people and their wellbeing. Working Well provides our team members and managers with a set of principles to allow us to do our best work, whether from the office or anywhere else.

Our Wellness Advocates have done their best to boost the wellbeing and morale of our team by organising speaker events, challenges, and competitions. Through a combination of online and in-person events, such as movie nights, Lunar New Year, Pink Shirt Day, May the 4th, Earth Day, and Mid-Winter Christmas (to name a few), we have been able to continue to connect, engage and celebrate as a team. We also sent care packages to those who had spent a long time in lockdown, a small gesture to show that we care.

We continue to measure the engagement and wellbeing through monthly engagement surveys. Ensuring our team has a positive experience is a priority across the businesses. Many of our initiatives that support our people, both day-to-day and with their general wellbeing, come from the feedback received through our engagement surveys. Since the first survey of 2021, we have seen an increase of 22 eNPS points to a score of 40. This result, which is 11 points above the industry benchmark, is something of which we are very proud. This is important both for the attraction and retention of talent.

It is important to us as a company and as individuals to contribute to our community. It will not only make a positive difference to our community, but also to our peoples' wellbeing.

Our community

Vista Foundation

As a New Zealand company that operates globally in the film industry, Vista Group is passionate about supporting the New Zealand film industry through the Vista Foundation (www.vistafoundation.co.nz) — established in 2015 by Vista Group and its founders.

During 2021, the Vista Foundation undertook a number of initiatives to help nurture the continued growth and success of the New Zealand film industry — including:

- **Picture** – a collaboration with the Compton School in Australia, designed to educate participants on the process of successfully managing a film project through to theatrical release.
- **Onscreen** – providing resources to schools for film studies, alongside NCEA standards, culminating in films being submitted for judging to the Onscreen team.
- **48 Hour Film Festival** – The Vista Foundation will continue as the naming sponsor for this iconic event where teams (up to 500) have to write, shoot, edit and produce a film within a 48 hour period.
- **University of Auckland Speaker Series** – celebrated New Zealand director Jane Campion followed on from last years speaker, James Cameron, and provided insights on the film industry and the film making process.

The Vista Foundation remains committed to it's goal of fostering a viable, successful and inclusive local film industry in New Zealand.

Charitable contributions

As part of our contribution to the community, every team member has a paid day off each year to volunteer in a way they choose. There were many options — some teams planted trees, while Vicki Parry organised for the Knowledge Services Team to assist Greenhithe Riding for the Disabled.

We are determined to make a positive difference in people's lives and to foster community initiatives across the world. Some other examples from the past year include:

- EMEA donated to Medicinema to raise funds to bring Cinema to children in hospitals
- Some brave team members took part in Shave for a Cure—shaving to raise funds for the Leukemia & Blood Foundation
- Our team had the option to donate to Auckland City Mission when choosing our Christmas gift in NZ
- Andrew Anderson ran Movember for men's health awareness
- Rainbow Committee organised participation in the Sweat with Pride fundraiser and raised $3,670 back in June

Group trading overview

Vista Group continues to be the global leader in delivering software and data analytics solutions to the film industry with core group companies, Vista Cinema and Movio, both number one globally in their respective market segments.

Though revenue, profitability and cash performance for the financial year 2021 have been much improved, the Group and its customers continue to be significantly impacted by the pandemic.

For much of the first half of 2021, cinemas around the world were only open on a limited capacity and it was not until April/May that blockbuster movies began to be in free release. Since then, even with the emergence of the Omicron variant, cinemas have largely remained open — often with some form of capacity restrictions (social distance seating or limited to operating hours) — and the release schedule of mainstream movies has been largely unchanged. Global box office at $21b was up 78% on 2020, but still just about half of pre-pandemic trading.

Total Revenue

$98m ▲ 12%

Recurring Revenue

$81m ▲ 24%

SaaS Revenue

$28m ▲ 16%

EBITDA

$7m +$18m

Operating Cashflow

$11m ▲ 277%

Most encouraging, audiences have shown their passion for big screen entertainment. Almost every movie in full release beat box office expectations — *Godzilla vs. Kong*, *Fast and Furious 9*, *Shang-Chi and The Legend of The Ten Rings*, *James Bond: No Time to Die* and *Venom: Let There Be Carnage* all outperformed early expectations. In spite of going to streaming on the same day in the larger markets, *Black Widow* performed very strongly in countries where it went 'cinema first' and brought to a head the difficulty of attracting big screen audiences to the small screen experience.

Spider-Man: No Way Home, released in December 2021, is now the sixth biggest movie of all time even without a release in China, the third biggest in the US Domestic market and became the #1 superhero movie in 19 countries, many of whom had capacity restrictions. The movie also grossed more than $100m in IMAX theatres.[1]

The message from the moviegoer is clear — its better in the cinema!

Vista Group revenue was up 12% versus 2020, there was a strong turnaround in EBITDA—from a loss of $11m in 2020 to a profit of $7m in 2021 — and operating cash flow was positive $11m, up from $3m in 2020. The balance sheet remains healthy and Group cash at $60m at year end was ahead of forecast.

1 Sourced from Deadline

Recurring Revenue was up 24% to $81m — a sign of the continued strength of the maintenance and SaaS revenue streams of the Group and a key driver of future value. Non-recurring revenue, primarily new on-premise licence sales in Vista Cinema, was down 24% to $17m.

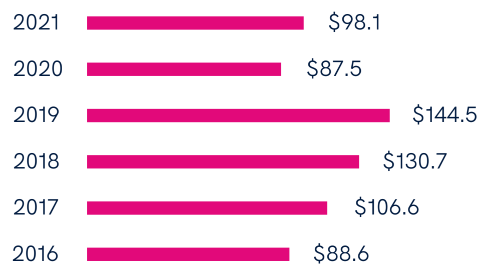
This result underlines the key financial and operating strengths of Vista Group:

- Consistent strong customer relationships
- Strong annuity revenue
- Sustained underlined profitability
- Positive operating cash generation
- Leading global position in the film industry

Vista Group continues to deliver new innovation across the Group, in particular in respect of Vista Cloud, Mica and Movio EQ.

Revenue

NZD millions



Vista Cinema

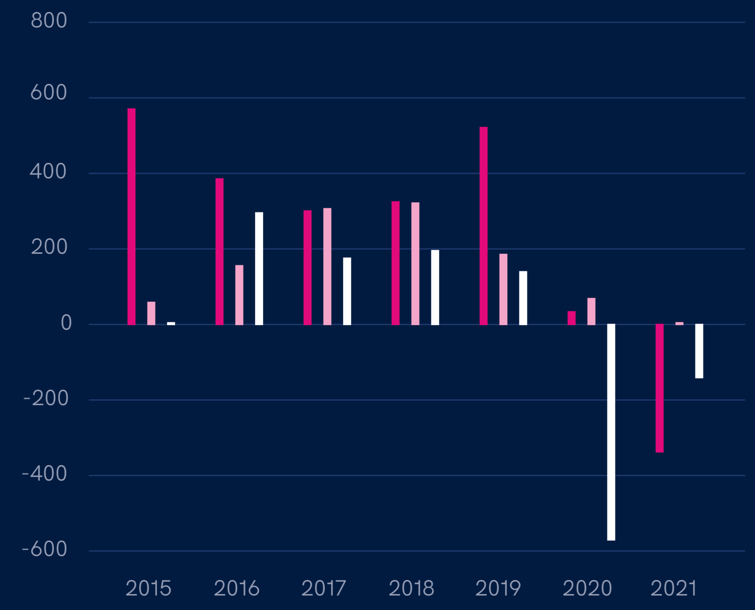
Vista Cinema is the largest business within Vista Group and represents two thirds of total revenue. It provides more than 50% of the world's cinemas (outside China and India) with the technology platform to run multi-site, multi-screen and increasingly, multi-territory cinema businesses.

2021 ended on a high with *Spider-Man: No Way Home* breaking box office records globally. Even though Vista Cinema's customers have been operating under various forms of restrictions across the globe, the consistent delivery of blockbuster movies from later in the first half of 2021 meant cinema cashflows improved, though still below pre-pandemic levels. There were no new material receiverships or managed administrations once the film slate held firm. Though there were a handful of movies that went to same-day release on streaming services, this represented a small proportion of the total number of releases.

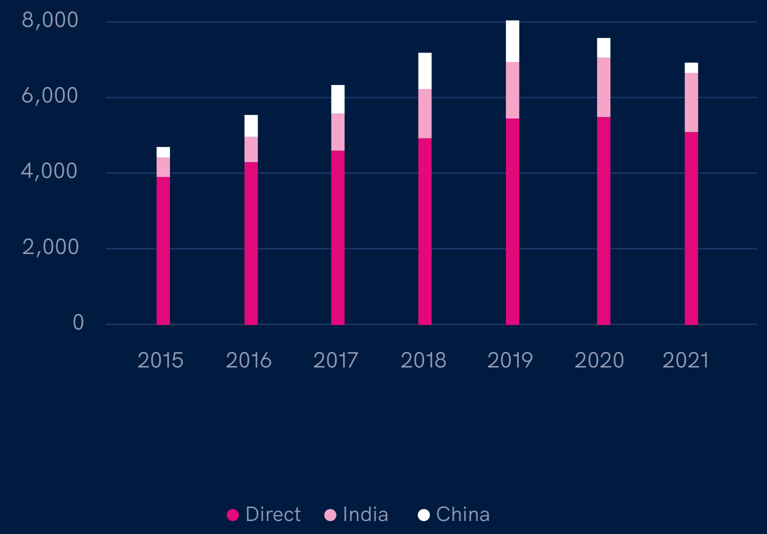
Vista Cloud — Vista Cinema's SaaS platform for enterprise customers — was market ready by the end of 2021 and went live with its first customer in early January 2022. This represents both huge engineering effort from the technology team and a massive step forward in the product offering for customers. As stated in late 2020, we are convinced that the future, including the successful recovery of the industry, will demand new functionality that can best be delivered through the SaaS environment — one that is secure, scalable, and provides seamless integration.

Revenue was up 14% on 2020 to $67m, with recurring revenue up 31%.

Enterprise: sites added



Enterprise: total site count

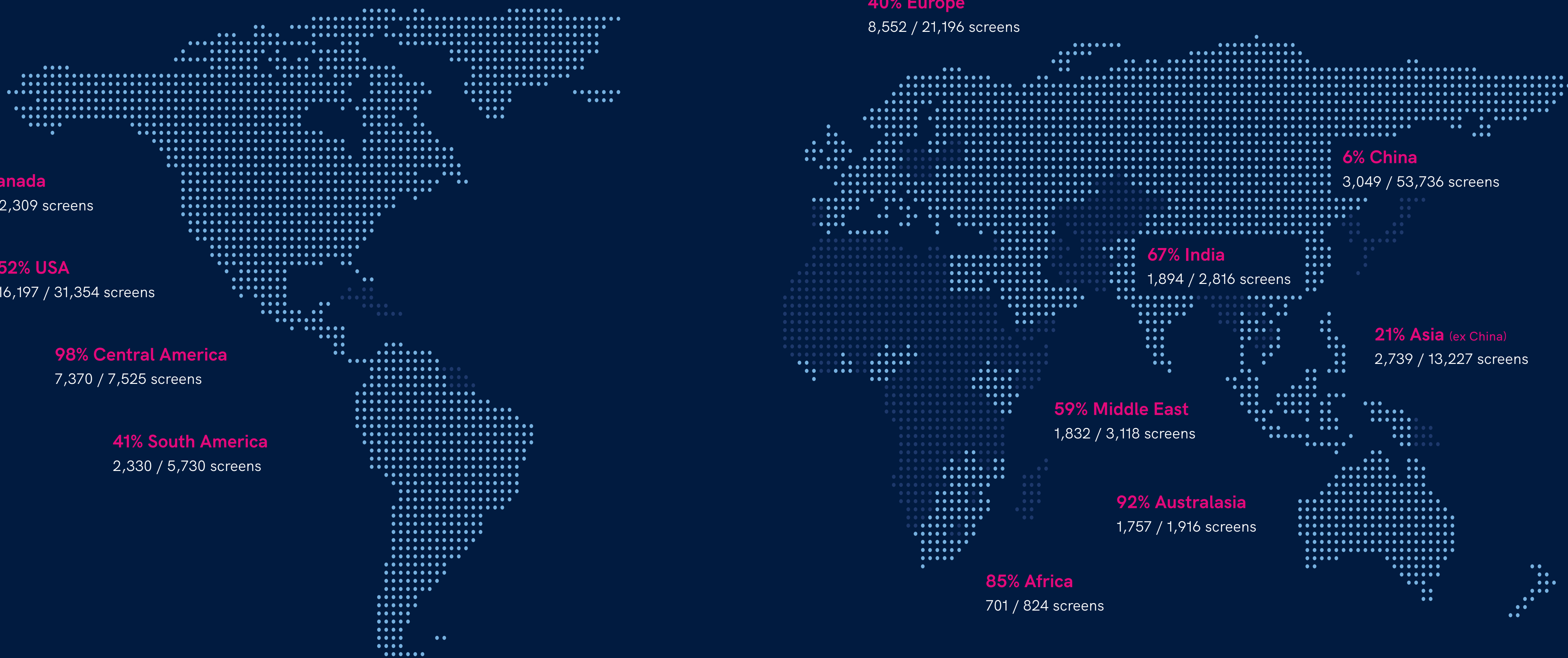


Cinema market share

Vista Cinema percentage of the world market for Cinema Exhibition Companies with 20+ screens.

34% worldwide

51% excl. China



Movio

Movio is the second largest segment within Vista Group. A pure play SaaS business, it represents 15 percent of total revenue. Movio's purpose is to 'connect everyone with their ideal movie' and it achieves this through a range of campaign, analytics and research products for cinema exhibitors, studios and distributors.

During 2021, many exhibitors sought to maintain relationships with their guests even when their cinemas were closed or the number of new movie releases was limited. This saw strong use of the Movio Cinema product by customers in the second half of the year, which set an all-time record for email and SMS connections. By the end of the 2021, 3.2B connections had been made, significantly up on pre-pandemic levels of 2.3B.

Studios and distributors use Movio Media to promote their movies to those moviegoers with a propensity to watch them. Here, Movio's revenue depends on the number of movies released — especially in North America — rather than box office, and there were fewer than half the number of movies released in 2020 than in 2019. Movio Research, which studios and distributors use to assess potential audiences, was widely used in the second half as customers sought to understand returning moviegoers.

Movio also spent 2021 completely reinventing its platform for exhibitors. Already in alpha testing, this next generation platform is designed with the new realities of cinema exhibition squarely in mind. In parallel, Movio is refining its solutions for studios and distributors to help establish a more seamless conduit between these stakeholders and exhibitors.

Revenue was up 2% on 2020, with recurring revenue up 7%.

Additional Group Companies

The Additional Group Companies segment comprises the businesses of two studio and distributor focussed businesses — Numero and Maccs — and two moviegoer focussed businesses — Powster and Flicks.

Numero • Maccs

Numero and Maccs performed well in 2021, with recurring revenue up 20% and total revenue up 14%. The success of Mica, the SaaS platform for studios and distributors to streamline their global cinema releases, continues to gain traction, particularly in North America, and now has 17 customers. Numero continues to add global customers and extend its geographical coverage.

Powster

Revenue for Powster was up 13% on the previous year, with the showtimes platform performing ahead of the box office recovery, growing at 25%. Creative work also picked up later in the year to be on par with 2020.

Flicks

Flicks was up 22% for the full year driven by solid support in key New Zealand and Australia market and launching flicks.co.uk in the United Kingdom.

Associate

Vista Group held one investment in an associate at year end.

Vista China

2021 saw a much improved box office in China, primarily driven by local content, though the operating environment remains extremely tough and the outlook for the near term difficult. Operating and content restrictions continue to apply and are expected to last well into 2022. Vista China performed well in the second half of 2021, winning new customers to partially offset the loss of Dadi earlier in the year. Vista China remains disciplined in its cost management and cash burn.

Corporate governance

This Corporate Governance statement has been prepared in accordance with NZX Listing Rule 3.8.1(a) and was approved by the Board of Vista Group on 28 February 2022. The information contained in this statement is current as at that date, unless otherwise noted.

Vista Group is committed to high standards of governance. Vista Group's key governance documents are available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz—these include Vista Group's constitution, the Corporate Governance Code (including the Code of Ethics, Audit and Risk Committee Charter and Nominations and Remuneration Committee Charter), Risk and Compliance Framework Summary, Continuous Disclosure Policy, Diversity and Inclusion Policy, Share Trading Policy and Modern Slavery Policy. The core of Vista Group's governance framework is its commitment to protect and enhance the interests of its shareholders through high standards of governance, business behaviour and transparency.

Vista Group's governance framework ensures Board accountability to our shareholders and provides for an appropriate delegation of responsibilities to our CEO and our Executive Leadership Team (**ELT**).

The Board reviews Vista Group's governance policies and practices regularly to ensure compliance with NZX and ASX standards (Vista Group is an ASX Foreign Exempt Listed company) and reflects the governance expectations of its shareholders in New Zealand and Australia.

As at the date of this Annual Report, Vista Group's governance practices over the reporting period were in compliance with the NZX Corporate Governance Code and, whilst not required due to our ASX foreign-exempt listing status, the ASX Corporate Governance Principles and Recommendations (fourth edition).

Vista Group's Board

The directors of Vista Group as at the date of this Annual Report are as follows:

Susan Peterson
BCom, LLB
Independent Chair

Claudia Batten
BCom, LLB (Hons)
Independent Director

Murray Holdaway
BSc, BCom
Executive Director

James Miller
BCom, FCA
Independent Director

Cristiano (Cris) Nicolli
BMS, FAICD
Independent Director

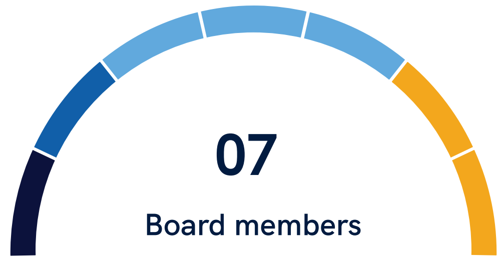
James Ogden
BCA Hons, FCA, CFInstD
Independent Director

Kirk Senior
BCom, CA
Non-Independent Non-Executive Director

Board composition and characteristics

Non-Independent Non-Executive Directors (male)

Executive Directors (male)



Independent Non-Executive Directors (male)

Independent Non-Executive Directors (female)

During 2021, the Board continued to implement its succession plan to achieve greater independent governance. This involved:

- Susan Peterson's appointment as Independent Chair — with effect from 1 January 2021
- Kirk Senior stepping down as Executive Chair and retiring as a Vista Group executive, but continuing on the Board as a Non-Independent Non-Executive Director — with effect from 1 January 2021
- Claudia Batten's appointment as an Independent Director — with effect from 1 January 2021
- Co-founder and Executive Director, Brian Cadzow, retiring from the Board and executive — with effect from 31 March 2021
- James Miller's appointment as an Independent Director — with effect from 31 August 2021

A brief profile, including the relevant qualifications and experience, of each director is available in the Board and Management section of Vista Group's website at www.vistagroup.co.nz.

Vista Group's constitution does not allow the appointment of a director by a single shareholder pursuant to NZX Listing Rule 2.4. The Vista Group Board does not currently include a member of the Future Director programme.

Structure

The Board is structured to ensure that as a collective group it has the skills, experience, knowledge, diversity and perspective to fulfil its purpose and responsibilities. The Board's responsibilities are set out in Vista Group's Corporate Governance Code which is available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

Board skills matrix

The Board focuses on ensuring it takes advantage of, and benefits from, the diversity of skills, backgrounds and experiences of the individual directors and that its culture reflects Vista Group's values.

During the reporting period, the Nominations and Remuneration Committee (**NRC**) has assessed the skills of the Board and reviewed and updated the Board skills matrix. A summary of the Board skills matrix is set out on the opposite page. The refreshed skills matrix enables an assessment of skills and experience of individual directors, and how the directors work together as a whole. It is considered that addressing the level of skills and experience collectively is a better indicator of Board capability overall. Accordingly, the level of skills and experience is assessed collectively.

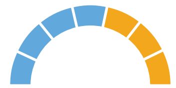
The key skills and experience which individual directors contribute to the Vista Group's Board are indicated in the director profiles in the Board and Management section of Vista Group's website at www.vistagroup.co.nz.

PROFICIENCY GUIDE

● Low ● Medium ● High

CAPABILITY DESCRIPTION

Software, cloud, online and operating platforms
Expertise and experience in the development and delivery of software and digital solutions through on-premise, managed services, cloud and/or online platforms

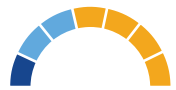


Digital product managment and marketing
Expertise and experience in digital product marketing and management, including an understanding of technology trends and implications and the software and technology value chain

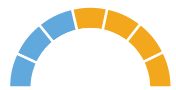
Data
Expertise in the collection, processing, and commercialisation of data and marketing applications, including the use of AI and experience with data protection legislation in Vista Group's key international markets

Strategy and development
Expertise in corporate strategy and the developing early stage businesses, including strategic reviews, M&A and strategic partnerships

Go-to-market and customer experience
Deep customer insight and advocacy. Go-to-market expertise including direct sales, internet sales, new markets, and/or specific customer channel experience in the cinema, film, studio or media sectors

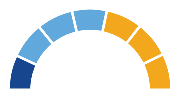


Financial expertise
Financial expertise with significant public company experience in finance, accounting, capital markets, credit markets, banking and investor relations



Legal expertise
Legal expertise with experience in corporate and commercial law, including legal, regulatory and compliance frameworks

International markets
Exposure to Vista Group's key international markets outside of Australasia (North America, South America, EMEA, APAC)



Listed company
Depth of expertise on listed company boards, including experience in governance, compliance and risk management, sustainability, and health and safety

People and culture
Remuneration, retention, workforce planning, talent, culture and diversity and inclusion

Film industry
Depth of experience in the film industry, including in film exhibition and/or distribution

Independence and conflicts

Five of Vista Group's seven directors (Susan Peterson (Chair), Claudia Batten, James Miller, Cris Nicolli and James Ogden) are considered by the Board to be Independent Directors. This determination is made on the basis that these directors are Non-Executive Directors who are not substantial shareholders and who are free of any interest, business or other relationship that would materially interfere with, or could reasonably be seen to materially interfere with, the independent exercise of their judgement. None of the Independent Directors have been employed or retained, within the last three years, to provide material professional services to Vista Group.

Two of Vista Group's seven directors (Kirk Senior and Murray Holdaway) are not considered to be Independent Directors. Kirk Senior held the position of Executive Chair until he resigned as Chair and as a member of the ELT with effect from 1 January 2021. Based on his previous ELT position, the Board has determined that Kirk Senior is not an Independent Director. Murray Holdaway is the founder of Vista Group, holds 2.93% of Vista Group's ordinary shares, and is a member of the ELT as Vista Group's Chief Product Officer. Based on these factors, the Board has determined that Murray Holdaway is not an Independent Director.

Within the last 12 months, none of the directors were a partner, director, senior executive or material shareholder of a firm that provided material professional services to Vista Group or any of its subsidiaries. None of the directors is a current or past senior employee or partner of Vista Group's auditors PricewaterhouseCoopers. None of the directors has been, within the last three years, a material supplier to Vista Group or has any other material contractual relationship with Vista Group or any of its subsidiaries other than as a director of Vista Group or, in respect of Kirk Senior and Murray Holdaway only, as an employee of Vista Group or one of its subsidiaries. Except for Murray Holdaway as a member of the ELT, none of the directors receives performance-based remuneration from, or participates in, Vista Group's employee share schemes. No director controls, or is an executive or other representative of an entity which controls, 5% or more of Vista Group's voting securities.

The CEO is not a director of Vista Group.

Responsibilities

The Board is responsible for Vista Group's strategic direction and operation and has delegated certain responsibilities to the CEO and the ELT. Vista Group's Board is committed to creating long-term value for shareholders and safeguarding the highest standards of governance, corporate behaviour and accountability.

The Board's responsibilities are set out in Vista Group's Corporate Governance Code, and include:

- selecting and, if necessary, replacing the CEO;
- ensuring that Vista Group has adequate management to achieve its objectives and to support the CEO so that a satisfactory plan for management succession is in place;
- reviewing and approving the strategic, business and financial plans prepared by the ELT;
- reviewing and approving certain material transactions, and making certain investment and divestment decisions;
- approving and overseeing the administration of Vista Group's technology development strategy;
- monitoring Vista Group's performance against its approved strategic, business and financial plans and overseeing Vista Group's operating results;
- ensuring Vista Group, the Board and the ELT's behaviour is consistent with the Code of Ethics, including compliance with the constitution, any relevant laws, the NZX Listing Rules and regulations, and any relevant auditing and accounting principles;
- implementing, and from time to time reviewing, the Code of Ethics, to foster high standards of ethical conduct and personal behaviour, and hold accountable those directors, managers or other employees who engage in unethical behaviour;
- ensuring the quality and independence of Vista Group's external audit process; and
- assessing from time to time Vista Group's effectiveness in carrying out the functions listed above, and the other responsibilities of the Board.

The terms of the delegation by the Board to the CEO and ELT are documented in Vista Group's Corporate Governance Code and Delegated Financial Authority Manual. The CEO and ELT are responsible for:

- developing and making recommendations to the Board on Vista Group strategies and associated initiatives;
- managing and implementing strategies approved by the Board;
- formulating and implementing policies and reporting procedures for management;
- decision making compatible with Vista Group's Delegated Financial Authority Manual;
- managing business risk and implementing the Board approved risk management framework and ensuring compliance; and
- the day-to-day leadership and management of Vista Group.

The CEO and ELT have appropriate employment agreements setting out their roles and conditions of employment.

The CEO's performance is reviewed by the NRC regularly against objectives and measures set by the Board. The CEO's performance was evaluated during the reporting period on this basis. The NRC is also responsible for overseeing the CEO's evaluation of the ELT. Further details are contained in the Remuneration Report on page 63.

Directors' remuneration

Full details regarding Vista Group's remuneration of its directors is set out in the Remuneration Report on page 63.

Governance at Vista Group

Selection, nomination and appointment

Vista Group undertakes appropriate checks before appointing a director or putting forward any candidate for election as a director in accordance with Vista Group's governance processes.

All directors are elected by Vista Group's shareholders (other than directors appointed by the Board to fill casual vacancies, who must retire and stand for election at the next meeting of shareholders) with rotation and retirement determined in accordance with the NZX Listing Rules. The Board is responsible for considering and appointing directors to the Board after candidates have been identified by the NRC.

Vista Group has a written agreement with each director set out in a standard form letter of appointment containing the terms and conditions of their appointment. In addition, Vista Group has also entered into a deed of indemnity and insurance which applies to each director, under which Vista Group indemnifies, and provides insurance to, directors in accordance with Vista Group's constitution and the Companies Act 1993.

Induction and development

All new directors participate in an induction programme and receive significant induction materials so as to familiarise them with Vista Group's businesses and the international film industry in which those businesses operate.

The Board receives regular briefings from management on Vista Group's business operations, changes to the operating environment, and health and safety and wellness matters. Board strategy days are held during the year to consider matters of strategic importance to Vista Group.

The directors undertake appropriate training to remain current on how to best perform their duties as directors of an issuer by attending relevant courses, conferences and briefings. A Board education programme is being commenced in 2022 and directors are supported to continue their own professional development.

It is fundamental to the Board that directors have and are committing sufficient time to perform their duties properly and effectively. The Board has considered this issue during the reporting period and is satisfied that, taking into account all of their commitments, each director had sufficient time to perform their Vista Group duties.

2021 governance calendar and attendance

Vista Group's 2021 governance calendar recording the meetings of the Board, Board Sub-Committee, Audit and Risk Committee (**ARC**), Nominations and Remuneration Committee (**NRC**), Disclosure Committee, and the Annual Meeting of Shareholders (**ASM**) is set out in the table below:

MEETINGS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board	●	●		●	●	●	●	●	●		●●●	●
Board Sub-Committee		●						●				
Disclosure Committee			●			●●				●		●
ARC	●	●●			●		●	●●			●	
NRC	●	●			●			●			●	
ASM					●							

All directors attended the 2021 ASM. Details regarding the directors' attendance of the meetings of the Board, Board Sub-Committee, the ARC and the NRC during 2021 is set out in the table below:

MEETINGS	BOARD ATTENDANCE	BOARD	BOARD SUB	ARC	NRC
Susan Peterson	100%	● ● ● ● ● ● ● ● ● ● ● ●	● ●	◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	◆ ◆ ◆ ◆ ◆
Claudia Batten[1]	92%	● ● ● ● ● ● ● ● ● ○ ● ●	– –	– – ◆ ◆ – – ◆ –	● ● ● ● ●
Brian Cadzow[2]	50%	○ ● – – – – – – – – – –	– –	– ◆ ◆ – – – – –	– – – – –
Murray Holdaway	100%	● ● ● ● ● ● ● ● ● ● ● ●	– –	◆ ◆ ◆ – ◆ – ◆ –	– – – – –
James Miller[3]	80%	– – – – – – – ● ● ● ● ○	– –	– – – – – – – ●	– – – – –
Cris Nicolli	100%	● ● ● ● ● ● ● ● ● ● ● ●	● ●	● ● ● ● ● ● ● ●	● ● ● ● ●
James Ogden	100%	● ● ● ● ● ● ● ● ● ● ● ●	● ●	● ● ● ● ● ● ● ●	● ● ● ● ●
Kirk Senior	100%	● ● ● ● ● ● ● ● ● ● ● ●	– –	● ● ● ● ● ● ● ●	◆ – – – ◆

1 Appointed to the Board on 1 January 2021

2 Resigned from the Board on 31 March 2021

3 Appointed to the Board on 31 August 2021

● Board or Committee Member present ○ Board or Committee Member not present ◆ Non-Committee Member present

Each Committee Charter provides that employees and Executive Directors can only attend Committee meetings at the invitation of the relevant Committee.

Reviewing performance

The performance of the directors (individually and collectively), and the effectiveness of Board processes and committees, are regularly evaluated using a variety of methods, including questionnaires, Board discussion, and an evaluation at the end of each Board meeting. A performance review led by the Chair was carried out during the reporting period. The next review will be carried out during 2022.

Tenure

Vista Group notifies shareholders each year of their right to nominate a candidate for election as a director. Where any director election or re-election is to occur at a shareholder meeting, the Notice of Meeting includes all information on candidates for director election or re-election that the Board considers may be useful to provide to shareholders.

As required by the NZX Listing Rules, directors must retire every three years and, if desired, seek re-election. The Board takes director tenure into account in considering whether a director is an Independent Director.

The date of appointment and tenure of each director is set out in the table below:

DIRECTOR	APPOINTED	2003 CO-FOUNDER – 2014 IPO – 2015 – 2016 – 2017 – 2018 – 2019 – 2020 – 2021	TENURE
Murray Holdaway	06 Aug 2003		18–19 yrs (co-founder)
Kirk Senior	03 Jun 2014		7–8 yrs (since IPO)
Susan Peterson	03 Jun 2014		7–8 yrs (since IPO)
James Ogden	03 Jun 2014		7–8 yrs (since IPO)
Cris Nicolli	17 Feb 2017		4–5 yrs
Claudia Batten	01 Jan 2021		1 yr
James Miller	31 Aug 2021		0–1 yr

Although Murray Holdaway has served as a director since 2003, Murray's deep understanding of Vista Group's businesses and the film industry is considered a valuable addition to the Board's skills matrix.

Board committees

The Board has two standing committees: the ARC (comprised of James Ogden (Chair), James Miller, Cris Nicolli and Kirk Senior) and the NRC (comprised of Cris Nicolli (Chair), Claudia Batten and James Ogden). Vista Group does not have a separate Nominations Committee, or a separate Remuneration Committee. Rather, the NRC fulfils the functions of both those Committees. The role and responsibilities of the ARC and NRC are set out in the Committee Charters that form part of Vista Group's Corporate Governance Code which is available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

In response to the rapidly changing environment caused by the pandemic, during the reporting period the Board requested that the Disclosure Committee convene each month in which a Board meeting was not scheduled in order to monitor Vista Group's compliance with its continuous disclosure obligations under the NZX Listing Rules and the Financial Markets Conduct Act 2013. The Disclosure Committee was constituted under Vista Group's Continuous Disclosure Policy and comprised of Cris Nicolli (Independent Director), the CEO, the CFO and the General Counsel and Company Secretary.

Each committee focuses on specific areas of governance. Together, the committees strengthen the Board's oversight of Vista Group. Committee meetings are scheduled to coordinate with the Board meeting cycle. Each committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

Vista Group assesses on a regular basis whether additional standing or ad hoc committees are required. Additional temporary committees are established from time to time, including as required to provide governance oversight on short-term projects. As at the date of this statement, Vista Group has considered that no other standing committees are required.

Committee charters

Each standing committee operates in accordance with a written charter approved by the Board and reviewed as required and at least every two years. The committee charters form part of Vista Group's Corporate Governance Code which is available on Vista Group's website at www.vistagroup.co.nz.

Directors' Vista Group shareholdings

The Board encourages the alignment of directors' interests with those of shareholders and with Vista Group's strategic aims. To improve this alignment, the Board encourages directors to hold shares in Vista Group. Further details of directors' shareholdings in Vista Group are set out in Directors' Disclosures on page 72.

Access to advice and general counsel and company secretary

Directors may access such information and seek such independent advice as they consider necessary or desirable, individually or collectively, to fulfil their responsibilities and permit independent judgement in decision making. They are entitled to have access to internal and external auditors without management present and, with the Chair's consent, seek independent professional advice at Vista Group's expense.

All directors have access to the advice and services of the General Counsel and Company Secretary for the purposes of the Board's affairs. The General Counsel and Company Secretary was appointed on the joint approval of the CEO and the Chair. The General Counsel and Company Secretary is accountable to the Board, through the Chair, on all governance matters.

Assurance and managing risk

Audit plan and role of the external auditor

PricewaterhouseCoopers is Vista Group's current external auditor and have served since its appointment in April 2015. The NZX Listing Rules require rotation of the key audit partner at least every five years. Vista Group last rotated its key audit partner in January 2020 and, assuming that PricewaterhouseCoopers continue as Vista Group's auditor, the next rotation is expected to occur in January 2025. Vista Group's audit partner (Troy Florence) attended Vista Group's 2021 Annual Meeting of Shareholders (**ASM**) and was available to Vista Group's shareholders to answer questions relevant to PricewaterhouseCoopers' audit.

Details of the work (both audit and non-audit) undertaken by, and fees paid to, PricewaterhouseCoopers during 2021 are included in section 2.3 of the Financial Statements. The Board considers that due to the nature and quantum of the non-audit services work, the independence of PricewaterhouseCoopers is not compromised.

External audit policy

The Board's framework for Vista Group's relationship with its external auditor is in the External Audit Policy set out in the Corporate Governance Code which is available on Vista Group's website. The External Audit Policy covers matters relating to the appointment of the auditor, the independence of the auditor, transparent dialogue with the auditor, rotation of the audit partner, reporting on audit fees and non-audit work. The ARC assists the Board in fulfilling its responsibility to ensure the quality and independence of Vista Group's external audit process. Pursuant to the ARC Charter, the Board has delegated the ARC the responsibility to monitor all aspects of the external audit of Vista Group's affairs including:

- considering the appointment of the auditor, audit fees and any issues on an auditor's resignation or dismissal;
- ensuring the independence, objectivity and effectiveness of the auditor;
- reviewing the audit plan, nature and scope of the audit before commencement;
- reviewing Vista Group's letter of representation to the auditor; and
- discussion with the auditor any problems, reservations or issues arising from the audit and referring matters of a material or serious nature to the Board.

Audit conflict safeguard and resolution process

It is the responsibility of the ARC to ensure audit independence. The committee ensures this by requiring the audit engagement partner to discuss any non-audit services provided by the external audit firm with the ARC Chair prior to the commencement of any non-audit services. The non-audit services will only be provided if both the audit engagement partner and ARC Chair agree that there are no reasonable threats to independence.

As part of the external auditor's reporting to the ARC, the external auditor is required to submit an annual independence report confirming their firm remains independent of Vista Group. This annual independence report documents any risks to independence and safeguards related to non-audit services. The ARC review this report, with any concerns raised with the Chair of the Board and Disclosure Committee (see page 56) to determine whether a market announcement is required.

The external auditor's report to shareholders discloses all non-audit services and any other relevant independence considerations.

Timely and balanced disclosure

Shareholders and markets

Vista Group is committed to maintaining a fully informed market through effective communication with the NZX and ASX, our shareholders and investors, analysts, media and other interested parties. Vista Group provides all stakeholders with equal and timely access to material information that is accurate, balanced, meaningful and consistent. Where Vista Group provides a new and substantive investor or analyst presentation, it ensures the presentation materials are released to the NZX and ASX announcement platforms ahead of the presentation.

Vista Group's Continuous Disclosure Policy is designed to ensure this occurs in compliance with Vista Group's continuous disclosure obligations under the NZX Listing Rules and the Financial Markets Conduct Act 2013. The Continuous Disclosure Policy is available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

The Disclosure Committee is responsible for administering the Continuous Disclosure Policy and ensuring that Vista Group complies with its continuous disclosure obligations. The Disclosure Committee comprises one Independent Director (Cris Nicolli), the CEO, the CFO, and the General Counsel and Company Secretary.

The CEO, ELT and management are responsible for ensuring that all material information relating to their areas of responsibility is reported to the Disclosure Committee promptly and without delay. The Disclosure Committee is responsible for determining whether information received from the CEO or management requires disclosure on the NZX and ASX announcement platforms. The Disclosure Committee is required to refer information regarding matters of fundamental significance to Vista Group, including financial results, earning guidance, dividend policy determinations, transformational transactions, and significant resignation, to the Board (or where the Board is not available an Approval Committee) for its determination.

Disclosures relating to the annual and interim financial statements must be reviewed by the ARC before being approved by the Board. Once approved for disclosure, the CFO or General Counsel and Company Secretary is responsible for releasing material information on the NZX and ASX announcement platforms.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

Integrity of reporting

The CEO and the CFO are required each full year to provide a letter of representation to the Board confirming that the financial statements have been prepared in accordance with legal requirements, comply with generally accepted accounting practice and present fairly, in all material respects, the financial position of Vista Group and the results of its operations and its cash flows.

A letter of representation confirming those matters was received by the Board with respect to Vista Group's 2021 financial statements.

Business risks and internal processes

Risk

Risk management is an integral part of Vista Group's businesses and as such, the CEO is accountable for all risk across all Vista Group to ensure that it meets or exceeds applicable legal and regulatory requirements. The CEO and the Commercial Director report material risks to the ARC. The ARC is responsible for overseeing, reviewing and providing advice to the Board on Vista Group's risk management policies and processes. As such, the ARC undertook continuous improvement of its risk management policies and strategies in Q4 2021. As part of that review, Vista Group engaged a third-party specialist who provided (and is continuing to provide) guidance as to Vista Group's Risk Management Framework and related policies and documentation. The revised Risk Management Framework is available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

This continuing work will lead to the reformulation of Vista Group's Risk Management Policy and its risk appetite tolerance metrics. As a result, we anticipate changes to employee KPIs as to risk, and for the relevant businesses to conduct risk and control assessments. This will lead to enhanced Management and Board reporting. Thereafter Vista Group will conduct an assurance audit which will lead to additional opportunities.

Health and safety

Vista Group operates under a Health and Safety and Wellness Policy that has been approved by the Board. The CEO and ELT report to the Board on performance against the policy, policy initiatives and incident reporting.

Whistleblowing

The Whistleblowing Policy forms part of the Corporate Governance Code and sets out the guidelines and procedures for reporting breaches of the Code of Ethics or any breach of a legal obligation or Vista Group policy.

Engaging with investors. Acting ethically and responsibly

Investor relations

Vista Group is committed to open and effective communication with its shareholders by providing comprehensive relevant information.

Vista Group communicates with its shareholders across a number of forums, including the Investor Centre section of Vista Group's website, at the ASM, in its Annual and Interim Reports, regular information disclosures via the NZX and ASX announcement platforms, and analyst and investor briefings and road shows.

Vista Group aims to provide clear communication of its strategic direction, including articulating its strategic priorities.

Website

Vista Group's website contains a comprehensive set of investor-related information and data including releases on the NZX and ASX announcement platforms, Annual Reports and Interim Reports, investor presentations, and shareholder meeting materials.

Shareholders can direct any questions and comments they may have to Vista Group by contacting Vista Group's CFO.

Annual Shareholders' Meetings

Vista Group's ASMs are held in New Zealand at a time and location which aim to maximise participation by Vista Group's shareholders.

Vista Group's 2021 ASM was held on 26 May 2021 and, primarily due to the uncertainty associated with the pandemic, was held online only. The Notice of Meeting for the 2021 ASM was released on the NZX and ASX announcement platforms and posted on Vista Group's website at least 20 working days prior to the ASM in accordance with the NZX Corporate Governance Code recommendation.

Vista Group's 2022 ASM will be held on 26 May 2022 and is expected to take place in a hybrid format (in person and online), subject to health and safety considerations.

Electronic communications

We encourage all shareholders to provide email addresses to Vista Group's share registrar, Link Market Services Limited, to enable them to receive shareholder communications and reports electronically. Communicating electronically is faster, more cost-effective and more environmentally sustainable. Most of Vista Group's shareholders receive information electronically. However, we understand that this does not suit everyone and we also provide hard copy reports to shareholders who request to receive them.

Electronic versions of Vista Group's shareholder communications and reports are released on the NZX and ASX announcement platforms and are available in the Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

The Vista Group Code of Ethics

Vista Group's Board has adopted the Corporate Governance Code which includes Vista Group's Code of Ethics and plays a key role in establishing the framework by which directors and employees are expected to conduct themselves.

The Code of Ethics is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, but rather to facilitate decisions that are consistent with Vista Group's values, business goals and legal and policy obligations, thereby enhancing performance outcomes. Directors and employees are required to familiarise themselves with Vista Group's values, as they govern their behaviour while they are engaged or employed by Vista Group. The Code of Ethics covers, among other things, conflicts of interest and receipt of gifts.

The Code of Ethics sets out:

- the practices necessary to maintain confidence in Vista Group's integrity;
- the practices necessary to take into account Vista Group's legal obligations and the reasonable expectations of its stakeholders; and
- the responsibility and accountability of individuals to report and investigate unethical practices.

Directors and the ELT are expected to lead Vista Group according to the Code of Ethics and to ensure that the standards set out in the Code of Ethics are communicated to the people who report to them.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics is required to report it immediately in accordance with the policy. The Code of Ethics is provided to new employees as part of their induction materials and the current version is maintained on Vista Group's internal web portal for access by employees.

The Code of Ethics outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters. Except as provided in the Listing Rules, interested directors do not vote on any Board resolution for, and are not counted in a quorum for the consideration of, any matter in which that director is interested.

Diversity and inclusion

2021 Diversity and Inclusion Policy

Vista Group values and respects the contributions, ideas and experiences of people from all backgrounds and is proud of its diversity, with employees from all around the world. Vista Group has a formal Diversity and Inclusion Policy, which is available in the Investor Centre section of its website at www.vistagroup.co.nz. The Diversity and Inclusion Policy sets out Vista Group's commitment to achieving diversity in the attributes and experiences of the Board, the ELT and employees.

Vista Group set the following diversity objectives for the year ended 31 December 2021:

OBJECTIVE	OUTCOME
Ensuring there is a minimum of two females on the Board at all times.	The Board now has two female members, with Susan Peterson undertaking her role as Chair from 1 January 2021 and Claudia Batten's appointment as an Independent Non-Executive Director from 1 January 2021.
Implementing a target of 40:40:20[1] across all roles and programmes (e.g. leadership training, recruitment shortlists etc.). This will not be fully achieved across the organisation in 2021, but progress will be reported on annually going forward.	As of first of 31 December 2021, women made up 22% of the ELT and 43% of the SLT. Across our identified Emerging Leaders cohort, 35% are female. Females have made up 38% of all new hires in 2021. This outcome shows a movement towards achieving the 40:40:20[1] split across our Leaderships teams and programmes.
Maintaining an inclusive culture and work environment to ensure different points of view and backgrounds are valued, and everyone feels safe and can bring their whole self to work	Unconscious bias training has been issued globally. We continue to recognise and embrace cultural and social diversity in all offices by supporting open communication and celebrations to represent all. All employees communications are non-gender specific and recruitment process and content has been refreshed with neutral language.

1 40:40:20 reflects a 40% male/female split with the remaining unspecified to recognise that gender is non-binary and to ensure flexibility across other diversity areas of focus.

Vista Group has continued to expand its cultural competency across regional offices such as Mexico City and Cape Town, whilst increasing the ethnic diversity of employees and leaders. In reflection of tight travel restrictions in New Zealand, Vista Group has decided to move its Māori cultural competency objective into 2022 as restrictions ease.

Vista Group has identified the requirement to expand on our Rainbow Tick and in late 2021 created a partnership with Stonewall to create transformative change in the lives of LGBTQ+ community at Vista Group.

See page 31 for disclosure regarding the gender diversity at 31 December 2021.

2022 Diversity and Inclusion objectives

Vista Group has placed a high priority on improving its diversity and ensuring it has an inclusive culture. Vista Group's key diversity objectives in 2022 are:

- To ensure there is a minimum of two females on the Board at all times.
- To continue to focus on our 40:40:20 target across all roles and programmes, including annual reporting on progress.
- To complete and report on a full Gender Pay Gap Analysis annually from January 2022.
- To build our Māori cultural competency in our New Zealand leaders and employees. Proactively work to increase the representation of Māori and Pasifika in technology careers.
- To continue to create and maintain an inclusive culture and work environment with a focus on ensuring women, ethnic minorities and those who identify as LGBTQ+ feel safe and able to bring their whole self to work.

Letter from the Chair of the NRC

As Chair of the Nominations and Remuneration Committee (NRC), it is my pleasure to present Vista Group's Remuneration Report for the year ended 31 December 2021.

The report outlines Vista Group's remuneration strategy and approach, with a particular focus on the remuneration framework for the Group CEO and the Executive Leadership Team (ELT).

Vista Group's Board is committed to a remuneration framework that rewards targeted performance and the culture and leadership of looking after our people and our customers. The rewards are aligned to both short-term and medium-term goals to achieve key objectives and deliver sustainable value for shareholders. The Board is committed to demonstrating an increased level of transparency in its remuneration policies and practices.

The NRC and Board are supported by the People and Culture team who have been influential in supporting the business and employees globally especially given the various impacts of the pandemic.

Vista Group operates in a very competitive global and local market for skills and capabilities. It is a Board priority to ensure the retention of key employees and the attraction of new talent is reflected in the remuneration and employee benefits that form part of the value proposition and is aligned to the remuneration strategy and approach.

I acknowledge the sacrifices made by the Group CEO, ELT and employees of Vista Group over the past two years and thank them for the manner in which they responded to the challenging environment faced.

Regards,

Cris Nicolli
Chair of the Nominations and Remuneration Committee
Vista Group International Limited

Remuneration report

Executive remuneration

Vista Group's remuneration policy for the CEO and ELT is based on the principles that the remuneration framework will:

- be simple, clear and understandable by all stakeholders
- be fair, equitable and flexible
- support Vista Group attracting, retaining and engaging employees
- reward targeted performance
- create alignment with Vista Group's values, culture and corporate strategy
- appropriately reflect market conditions and the organisational context
- align with creating and increasing shareholder value

The NRC reviews Vista Group's remuneration policy and principles on a regular basis.

Total remuneration consists of fixed remuneration, short-term incentives (**STI**), and long-term incentives (**LTI**). STI and LTI are 'at risk' as outcomes are determined based on the achievement or otherwise of financial and performance based targets and conditions set by the Board on the recommendation of the NRC. All Vista Group employees based in New Zealand, the United Kingdom and the USA (other than the CEO and ELT) are also eligible to participate in the Vista Group Recognition Scheme – a share rights scheme with vesting conditional only on continued tenure.

The remuneration package of the CEO is approved by the Board, on the recommendation of the NRC. The remuneration packages of the ELT (other than the CEO), including fixed remuneration, STI and LTI objectives and achievement, are regularly reviewed by the NRC. The remuneration packages of the CEO and ELT are benchmarked to market remuneration data to ensure competitiveness relative to comparable market peers.

Employee remuneration

The following table shows the number of employees whose remuneration and benefits for the year ended 31 December 2021 were within the specified bands above $100,000. The remuneration figures shown in the table include all monetary payments actually paid during the year ended 31 December 2021. The table does not include amounts paid post 31 December 2021 that related to the year ended 31 December 2021, such as STI bonuses. The table below includes the remuneration of Murray Holdaway as an Executive Director.

SALARY BAND (NZ$)			TOTAL GROUP EMPLOYEES
100,000	-	109,999	59
110,000	-	119,999	53
120,000	-	129,999	41
130,000	-	139,999	25
140,000	-	149,999	18
150,000	-	159,999	23
160,000	-	169,999	18
170,000	-	179,999	20
180,000	-	189,999	8
190,000	-	199,999	4
200,000	-	209,999	5
210,000	-	219,999	7
220,000	-	229,999	6
230,000	-	239,999	2
240,000	-	249,999	6
250,000	-	259,999	3
260,000	-	269,999	1
270,000	-	279,999	3
300,000	-	309,999	2
310,000	-	319,999	3
330,000	-	339,999	1
340,000	-	349,999	1
370,000	-	379,999	1
390,000	-	399,999	1
400,000	-	409,999	1
410,000	-	419,999	1
420,000	-	429,999	1
450,000	-	459,999	1
520,000	-	529,999	1
570,000	-	579,999	1
1,010,000	-	1,019,999	1
Total			318

Fixed remuneration

Fixed remuneration consists of base salary and benefits. Whilst flexibility exists where specific circumstances require it, base salaries are typically reviewed annually. Vista Group provides a range of benefits to its employees specific to the country in which the employee works:

COUNTRY	BENEFITS
New Zealand	- Kiwisaver contribution up to 3% - Health insurance - Life insurance - Vista Group Recognition Scheme - Long service benefits
USA	- 401k contribution up to 2% - Health insurance (including dental and vision) - Life & accidental death & dismemberment insurance - Vista Group Recognition Scheme - Long-term disability insurance - On site paid gym membership - Flexible spending accounts
United Kingdom	- Royal London Pension up to 4% - Private medical health coverage for employee and their family + dental and eye care contributions - Vista Group Recognition Scheme - 24 hour Employee Assistance Program services - Perkbox, with free perks each month, plus access to range of high street discounts and rewards - Discounted gym memberships - Access to salary sacrifice scheme
Netherlands	- Perkbox with free perks each month, plus access to range of high street discounts and rewards
South Africa	- Private medical health coverage for employee and their family + dental and eye care contributions - 24 hour Employee Assistance Program services - Perkbox with free perks each month, plus access to range of high street discounts and rewards
Mexico	- Medical insurance - Food coupons
Malaysia	- Medical claims - reimbursement for medical bills - Mobile phone allowance - Parking allowance
Romania	- Private medical services - Half reimbursement for glasses and contact lenses (up to 450 RON) - Half reimbursement of a monthly gym membership (up to 100 RON)

The provision of fixed remuneration (comprising of a base salary and country specific benefits) is consistent across all employees in Vista Group, including the CEO and ELT.

Short-term incentives

The STI are at-risk incentives that may be offered to an employee in respect of a specific year. The STI is set within a range as a fixed percentage of the participating employee's base salary. The STI outcomes are determined based on the achievement or otherwise of financial and performance based targets applicable to the relevant employee. STI, once achieved, are paid in cash.

The key targets, percentages and terms of the 2021 STI are set out in the table below:

TARGETS	% OF STI	HURDLE
Recurring revenue/ total revenue	50%	80% achieved before 50% of applicable STI is payable, with achievement from 80% on a straight line to 100%. No overachievement is available.
Vista Group EBITDA	20%	70% achieved before 50% of applicable STI is payable, with achievement from 70% on a straight line to 100%. No overachievement is available.
Customer net promoter score	15%	Achieved or not achieved. If achieved, then 100% of applicable STI is payable.
Employee net promoter score	15%	Achieved or not achieved. If achieved, then 100% of applicable STI is payable.

In 2021 the CEO's STI was set by the Board at 50% of his base salary, and for ELT members the STI was set within a range of 20%–40% of the relevant ELT member's base salary.

Long-term incentives

Vista Group's LTI is a share rights scheme offered at the discretion of the Board on the recommendation of the NRC. The LTI is set as a fixed percentage of the participating employee's base salary. The number of share rights granted to a participating employee is determined based on the participation value divided by the volume weighted average sale price of Vista Group's shares over a specified period before the grant date. The share rights granted under the LTI are eligible to vest and convert into Vista Group shares based on the achievement or otherwise of certain targets and satisfaction of certain conditions over a specified number of years.

Under the terms of the 2021 LTI scheme, one third of a participating employee's share rights are eligible to vest each year of the three year term of the scheme based on:

- the achievement of Vista Group recurring revenue targets set by the Board, with 100% of the share rights (one sixth of the total share rights) vesting on achievement of the target.
- continued tenure with Vista Group, with 100% of the share rights (one sixth of the total share rights) vesting where the condition has been satisfied.

Under the 2021 LTI scheme, the CEO's LTI was set by the Board at 50% of his base salary, and for ELT members the LTI was set within a range of 20%-50% of the relevant ELT member's base salary.

The CEO also participates in the Group CEO Retention Scheme under the LTI scheme. Under the terms of the Group CEO Retention Scheme, the CEO is granted a specified number of share rights that are eligible to vest each year of the term of the scheme based on continued tenure with Vista Group. 200,000 share rights vested in April 2021, comprising the fourth tranche of the share rights granted in 2018 under the Group CEO Retention Scheme.

Vista Group Recognition Scheme

The Vista Group Recognition Scheme (**VGRS**) is a share rights scheme offered to all Vista Group employees based in New Zealand, the United Kingdom and the USA (excluding the CEO and ELT) to encourage retention and to recognise the performance of employees during the pandemic. VGRS participation is set at the greater of (i) a specified percentage of base salary; or (ii) a specified dollar amount. The number of share rights granted to a participating employee is determined based on participation value divided by the volume weighted average sale price of Vista Group's shares over a specified period before the grant date. The share rights granted under the VGRS are eligible to vest after 12 months based on the continued tenure of the participating employee.

The CEO was not eligible to participate in, and was not granted any share rights or issued any Vista Group shares under, the VGRS.

Breakdown of CEO pay for performance (2021)

POSITION	DESCRIPTION		PERFORMANCE MEASURES	% ACHIEVED	AMOUNT ACHIEVED NZ$
CEO	**STI**	50% of base salary	50% weighting of Vista Group recurring revenue. 80% of the target must be achieved before 50% of the applicable STI is payable; with achievement increasing on a straight line basis to 100%. No over achievement possible.		
			20% weighting of Vista Group EBITDA. 70% of the target must be achieved before 50% of the applicable is STI payable; with achievement increasing on a straight line basis to 100%. No over achievement possible.		
			15% weighting on customer net promoter score. If achieved, then 100% of applicable STI payable.		
			15% weighting on employee net promoter score. If achieved, then 100% of applicable STI payable.		
		TOTAL STI		**81.3%**	**$172,656**
	LTI	2018 Group CEO Retention Plan	100% weighting on continued tenure. An allocation of 200,000 shares vested in 2021.		
		2021 LTI Plan[1]	50% weighting on Vista Group recurring revenue in 2021, 2022 and 2023. The threshold to achieve is 90% with pro-rata payment through to 100%.		
			50% weighting on continued tenure in 2021, 2022 and 2023.		
		TOTAL LTI		**97.4%**	**$556,834**
		TOTAL STI & LTI		**93.0%**	**$729,490**

1 These rights convert to shares on 1 April 2022. A share price at 31 December 2021 has been used for this table.

CEO remuneration

The total remuneration of the CEO in 2020 and 2021 is set out in the table below:

POSITION	YEAR	BASE SALARY	TAXABLE BENEFITS	FIXED REMUNERATION	STI (2020 TARGETS SETTLED IN 2021)	LTI (VALUE OF SHARES VESTED)	TOTAL REMUNERATION
CEO	2021	425,000	22,556	447,556	107,525	464,000[1]	1,019,081
	2020	371,940[2]	24,212	396,153	22,860	158,944	577,957

1 The STI paid to the CEO in 2021 related to rights granted in 2018 under the Group CEO Retention Plan.
2 In response to the pandemic, during 2020 the CEO elected to take a 30% reduction to his base salary.

The employment agreements of the ELT (including the CEO) do not include the ability to be paid a transaction bonus in the event of a takeover of Vista Group.

Kimbal Riley was appointed as CEO with effect from April 2018. Matthew Cawte was appointed as CFO with effect from July 2019.

Share-based schemes

New schemes in 2021

In the year ended 31 December 2021, Vista Group granted rights under the following employee share-based schemes:

2021 LTI Scheme: Vista Group granted 1,237,668 rights to ELT and other select senior management. One third of a participating employee's rights are eligible to vest each year of the three-year term of the scheme based on:

- the achievement of Vista Group recurring revenue targets set by the Board, with 100% of the share rights (one sixth of the total share rights) vesting on achievement of the target.
- continued tenure with Vista Group, with 100% of the share rights (one sixth of the total share rights) vesting where the condition has been satisfied.

Share-based schemes with conditions met

The following share-based schemes met the required performance targets resulting in rights vesting in the year ended 31 December 2021:

- **Vista Group Recognition Scheme:** The VGRS was offered to all Vista Group employees based in New Zealand, the United Kingdom and the United States (other than the CEO) to encourage retention and to recognise the performance of employees during the pandemic. Vesting was conditional on continued tenure of the participating Vista Group employees. On 23 November 2021, 419 Vista Group employees were issued 2,410,683 Vista Group shares under the VGRS. Vista Group intends to offer the VGRS again in 2022.
- **Group CEO Retention Plan:** Rights under this award were granted in 2018 to the CEO conditional on continued tenure. In April 2021, 200,000 shares vested under the Group CEO Retention Plan. In 2020, the CEO was granted 500,000 share rights under the Group CEO Retention Scheme. 100,000 of these share rights will vest in April 2022 and 400,000 will vest in April 2023 conditional on the CEO's continued tenure with Vista Group.

Share-based schemes that lapsed

The following schemes did not meet the required performance targets resulting in the relevant rights lapsing in the year ended 31 December 2021:

- **2018 LTI Scheme:** Vista Group granted 329,280 rights to the CEO, ELT and other senior management. Rights granted under this scheme vest annually over a three-year vesting period. The vesting of rights was conditional on the achievement of specified revenue and EBITDA targets. 164,640 rights have vested under this scheme in previous years. The remaining 164,640 rights lapsed during 2021 as a result of the 2020 targets having not been achieved.
- **2019 LTI Scheme:** Vista Group granted 275,310 rights to the CEO, ELT and other senior management. Rights granted under this scheme vest annually over a three-year vesting period. The vesting of rights was conditional on the achievement of specified revenue and EBITDA targets. No rights have vested under this scheme in previous years. All of the rights lapsed during 2021 as a result of the 2021 targets having not been achieved.
- **2019 Movio CEO (Variable) Scheme:** Vista Group granted a variable amount of performance rights in 2019 to the Movio CEO. Rights granted under this scheme vest annually over a three-year vesting period. The vesting of rights was conditional on the achievement of specified revenue and EBITDA targets for Movio. No rights have vested under this scheme in previous years. All of the rights lapsed during 2021 as a result of the 2021 targets having not been achieved.

Performance rights outstanding

The total number of outstanding rights granted to Vista Group employees at 31 December 2021 are detailed in the table below:

GRANT YEAR	PLAN TYPE	2022	2023	2024	TOTAL
2020	Group CEO Retention Plan	100,000	400,000	-	500,000
2021	LTI Plan	412,556	412,556	412,556	1,237,668
Total outstanding rights		**512,556**	**812,556**	**412,556**	**1,737,668**

2021 director remuneration

Director remuneration is paid from the total directors' fee pool of $725,000 approved by Vista Group's shareholders at the ASM held on 26 May 2021. No increase to the fee pool is proposed for 2022. Directors' fees are calculated as set out below:

POSITION HELD	NZ$
Chair	$180,000
Director	$85,000
ARC Chair	$15,000
ARC member	$10,000
NRC Chair	$15,000
NRC member	$10,000

The details of the total remuneration of, and the value of other benefits received by, each director of Vista Group during the year ended 31 December 2021 are set out in the table below:

DIRECTOR	FURTHER DETAILS	BOARD FEES	ARC FEES	NRC FEES	TOTAL DIRECTOR FEES[1]	EXECUTIVE REM	TOTAL DIRECTOR COST
Susan Peterson	Chair	180,000	-	-	180,000	-	180,000
Claudia Batten	Appointed 1 Jan 2021	85,000	-	10,000	95,000	-	95,000
Brian Cadzow	Resigned 31 Mar 2021	24,437	-	-	24,437		24,437
Murray Holdaway		-	-	-	-	211,181	211,181
James Miller	Appointed 31 Aug 2021	28,333	3,333	-	31,666	-	31,666
Cris Nicolli	NRC Chair	85,000	10,000	15,000	110,000	-	110,000
James Ogden	ARC Chair	85,000	15,000	10,000	110,000	-	110,000
Kirk Senior		85,000	10,000	-	95,000	-	95,000
Total		**572,770**	**38,333**	**35,000**	**646,103**	**-**	**857,284**

1 Total director fees of $646,103 is within the $725,000 directors' fee pool approved at the ASM on 26 May 2021.

Directors are reimbursed for all reasonable and properly documented expenses incurred in performing their duties as Vista Group directors. With the exception of Murray Holdaway as an Executive Director, no additional payments or benefits were received by directors during 2021.

As an Executive Director, Murray Holdaway is entitled to taxable benefits, including 3% employer KiwiSaver contributions on base salary, employer sponsored Southern Cross health insurance, and employer sponsored life insurance.

Directors' disclosures

Disclosure of directors' interests

Section 140(1) of the Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the Company of a position held by a director in another named company or entity. The particulars included in the Company's Interests Register as at 31 December 2021 are set out in the table below:

NAME OF DIRECTOR	ENTITY	NATURE OF GENERAL DISCLOSURE
Susan Peterson	Arvida Group Limited (NZX : ARV)	Non-Executive Director
	Property for Industry Limited (NZX : PFI)	Non-Executive Director, Chair of Audit and Risk Committee, and member of Remuneration Committee
	Trustpower Limited (NZX : TPW)[1]	Non-Executive Director, Chair of People and Remuneration Committee, and member of Audit and Risk Committee
	Xero Limited (ASX : XRO)	Non-Executive Director, Chair of People and Remuneration Committee and member of the Nominations Committee
	Craigs Investment Partners	Non-Executive Director, member of the Audit and Risk Committee, Chair of People and Remuneration Committee
	Global Women	Trustee
	Peterson Mellsop Family Trust	Trustee and Beneficiary
Claudia Batten	Air New Zealand Limited (NZX:AIR)	Non-Executive Director, member of Audit and Risk Committee
	Serko Limited (NZX : SKO)	Non-Executive Chair
	Westpac New Zealand Limited	Digital Adviser to the Board
Murray Holdaway	Invista Share Nominee Limited	Director and Shareholder
	Kaha Software Limited	Director and Beneficial Shareholder
	Lido Cinema Limited	Beneficial Shareholder
	Auckland United Football Club	Chair
	The Awhero Nui Trust	Trustee
	Holdaway and Geary Trust	Trustee

NAME OF DIRECTOR	ENTITY	NATURE OF GENERAL DISCLOSURE
James Miller	The New Zealand Refining Company Limited (NZX:NZR)	Non-Executive Director
	NZX Limited (NZX:NZX)	Non-Executive Chair
	Mercury NZ Limited (NZX & ASX:MCY)	Non-Executive Director
	Accident Compensation Corporation[2]	Non-Executive Chair
Cris Nicolli	Empired Limited (ASX:EPD)[3]	Non-Executive Director, Chair of Nominations and Remuneration Committee
	Playside Studios Limited	Non-Executive Chair
	ReadCloud Limited	Non-Executive Chair
	Kadasig Aid & Development (Not For Profit Charity)	Treasurer
	Nicolli Holdings Pty Ltd (Family Investment)	Director
	Nicolli Family Superannuation Fund	Trustee
James Ogden	Summerset Group Holdings Limited (NZX : SUM)	Non-Executive Director and Chair of Audit and Risk Committee
	Foundation Life (NZ) Limited	Director and Chair of Audit and Compliance Committee
	NZ Markets Disciplinary Tribunal	Member and Chair of Special Division
	Crown Forest Rental Trust	Member of the Audit and Risk Committee
	Pencarrow Private Equity Fund	Independent Chair of the Investment Committee
	Pencarrow Bridge Fund GP Limited (General Partner of the Pencarrow Bridge Fund)	Director
Kirk Senior	Outpost Central Ltd (trading as Wildeye)	Consultant
	Kirk Senior Pty Limited	Director and Shareholder
	Senior Family Super Fund Pty Limited	Director and Shareholder
	Honey For Life Pty Ltd	Shareholder
	Kirk Senior Family Trust	Trustee

1 Susan Peterson retired from the Board of Trustpower Limited with effect from 22 September 2021.
2 James Miller retired from the Board of Accident Compensation Corporation with effect from 31 December 2021.
3 Cris Nicolli retired from the Board of Empired Limited with effect from 10 November 2021.

Directors' and officers' indemnities and insurance

In accordance with Section 162 of the Companies Act 1993 and the constitution, Vista Group indemnifies the directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as directors. Vista Group also maintains directors' and officers' liability insurance that covers risks normally covered by such policies arising out of acts or omissions of directors and employees in their capacity as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Directors' Vista Group shareholdings

The number of Vista Group shares in respect of which each director had an interest as at 31 January 2022 is set out in the table below:

DIRECTOR	NUMBER OF VISTA GROUP SHARES	% OF SHARES ON ISSUE
Susan Peterson	122,271	0.053%
Claudia Batten	–	–
Murray Holdaway	6,786,000	2.966%
James Miller	74,500	0.033%
Cris Nicolli	87,152	0.038%
James Ogden	522,996	0.229%
Kirk Senior	861,936	0.377%

Directors' Vista Group share dealings

During 2021, there were no disclosures required to be made in accordance with section 148 of the Companies Act 1993 and section 304 of the Financial Markets Conduct Act 2013.

Company disclosures

Subsidiary companies

The directors of subsidiaries of Vista Group at 31 December 2021 are listed in the table below:

COMPANY NAME			DIRECTORS	FURTHER INFORMATION
Flicks Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Maccs International B.V.	Netherlands	100%	Vista Entertainment Solutions (NL) B.V.	No changes
MovieXchange Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	Amalgamated with MovieXchange International Limited in 2021
Movio (IP) Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Movio Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	Amalgamated with Virtual Concepts Limited in 2021
Movio, Inc.	United States	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Numero Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Numero (Aust) Pty Ltd	Australia	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley, Kirk Senior	No changes
Powster, Inc.	United States	50%	Kirk Senior, Steven Thompson	No changes
Powster Ltd	United Kingdom	50%	Nicholas Patsides, Kimbal Riley, Kirk Senior, Steven Thompson	No changes
S.C. Share Dimension S.R.L.	Romania	100%	Share Dimension B.V.	No changes
Senda DO Brasil Serviços de Tecnológia LTDA.	Brazil	60%	Armando Mejias, Gustavo Ortega	No changes
Share Dimension B.V.	Netherlands	100%	Vista Entertainment Solutions (NL) B.V.	No changes
Vista (IP) Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions Limited	New Zealand	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (Asia) Sdn. Bhd.	Malaysia	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (Canada) Limited	Canada	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (NL) B.V.	Netherlands	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (Spain), S.L.U.	Spain	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (UK) Limited	United Kingdom	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Entertainment Solutions (USA), Inc.	United States	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Group Limited	New Zealand	100%	Kelvin Preston	No changes
Vista International Entertainment Solutions South Africa (Pty) Ltd	South Africa	100%	Matthew Cawte, Kelvin Preston, Kimbal Riley	No changes
Vista Latin America, S.A. de C.V.	Mexico	60%	Murray Holdaway, Kimbal Riley, Brian Cadzow, Armando Mejias, Gustavo Ortega	No changes
VPF Hub GmbH	Germany	90%	Sven Anderson	No changes

Shareholder information

Twenty largest shareholders

Vista Group's 20 largest shareholders and their shareholdings at 31 January 2022 are set out in the table below:

RANK	REGISTER	NAME OF TOP 20 SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1	NZL	Tea Custodians Limited [1]	36,986,870	16.00%
2	AUS	J P Morgan Nominees Australia Pty Limited	17,575,479	7.60%
3	AUS	Citicorp Nominees Pty Limited	14,036,453	6.07%
4	NZL	Citibank Nominees (NZ) Ltd [1]	11,049,462	4.78%
5	AUS	HSBC Custody Nominees (Australia) Limited	9,265,237	4.01%
6	AUS	National Nominees Limited	8,368,749	3.62%
7	NZL	National Nominees New Zealand Limited [1]	7,794,922	3.37%
8	NZL	Custodial Services Limited	7,501,118	3.24%
9	NZL	New Zealand Superannuation Fund Nominees Limited [1]	7,282,515	3.15%
10	NZL	Brian John Cadzow & Julie Ann Cadzow & Peter Allen Lewis	7,049,065	3.05%
11	NZL	Murray Lawrence Holdaway & Helen Rachel Geary & Stephen John Mcdonald	6,786,000	2.93%
12	NZL	Bnp Paribas Nominees NZ Limited Bpss40 [1]	6,724,516	2.91%
13	NZL	HSBC Nominees (New Zealand) Limited [1]	6,510,183	2.82%
14	NZL	Accident Compensation Corporation [1]	6,353,504	2.75%
15	NZL	New Zealand Depository Nominee	5,106,647	2.21%
16	NZL	Hobson Wealth Custodian Limited	5,022,344	2.17%
17	NZL	JPMORGAN Chase Bank [1]	4,355,548	1.88%
18	AUS	Bnp Paribas Noms Pty Ltd	3,780,309	1.63%
19	NZL	Bruce Alexander Wighton & Marianne Bachler & Peter John Clark	3,668,995	1.59%
20	NZL	Gregory James Trounson & Donald Mackenzie Gibson & Kathryn Mary Lee Trounson	2,763,883	1.20%
Total of top 20 shareholders			**177,981,799**	**76.97%**
Total shares on issue			**231,225,495**	**100.00%**

1 Held through New Zealand Central Securities Depository Limited (NZCSD). NZCSD provides a custodial service that allows electronic trading of securities by its members.

Analysis of shareholdings as at 31 January 2022

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES	HOLDING QUANTITY %
1 to 1,000	1,273	661,996	0.29%
1,001 to 5,000	1,729	4,608,898	1.99%
5,001 to 10,000	530	3,867,471	1.67%
10,001 to 50,000	476	10,090,265	4.36%
50,001 to 100,000	51	3,564,887	1.54%
> 100,000	69	208,431,978	90.14%
Total	**4,128**	**231,225,495**	**100.00%**

Substantial Product Holdings

According to notices given under the Financial Markets Conduct Act 2013, the following persons were Substantial Product Holders in Vista Group ordinary shares at 31 December 2021 in respect of the number of voting securities set opposite their names:

NAME OF SUBSTANTIAL PRODUCT HOLDER	NUMBER OF SHARES
Fisher Funds Management Limited	31,136,466
FIL Limited	21,163,635
Spheria Asset Management Pty Ltd	17,587,045

Other disclosures

Stock exchange listings

Vista Group's ordinary shares are listed and quoted on the NZX and on the ASX (as an ASX Foreign Exempt Listing).

Waivers from NZX or ASX

Vista Group did not apply for, was not granted, and did not rely on, any waivers from the NZX or ASX during the year ended 31 December 2021.

Exercise of NZX powers

The NZX did not exercise any of its powers under NZX Listing Rule 9.9.3 in relation to Vista Group during the year ended 31 December 2021.

Registration as a foreign company

Vista Group has registered with the Australian Securities and Investments Commission as a foreign company and has been issued with the Australian Registered Body Number of 600 417 203.

ASX disclosures

Vista Group holds a foreign exempt listing on the ASX. As a requirement of admission Vista Group must make the following disclosures:

- Vista Group's place of incorporation is New Zealand.
- Vista Group is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (including substantial holdings and takeovers).

Takeover offer protocol

Vista Group's Board has adopted a Takeover Response Manual that provides a comprehensive framework to be followed in the event that Vista Group receives, or in anticipation of receiving, a takeover offer. Vista Group has established relationships with appropriate professional advisers to support Vista Group and the Board through any takeover offer process. The Takeover Response Manual provides for the establishment of a response committee to take all necessary actions in respect of a takeover offer. The response committee is comprised of Independent Directors, excluding any director that has a direct or indirect relationship, including with the bidder or any significant shareholder in Vista Group, that could reasonably influence the director's decision making in respect of the takeover offer.

Dividends

Due to the impacts of the COVID-19 pandemic on the global film industry and, in turn, on Vista Group's businesses, the Board resolved not to pay a dividend in respect of the 2021 financial year. The Board will revisit payment of dividends once the Board reasonably determines that the impacts of the pandemic on the global film industry and Vista Group's businesses have sufficiently subsided.

Current Dividend policy: Vista Group's dividend policy is to pay 30% to 50% of net profit after tax, subject to immediate and future growth opportunities and identified capital expenditure requirements.

Credit rating

As at the date of this Annual Report, Vista Group does not have a credit rating.

Net tangible assets

Vista Group's net tangible assets per share (excluding treasury stock) as at 31 December 2021 was $0.21883400, compared with $0.27469786 at 31 December 2020 (restated due to the US sales tax provision, see section 8.1 of the financial statements).

Donations and lobbying

Vista Group made donations of $127,000 during the 2021 financial year (2020: $103,399). This included a donation of $100,000 to the Vista Foundation.

Vista Group does not make donations to political parties and did not make any donations to a political party during the year ended 31 December 2021. Vista Group does not make any expenditures for lobbying purposes and did not make any expenditures for lobbying purposes during the year ended 31 December 2021.

Modern slavery and human trafficking statement

Vista Group has published a joint statement (on behalf of itself and Vista Entertainment Solutions (UK) Limited) setting out the steps it has taken during the 2021 financial year, and the actions it will take during the 2022 financial year, to identify and mitigate potential modern slavery and human trafficking risks related to its business and in its supply chains. The statement is available in Investor Centre section of Vista Group's website at www.vistagroup.co.nz.

Information about Vista Group ordinary shares

This statement sets out information about the rights, privileges that attach to Vista Group ordinary shares.

Rights and privileges

Under Vista Group's constitution and the Companies Act 1993, each Vista Group share gives the holder a right to:

- attend and vote at a meeting of shareholders, including the right to cast one vote per share on a poll on any resolution, such as a resolution to:
  - appoint or remove a director;
  - adopt, revoke or alter the constitution;
  - approve a major transaction (as that term is defined in the Companies Act 1993);
  - approve the amalgamation of Vista Group under section 221 of the Companies Act 1993; or
  - place Vista Group into liquidation;
- receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by Vista Group in respect of that share;
- receive an equal share with other shareholders in the distribution of surplus assets in any liquidation of Vista Group;
- be sent certain information, including notices of meeting and Vista Group reports sent to shareholders generally; and
- exercise the other rights conferred upon a shareholder by the constitution and the Companies Act 1993.

Share cancellation

In certain circumstances, Vista Group shares could be cancelled by the Company through a reduction of capital, share buy-back or other form of capital reconstruction approved by the Board and, where applicable, the shareholders.

Sale of less than a Minimum Holding

Vista Group may, at any time, give notice to a shareholder holding less than a Minimum Holding of shares (as that term is defined in the NZX Listing Rules) that if, at the end of three months after the date the notice is given, shares then registered in the name of the holder are less than a Minimum Holding, Vista Group may sell those shares on market (including through a broker acting on Vista Group's behalf), and the holder is deemed to have authorised Vista Group to act on behalf of the holder and to sign all necessary documents relating to the sale.

Information for shareholders

Shareholder enquiries

Shareholders can view their investment portfolio, change their address, supply their email, update their details or payment instructions by contacting Vista Group's share registrar Link Market Services Limited (see Directory for contact details) with their CSN and FIN numbers.

Investor information

Vista Group's website at www.vistagroup.co.nz provides information regarding Vista Group, its Board, CEO, ELT and businesses.

The Investor Centre section of Vista Group's website includes all regular investor communications and reports, information on Vista Group's latest operating and financial results, dividend payments, news and share price.

Electronic shareholder communication

Shareholders that would like to receive Vista Group communications and reports electronically can do this by updating their details with Vista Group's share registrar, Link Market Services Limited. Shareholders can contact Link Market Services using the contact details included in the Directory.

Financial statements

Directors' report

The Board of Directors present the financial statements of Vista Group for the year ended 31 December 2021 and the independent auditor's report thereon.

The directors are responsible, on behalf of the Company, for presenting these consolidated financial statements in accordance with applicable New Zealand legislation and Generally Acceptable Accounting Practices in New Zealand in order to present consolidated financial statements that present fairly, in all material respects, the financial position of Vista Group as at 31 December 2021 and the results of Vista Group's operations and cash flows for the year then ended.

For and on behalf of the Board of Directors who approved these financial statements for issue on 28 February 2022.

Susan Peterson	**James Ogden**
Chair	Chair Audit and Risk Committee

Income statement

For the year ended 31 December 2021

CONTINUING OPERATIONS	SECTION	2021 NZ$m	2020 NZ$m *Restated*[1]
Total revenue	2.1, 2.2	**98.1**	**87.5**
Cost to serve[2]	2.3	(36.4)	(37.5)
Gross profit		**61.7**	**50.0**
Sales and marketing costs	2.3	(9.3)	(9.8)
Research and development costs	2.3	(22.3)	(18.8)
General and administration costs	2.3	(23.1)	(33.6)
Foreign currency (losses) / gains		(0.5)	0.8
Total operating expenses[2]	**2.3**	**(55.2)**	**(61.4)**
EBITDA[3]	**2.2**	**6.5**	**(11.4)**
Amortisation	4.5	(7.8)	(7.3)
Depreciation	4.2, 4.7	(6.1)	(10.4)
Finance costs		(2.0)	(2.2)
Finance income		0.5	0.7
Share of equity accounted loss from associates and JVs	4.3	(2.0)	(3.0)
Other gains and losses	2.3	(1.4)	(31.3)
Loss before tax		**(12.3)**	**(64.9)**
Taxation benefit	5.1	2.4	7.8
Loss for the year		**(9.9)**	**(57.1)**
Loss for the year is attributable to:			
Owners of the parent		(9.8)	(51.8)
Non-controlling interests		(0.1)	(5.3)
Loss for the year		**(9.9)**	**(57.1)**
Basic and diluted earnings per share (cents)	6.2	($0.04)	($0.24)

1 See section 8.1 for information of restatement of prior period US sales tax obligations.

2 See section 1.2 for information on the reclassification of cost to serve and total operating expenses.

3 EBITDA is a non-GAAP measure which is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 2.3) and share of equity accounted results from associates and joint ventures.

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

Statement of other comprehensive income

For the year ended 31 December 2021

	SECTION	2021 NZ$m	2020 NZ$m *Restated*
Items that may be reclassified subsequently to the income statement[1]			
Translation of foreign operations		2.3	(2.9)
Items that will not be reclassified to the income statement			
Excess income tax benefit on share-based payments	5.1	0.6	-
Total other comprehensive income / (loss)		**2.9**	**(2.9)**
Loss for the year		(9.9)	(57.1)
Total comprehensive loss for the year		**(7.0)**	**(60.0)**
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(7.0)	(54.9)
Non-controlling interests		-	(5.1)
Total comprehensive loss for the year		**(7.0)**	**(60.0)**

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 year ended 31 December 2021

		ATTRIBUTABLE TO THE OWNERS OF THE PARENT						
2021	SECTION	CONTRIBUTED EQUITY $NZm	RETAINED EARNINGS $NZm	FOREIGN CURRENCY RESERVE NZ$m	SHARE-BASED PAYMENT RESERVE NZ$m	TOTAL NZ$m	NON-CONTROLLING INTERESTS NZ$m	TOTAL EQUITY NZ$m
Balance at 1 January 2021		**126.0**	**33.1**	**(0.5)**	**1.3**	**159.9**	**1.9**	**161.8**
Total comprehensive income movement:								
Loss for the year		-	(9.8)	-	-	(9.8)	(0.1)	(9.9)
Other comprehensive income[2]		0.6	-	2.2	-	2.8	0.1	2.9
Total comprehensive income / (loss)		**0.6**	**(9.8)**	**2.2**	**-**	**(7.0)**	**-**	**(7.0)**
Transactions with owners:								
Share-based payments	6.1, 6.5	4.7	-	-	0.4	5.1	-	5.1
Distribution on wind-up of subsidiary		-	-	-	-	-	(0.1)	(0.1)
Balance at 31 December 2021		**131.3**	**23.3**	**1.7**	**1.7**	**158.0**	**1.8**	**159.8**
2020								
Balance at 31 December 2019		**61.8**	**85.8**	**2.6**	**2.1**	**152.3**	**11.2**	**163.5**
Prior period adjustments[1]	8.1	-	(0.9)	-	-	(0.9)	-	(0.9)
Restated balance at 1 January 2020		**61.8**	**84.9**	**2.6**	**2.1**	**151.4**	**11.2**	**162.6**
Total comprehensive income movement:								
Restated loss for the year[1]	8.1	-	(51.8)	-	-	(51.8)	(5.3)	(57.1)
Other comprehensive (loss) / income[2]		-	-	(3.1)	-	(3.1)	0.2	(2.9)
Total comprehensive loss		**-**	**(51.8)**	**(3.1)**	**-**	**(54.9)**	**(5.1)**	**(60.0)**
Transactions with owners:								
Issue of equity	6.1	62.3	-	-	-	62.3	-	62.3
Step acquisitions	6.1	0.6	-	-	-	0.6	(2.8)	(2.2)
Share-based payments	6.1, 6.5	1.3	-	-	(0.8)	0.5	-	0.5
Dividends paid		-	-	-	-	-	(1.4)	(1.4)
Restated balance at 31 December 2020		**126.0**	**33.1**	**(0.5)**	**1.3**	**159.9**	**1.9**	**161.8**

1 See section 8.1 for information of restatement of prior period US sales tax obligations.
2 Items of other comprehensive income will be reclassified to the income statement when specific conditions are met.

Statement of financial position

As at 31 December 2021

	SECTION	2021 NZ$m	2020 NZ$m *Restated*
CURRENT ASSETS			
Cash		60.4	67.1
Trade and other receivables	4.1	36.5	38.6
Net investment in sublease	4.8	0.5	-
Income tax receivable		2.2	1.1
Total current assets		**99.6**	**106.8**
NON-CURRENT ASSETS			
Property, plant and equipment	4.2	4.0	4.8
Lease assets	4.7	15.6	20.8
Net investment in sublease	4.8	2.2	-
Investment in associates and JVs	4.3	11.6	13.6
Goodwill	4.4	55.7	54.7
Other intangible assets	4.5	39.8	35.1
Deferred tax asset	5.2	14.6	16.9
Total non-current assets		**143.5**	**145.9**
Total assets		**243.1**	**252.7**
CURRENT LIABILITIES			
Borrowings - related parties	3.2	0.6	-
Trade and other payables	4.6	18.7	17.9
Lease liabilities	4.7	4.8	3.3
Deferred revenue	4.9	20.5	19.0
Contingent consideration		-	0.4
Provisions	4.10	2.8	3.8
Income tax payable		0.2	0.4
Total current liabilities		**47.6**	**44.8**
NON-CURRENT LIABILITIES			
Borrowings - external	3.2	16.2	18.1
Lease liabilities	4.7	17.8	19.7
Deferred revenue	4.9	0.4	0.5
Provisions	4.10	0.4	0.1
Deferred tax liability	5.2	0.9	7.7
Total non-current liabilities		**35.7**	**46.1**
Total liabilities		**83.3**	**90.9**
Net assets		**159.8**	**161.8**
EQUITY			
Contributed equity	6.1	131.3	126.0
Retained earnings		23.3	33.1
Foreign currency reserve	6.4	1.7	(0.5)
Share-based payment reserve	6.5	1.7	1.3
Total equity attributable to owners of the parent		**158.0**	**159.9**
Non-controlling interests		1.8	1.9
Total equity		**159.8**	**161.8**

For and on behalf of the Board who approved these financial statements for issue on 28 February 2022.

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 year ended 31 December 2021

	SECTION	2021 NZ$m	2020 NZ$m
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		105.7	86.6
Payments to suppliers and employees		(92.2)	(90.9)
COVID-19 related wage subsidies	2.3	3.1	5.9
COVID-19 related tax deferrals	3.1	(2.2)	4.0
Taxes paid		(1.6)	(0.9)
Interest paid		(1.5)	(1.7)
Net cash inflow from operating activities	3.1	**11.3**	**3.0**
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4.2	(0.9)	(1.4)
Purchase of internally generated software and other intangibles	4.5	(11.9)	(12.8)
Interest received		0.2	0.5
Payment of contingent consideration		(0.3)	-
Step acquisitions - Maccs and Cinema Intelligence		-	(3.3)
Net cash applied to investing activities		**(12.9)**	**(17.0)**
CASHFLOWS FROM FINANCING ACTIVITIES			
Issue of ordinary shares	6.1	-	62.3
Lease payments - principal elements	4.7	(3.0)	(5.6)
Loan drawdown - ASB	3.2	-	31.2
Loan repayment - ASB	3.2	-	(24.1)
Loan drawdown - HSBC PPP	3.2	-	3.2
Loan repayment - HSBC PPP	3.2	(2.8)	-
Loan drawdown - related parties	3.2	0.6	-
Loan repayment - related parties		-	(0.9)
Loan establishment fees - ASB		-	(0.2)
Dividends / liquidation proceeds paid to non-controlling interests		(0.1)	(1.4)
Net cash (outflow) / inflow from financing activities		**(5.3)**	**64.5**
Net (decrease) / increase in cash		(6.9)	50.5
Cash at beginning of year		67.1	19.5
Foreign exchange differences		0.2	(2.9)
Cash at year end		**60.4**	**67.1**

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

Notes to the financial statements

1. Basis of preparation

General information

The notes are consolidated into eight sections. Each section contains an introduction which is indicated by the symbol on the left. The first section outlines general information about Vista Group International Limited (the Company and its subsidiaries, collectively Vista Group) and guidance on how to navigate through this document.

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are detailed throughout the document, where applicable. These policies have been consistently applied to all years presented, unless otherwise stated. Accounting policies are identified by the symbol above.

Significant accounting judgements and sources of estimation uncertainty

Significant accounting judgements are those judgements that Vista Group makes when applying its accounting policies that may have a significant effect on amounts that are recognised in these financial statements.

Significant sources of estimation uncertainty relate to assumptions and estimates made at the end of the current reporting year that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In applying its accounting policies, Vista Group continually evaluates judgements and estimates based on experience and other factors, including expectations of future events that may have an impact on Vista Group. All judgements and estimates made are believed to be reasonable, based on the most current set of circumstances available to Vista Group. Actual results may differ from the judgements and estimates applied.

Significant accounting judgements and estimates made by Vista Group in the preparation of these financial statements are outlined within the following financial statement notes:

Section 2.1	Revenue provisioning
Section 2.3	Recognition of government grants
Section 4.1	Expected credit loss (ECL) provisioning
Section 4.4	Impairment testing of goodwill
Section 4.5	Capitalisation of development costs
Section 5.2	Recognition of deferred tax assets

Impairment testing of internally generated software is no longer classified as a significant accounting estimate in the current year, as Vista Group believe the risk of a material adjustment to the carrying amount occurring in the next financial year to be low.

Impairment testing of Vista China is no longer classified as a significant accounting estimate in the current year, as no impairment review was required to be performed.

1.1 General information

These financial statements are for Vista Group which is a company incorporated and domiciled in New Zealand, and whose shares are publicly traded on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of Vista Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

In accordance with the Financial Markets Conduct Act 2013, because financial statements are prepared and presented for Vista Group, separate financial statements for the Company are not presented.

The principal activity of Vista Group is the sale, support and associated development of software for the film industry. These financial statements were approved by the Board on 28 February 2022.

1.2 Summary of significant accounting policies

Basis of preparation

The 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 financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand financial reporting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The financial statements have been prepared at historical cost, except for contingent consideration which is measured at fair value.

Representation of these financial statements

Reclassifications from the presentation in the 2020 Annual Report have been made for total revenue within section 2.1, total operating expenses within the income statement and section 2.3, and the segmental analysis in section 2.2. 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 year.

Segment disclosures for the prior comparative year for the Cinema and Corporate segments has been reclassified to include the $2.2m (2020: $1.5m) maintenance revenues from Vista China (an associate company) within the Cinema segment. This represents a change in the definition of these segments.

The prior year comparatives are also restated to include the material US sales tax obligations that were identified in the 2021 economic nexus sales tax study, which was completed in the second half of 2021. See section 8.1 for more details.

Basis of consolidation

Vista Group's financial statements consolidate those of the Company and its subsidiaries as at 31 December 2021. A subsidiary is an entity over which Vista Group has control. Control is achieved when Vista Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the investee.

Consolidation of a subsidiary begins when Vista Group obtains control over the subsidiary and ceases when Vista Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included within the income statement from the date Vista Group gains control until the date Vista Group ceases to control the subsidiary. All subsidiaries have a reporting date of 31 December. In preparing the financial statements, all inter-entity balances and transactions, and unrealised profits and losses, arising within the consolidated entity have been eliminated in full. A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by Vista Group. Vista Group attributes total comprehensive income to the Company and the non-controlling interests based on their ownership interests.

Vista Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Company.

New accounting standards

There are no new or amended standards and interpretations which have been adopted in the year ended 31 December 2021 that have a material impact on Vista Group.

Following the publication of the IFRS IC agenda decision on *Configuration or Customisation costs in a Cloud Computing Arrangement* in March 2021, Vista Group has considered and concluded that there is no change of accounting policy required.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting year and have not been early adopted by Vista Group. These standards are not expected to have a material impact on Vista Group in the current or future reporting years, or on foreseeable future transactions.

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 customer has received all the benefits associated with the performance obligation.

Revenue by category

	2021		2020	
	NZ$m	%	NZ$m	%
SaaS revenue	27.8		23.9	
Non-SaaS revenue	53.6		41.6	
Recurring revenue	**81.4**	**83%**	**65.5**	**75%**
Perpetual software	5.4		6.2	
Hardware	1.5		3.3	
Services & development - one off	9.5		11.9	
Other revenue	0.3		0.6	
Non-recurring revenue	**16.7**	**17%**	**22.0**	**25%**
Total revenue[1]	**98.1**	**100%**	**87.5**	**100%**

1 See section 1.2 for information on the reclassification of total revenue. No individual customer exceeded 10% of revenue in either the current or prior comparative year.

Non-GAAP financial measures

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

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 has been an increased risk that Vista Group is not able to recover all amounts billed due to the financial distress of its customers. As NZ IFRS 15 *Revenue from Contracts with Customers* only permits revenue to be recognised when it is probable that Vista Group will collect the consideration, significant judgement has been applied with revenue recognised after 1 March 2020 (the month that COVID-19 pandemic forced worldwide cinema closures).

Judgements made when provisioning for revenue include:

- **Concession discounts:** Many of Vista Group's core customers are located in regions which have been affected by the COVID-19 pandemic (such as North America, Europe and Asia), where the majority of cinemas were closed during 2020 and the first quarter of 2021. To ensure timely payment, or to facilitate support to customers, Vista Group granted concessions to payment terms or discounts to recurring fees. Vista Group has worked closely with its customer base to provide appropriate relief, whilst seeking to reserve its position in respect of amounts contractually owed.

  Concession discounts are recognised as a reduction to revenue when they have been agreed, or where the customer has a reasonable expectation of being entitled to a discount. At 31 December 2021, Vista Group has 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 year. For expected concession discounts, a reduction in revenue was recognised with a corresponding recognition of a concession discount provision, as presented in section 4.1.

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

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

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

  For revenues recognised between 1 March 2020 and 30 June 2021, a credit risk provision will remain being calculated as a reduction in revenue and trade receivables (as presented in section 4.1) until all associated invoices have been cleared.

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

See section 4.1 for further details of the revenue provisions at 31 December 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 4.1.

2.2 Operating segments

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

- **Cinema segment:** Software associated with cinema management via the Vista software suite of products, plus the cloud-based Veezi product for smaller scale cinemas. This segment also includes movieXchange and Share Dimension B.V. (Cinema Intelligence). This segment now includes maintenance revenues from Vista China (an associate company), and the prior comparative year has been reclassified accordingly.
- **Movio segment:** Includes the Movio Cinema and Movio Media products, both of which provide data analytics and campaign management.
- **Additional Group Companies segment (AGC):** An aggregation of Maccs, Powster, Flicks and Numero. None of these businesses individually exceed the 10% threshold for segment revenue or profitability that would require separate disclosure under NZ IFRS 8 *Operating Segments.*
- **Corporate segment:** The shared services functions associated with Vista Group, being legal, finance and senior management. The prior comparative year has been reclassified as maintenance revenues from Vista China (an associate company) is now recognised in the Cinema segment.

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

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.

	2021 NZ$m	2020 NZ$m
New Zealand	17.7	17.7
United States	32.6	29.4
United Kingdom	29.0	24.8
Mexico	9.3	5.9
Other[1]	9.5	9.7
Total revenue	**98.1**	**87.5**

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[2] by location of the reporting entity are presented in the following table.

	2021 NZ$m	2020 NZ$m
New Zealand	62.1	59.6
United States	18.2	21.4
United Kingdom	11.6	10.0
Mexico	11.5	10.8
Other[1]	13.9	13.6
Non-current assets[2]	**117.3**	**115.4**

1 The other category includes entities in Australia, Brazil, Germany, Malaysia, Netherlands, Romania and South Africa.
2 As required by NZ IFRS 8, non-current operating assets in the table above excludes deferred tax assets and investments in associates and joint ventures

Operating segment performance

2021	CINEMA[1] NZ$m	MOVIO NZ$m	AGC NZ$m	CORPORATE[1] NZ$m	TOTAL NZ$m	% OF REVENUE
SaaS revenue	8.9	14.0	4.9	-	27.8	
Non-SaaS revenue	44.3	0.4	8.9	-	53.6	
Recurring revenue	**53.2**	**14.4**	**13.8**	**-**	**81.4**	
Non-recurring revenue	13.3	0.7	2.7	-	16.7	
Total revenue	**66.5**	**15.1**	**16.5**	**-**	**98.1**	
Cost to serve	(25.5)	(5.1)	(5.8)	-	(36.4)	
Gross profit	**41.0**	**10.0**	**10.7**	**-**	**61.7**	*37%*
Gross profit %[2]	*62%*	*66%*	*65%*		*63%*	
Sales and marketing costs[1]	(5.2)	(2.7)	(1.4)	-	(9.3)	*9%*
Research and development costs[1]	(15.7)	(3.3)	(3.3)	-	(22.3)	*23%*
General and administration costs[1]	(8.4)	(2.3)	(4.8)	(10.7)	(26.2)	*27%*
ECL credit	2.8	0.2	0.1	-	3.1	
Foreign currency (losses) / gains	(0.7)	0.1	-	0.1	(0.5)	
EBITDA[2]	**13.8**	**2.0**	**1.3**	**(10.6)**	**6.5**	
EBITDA margin[2]	*21%*	*13%*	*8%*		*7%*	
2020						
SaaS revenue	6.8	13.5	3.6	-	23.9	
Non-SaaS revenue	33.8	-	7.8	-	41.6	
Recurring revenue	**40.6**	**13.5**	**11.4**	**-**	**65.5**	
Non-recurring revenue	17.7	1.3	3.0	-	22.0	
Total revenue	**58.3**	**14.8**	**14.4**	**-**	**87.5**	
Cost to serve	(26.6)	(5.5)	(5.4)	-	(37.5)	*43%*
Gross profit	**31.7**	**9.3**	**9.0**	**-**	**50.0**	
Gross profit %[2]	*54%*	*63%*	*63%*		*57%*	
Sales and marketing costs[1]	(6.7)	(2.3)	(0.8)	-	(9.8)	*11%*
Research and development costs[1]	(12.5)	(3.0)	(3.3)	-	(18.8)	*21%*
General and administration costs[1]	(10.1)	(3.2)	(5.0)	(8.4)	(26.7)	*31%*
ECL expense	(6.2)	(0.6)	(0.1)	-	(6.9)	
Foreign currency gains / (losses)	1.3	(0.3)	(0.1)	(0.1)	0.8	
EBITDA[2]	**(2.5)**	**(0.1)**	**(0.3)**	**(8.5)**	**(11.4)**	
EBITDA margin[2]	*-4%*	*-1%*	*-2%*		*-13%*	

1 See section 1.2 for information on the reclassification of the various operating expenditure lines and the segmental reclassification of Vista China maintenance revenue.
2 EBITDA is defined in the non-GAAP financial measures section on the following page. Gross profit % and EBITDA margin are calculated as gross margin over total revenue and EBITDA over total revenue, respectively.

Non-GAAP financial measures

EBITDA is a non-GAAP financial measure that the CODM uses to evaluate the financial performance of Vista Group and its operating segments, because it closely correlates to operating cashflows. It is defined as earnings before net finance costs, income tax, depreciation, amortisation, "other gains and losses" (see section 2.3) and share of equity accounted results from associates and joint ventures. A reconciliation is provided on the income statement.

2.3 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.

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

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

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

See section 1.2 for information on the reclassification of the various operating expenditure lines.

Total cost to serve and operating expenses

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

	SECTION	2021 NZ$m	2020 NZ$m
Direct cost of sales (excl. hardware and personnel)		11.2	11.0
Hardware cost of sales[1]		1.3	3.0
Personnel costs		68.0	69.4
Share-based payment expense	6.5	5.2	0.5
Defined contribution plans and employee insurances		6.7	7.1
Capitalised development	4.5	(12.6)	(12.8)
Government grants		(5.2)	(8.5)
Computer equipment and software		3.2	3.8
Marketing costs		1.1	2.6
Travel related costs		1.1	1.2
ECL (credit) / expense	4.1	(3.1)	6.9
Bad debt expense	4.1	0.7	1.0
Foreign currency gains / (losses)		0.5	(0.8)
Auditor's remuneration		0.5	0.5
Other operating expenses		13.0	14.0
Total cost to serve and operating expenses		**91.6**	**98.9**

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

Personnel costs

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

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

Other gains and losses

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

	SECTION	2021 NZ$m	2020 NZ$m
Acquisition expenses		-	(0.2)
Impairment charges		(0.7)	(28.4)
Restructuring costs		-	(2.1)
Sales tax expense	8.1	(0.7)	(0.6)
Total other gains and losses		**(1.4)**	**(31.3)**

Vista Group completed a US sales tax economic nexus study in 2021 which revealed sales taxes should have been charged to US-based customers (see sections 4.10 and 8.1 for further details). The associated cost is considered one-off and exceptional in nature, as it would not have been incurred if Vista Group collected the taxes from the customers.

Impairment charges in 2021 relate to the subleased premises in Los Angeles, where the amount being received is less than the cost negotiated prior to the COVID-19 pandemic (see section 4.8). This impairment charge is attributable to the Cinema segment.

Impairment charges in 2020 were a reduction of $11.6m to goodwill, $1.8m to intangible assets, $1.3m investment in Stardust and $13.7m investment in Vista China. Impairment charges relating to goodwill and investments in associates are attributable to the Corporate segment. Impairment charges relating to the investment in Vista China is attributable to the Cinema segment. Of the impairment charges relating to intangible assets, $1.2m related to Cinema, $0.4m related to Movio and $0.2m related to the AGC segments.

In June 2020, Vista Group announced it had begun consultation with its New Zealand and United Kingdom based staff around a proposed new structure for its core businesses (Vista Cinema, Movio and the Corporate segments). This consultation period concluded in July 2020.

Auditor's remuneration included in administration costs

	2021 NZ$m	2020 NZ$m
Audit of financial statements		
Audit and review of financial statements - PwC	0.5	0.5
Total audit fees	**0.5**	**0.5**

Vista Group engaged PwC to perform non-audit services relating to:

- **Assurances services:** Relating to a review of R&D growth grants $nil (2020: $15k).
- **Advisory services:** Tax advisory relating to long-term employee incentive schemes and CEO remuneration benchmarking $22k (2020: $89k).

Fees paid to other audit firms for the audit of local subsidiary financial statements was less than $0.1m (2020: less than $0.1m). The non-audit services provided by these firms totalled $0.4m, and were all provided to Vista Group entities not audited by these firms (2020: less than $0.1m).

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 year were $5.2m (2020: $8.5m). The cash amount of grants received during the year was $3.1m. Details of these grants are as follows:

- **HSBC PPP loan:** In 2020, Vista Group entered into a US$2.0m loan arrangement with HSBC as part of the US Government paycheck protection program (PPP). This loan was a US Government designed incentive for businesses impacted by the COVID-19 pandemic to keep staff employed. Vista Group was entitled to apply for this loan to be forgiven if all employees were kept on the payroll for at least eight weeks and the money was used for payroll, rent, mortgage interest, or utilities.

  Forgiveness of this loan was obtained in 2021. Accordingly, the NZ$2.8m loan was de-recognised in 2021 with the associated credit being classified as a government grant within other income.
- **Wage subsidies:** Vista Group received $0.3m of wage subsidies during the year from various governments (2020: $5.9m) which has been fully recognised in the income statement in the year they were received. The purpose of these subsidies was to help incentivise businesses to retain as many employees as possible.
- **Research & development grants:** Vista Group enrolled to receive the New Zealand Research & Development Tax Incentive (RDTI) during the year. Vista Group believes it is entitled to this grant and has fulfilled the conditions, however the application is yet to be made and it also needs to be reviewed by the government departments administering the schemes. At 31 December 2021, Vista Group applied judgement by accruing $2.3m, which represents the amount Vista Group are reasonably assured will be received. Of this amount, $2.1m has been recognised as a government grant in the income statement, and $0.2m has been recognised as an offset to capitalised development in the statement of financial position.

  In the prior year, Vista Group recognised $2.6m of grants from Callaghan Innovation in New Zealand (Callaghan) and Ministry of Economic Affairs (WBSO) in Netherlands to assist with research and development.

3. Cash flows and borrowings

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

3.1 Cash flows

Reconciliation of net profit to operating cash flows

	SECTION	2021 NZ$m	2020 NZ$m *Restated*
Loss for the year		**(9.9)**	**(57.1)**
Non-cash items:			
Amortisation	4.5	7.8	7.3
Depreciation	4.2, 4.7	6.1	10.4
Impairment charges	2.3	0.7	28.4
Share-based payment expense	6.5	5.2	0.5
Deferred tax expense	5.1	(3.9)	(8.3)
Non-cash finance charges		-	0.5
Share of equity accounted loss from associates and JVs	4.3	2.0	3.0
Unrealised foreign currency gains		1.5	(0.8)
ECL (credit) / expense	2.3	(3.1)	6.9
Movement in revenue provision - concession discounts	4.1	(4.1)	5.7
Movement in revenue provision - credit risk	4.1	2.7	6.3
Movement in other provisions	4.10	(0.7)	1.9
Net non-cash items		**14.2**	**61.8**
Movements in working capital:			
Increase in related party trade and other payables		0.5	0.6
Decrease / (increase) in related party trade and other receivables, net of deferred revenue		1.8	(0.6)
(Decrease) / increase in trade and other payables		(0.9)	4.9
Decrease / (increase) in trade and other receivables, net of deferred revenue		7.2	(6.6)
Increase in net taxation receivable		(1.6)	-
Net change in working capital		**7.0**	**(1.7)**
Net cash inflow from operating activities		**11.3**	**3.0**

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.

	2021 NZ$m	2020 NZ$m
Government assistance - NZ PAYE tax deferral	(2.2)	2.2
Government assistance - NZ loss carry back scheme	-	1.8
COVID-19 related tax deferrals	**(2.2)**	**4.0**

Vista Group repaid all PAYE tax deferrals in 2021 that were provided by the NZ Government.

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.

Carrying amount of borrowings

	2021 NZ$m	2020 NZ$m
Balance at 1 January	18.1	10.9
Repayments during the year	-	(24.1)
Drawdowns during the year	0.6	34.4
PPP loan forgiveness during the year	(2.8)	-
Movement in foreign exchange	0.9	(3.1)
Total borrowings at year end	**16.8**	**18.1**
Represented by:		
Borrowings - external	16.2	18.1
Borrowings - related parties	0.6	-
Total borrowings at year end	**16.8**	**18.1**

Summary of debt facilities

FACILITY PROVIDER	REASON FOR LOAN	EXPIRY DATE	CURRENT LIMIT (NZ$m)	INTEREST RATE 2021	INTEREST RATE 2020	DEBT DRAWN (NZ$m) 2021	DEBT DRAWN (NZ$m) 2020
ASB - revolving credit	General commercial / Future acquisitions / SaaS project	Jan 2023	52.0	1.57%	1.40%	16.2	15.4
ASB - overdraft	Working capital	On demand	2.0	4.78%	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 year end			**54.6**			**16.8**	**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 years. Vista Group has no reason to believe that it will not be compliant with these covenants for at least the next 12 months.

The HSBC PPP loan was forgiven during the current year. See section 2.3 for more details.

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.

4. Assets and liabilities

This section outlines further 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 amount of trade and other receivables

	SECTION	2021 NZ$m	2020 NZ$m
Trade receivables		38.9	47.5
Accrued revenues		4.6	5.9
Revenue provision - concession discount	2.1	(1.4)	(5.5)
Revenue provision - credit risk	2.1	(8.9)	(6.2)
ECL provision		(4.6)	(7.7)
Sundry receivables		4.2	1.7
Prepayments		3.3	2.5
Vista China acquisition deposit		0.4	0.4
Total trade and other receivables		**36.5**	**38.6**

Trade receivables

Included within trade receivables in 2020 is a receivable from Vista China of $1.8m (current year: $nil), see section 8.2 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 year was as follows:

	2021 NZ$m	2020 NZ$m
Balance at 1 January	5.9	13.2
Amounts included in opening balance released in the current year	(5.0)	(10.3)
Additional accrued revenues recognised during the year	3.5	3.0
Exchange movements	0.2	-
Accrued revenues at year end	**4.6**	**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.

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 31 December 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 31 December 2021, Vista Group applied judgement by including a 10% 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 our customers has improved with circa 87% 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, appears to be lower than industry experts reported may eventuate.

- **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 2.1 for more details).

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

	2021 NZ$m	2020 NZ$m
Balance at 1 January	7.7	1.2
Bad debts written off	(0.7)	(1.0)
Change in provision	(2.4)	7.5
ECL provision at year end	**4.6**	**7.7**

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

2021	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]	**25.4**	**4.0**	**1.3**	**1.1**	**1.8**	**33.6**
Baseline	0.5	0.1	0.1	0.1	-	0.8
Aging, write offs and collection	-	-	-	-	0.1	0.1
Country, customer and market	0.1	-	-	-	-	0.1
ECL - general provision	0.6	0.1	0.1	0.1	0.1	1.0
ECL - specific provision	1.9	0.5	0.1	-	1.1	3.6
Total ECL provision	**2.5**	**0.6**	**0.2**	**0.1**	**1.2**	**4.6**
General provision effective rate	*2.4%*	*2.5%*	*7.7%*	*9.1%*	*5.6%*	*3.0%*

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

2020	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 includes 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 believe that cumulative ECL and revenue provisions of 34.3% was a reasonable level to provide against trade receivables and accrued revenues in such an uncertain time.

	2021 NZ$m	2020 NZ$m
Trade receivables and accrued revenues	**43.5**	**53.4**
Revenue provision - concession discount	1.4	5.5
Revenue provision - credit risk	8.9	6.2
ECL provision	4.6	7.7
Total provisioning	**14.9**	**19.4**
Total provisioning effective rate	*34.3%*	*36.3%*

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

2021	5% JUDGEMENT NZ$m	10% JUDGEMENT NZ$m	15% JUDGEMENT NZ$m
Revenue provision - concession discount	1.4	1.4	1.4
Revenue provision - credit risk	8.7	8.9	9.1
ECL provision	3.7	4.6	5.5
Total provisioning of trade receivables and accrued revenues	**13.8**	**14.9**	**16.0**
Total provisioning effective rate	*31.7%*	*34.3%*	*36.8%*

4.2 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment charges. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on assets is charged on a straight-line basis to allocate the differences between their original cost and the residual values over their estimated useful lives, as follows:

- Fixtures and fittings 7 to 10 years, or the term of any associated property lease
- Computer equipment 2 to 5 years

The residual values and useful lives of assets are reviewed and adjusted if appropriate. If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount is immediately written down to its recoverable amount.

Carrying amount of property, plant and equipment

2021	FIXTURES & FITTINGS NZ$m	COMPUTER EQUIPMENT NZ$m	TOTAL NZ$m
Gross carrying amount			
Balance at 1 January	6.4	4.3	10.7
Additions	0.1	0.8	0.9
Disposals	(1.4)	(3.1)	(4.5)
Exchange differences	0.2	0.3	0.5
Balance at year end	**5.3**	**2.3**	**7.6**
Accumulated depreciation			
Balance at 1 January	(2.9)	(3.0)	(5.9)
Current year depreciation	(0.8)	(1.1)	(1.9)
Disposals	1.4	3.0	4.4
Exchange differences	-	(0.2)	(0.2)
Balance at year end	**(2.3)**	**(1.3)**	**(3.6)**
Property, plant and equipment at 31 December 2021	**3.0**	**1.0**	**4.0**

2020			
Gross carrying amount			
Balance at 1 January	7.9	3.5	11.4
Additions	0.6	0.8	1.4
Disposals	(2.3)	(0.1)	(2.4)
Exchange differences	0.2	0.1	0.3
Balance at year end	**6.4**	**4.3**	**10.7**
Accumulated depreciation			
Balance at 1 January	(2.3)	(1.8)	(4.1)
Current year depreciation	(2.7)	(1.1)	(3.8)
Disposals	2.3	0.1	2.4
Exchange differences	(0.2)	(0.2)	(0.4)
Balance at year end	**(2.9)**	**(3.0)**	**(5.9)**
Property, plant and equipment at 31 December 2020	**3.5**	**1.3**	**4.8**

4.3 Investment in associates and joint ventures

Associates are entities which Vista Group has significant influence but not control or joint control. This is generally the case where Vista Group holds between 20% and 50% of the voting rights.

Joint ventures are entities which Vista Group has a joint arrangement where two or more of the parties have joint control of the arrangement and have rights to the net assets of the arrangement.

Investments in both associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Equity accounted results continue to reflect depreciation based on the original cost of the assets.

In the event of loss of control of a subsidiary, resulting in an associate company, the carrying amount of the associate is recognised initially at fair value. The carrying amount of the investment in an associate is increased or decreased to recognise Vista Group's share of the profit or loss and other comprehensive income of the associate after the acquisition date. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When Vista Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Vista Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with NZ IAS 28 *Investments in Associates and Joint Ventures*, where an impairment review is completed at the end of any reporting period if (and only if) there is objective evidence of impairment. Paragraph 41A of the standard defines the loss events that would trigger an impairment review in any reporting period.

The financial statements of associates and joint ventures are prepared for the same reporting period as Vista Group. When necessary, adjustments are made to bring the accounting policies in line with those of Vista Group.

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.

				HOLDING PERCENTAGE	
NAME OF ENTITY	INVESTMENT TYPE	COUNTRY OF REGISTRATION	COUNTRY OF BUSINESS	2021	2020
Vista Entertainment Solutions (Shanghai) Limited	Associate	China	China	47.5%	47.5%
Stardust Solutions Limited	Joint Venture	New Zealand	United States	-	43.8%

During the current year, the Board of Stardust resolved to discontinue Stardust's operations. The carrying value of Stardust in these financial statements was already nil.

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

Carrying value of associates and joint ventures

	STARDUST		VISTA CHINA	
	2021 NZ$m	2020 NZ$m	2021 NZ$m	2020 NZ$m
Opening net assets	2.6	2.3	14.9	20.8
Loss for the year	(2.9)	(0.6)	(4.2)	(5.9)
Capital contributed by other shareholders	0.3	0.9	-	-
Closing net assets	**-**	**2.6**	**10.7**	**14.9**
Vista Group weighted average shareholding	-	48.5%	47.5%	47.5%
Share of closing net assets	-	1.3	5.1	7.1
Goodwill	-	-	20.2	20.2
Accumulated impairment charges	-	(1.3)	(13.7)	(13.7)
Carrying value of associates and JVs at year end	**-**	**-**	**11.6**	**13.6**

Share of equity accounted losses

	VISTA CHINA 2021 NZ$m	2020 NZ$m
Loss for the year	(4.2)	(5.9)
Vista Group weighted average shareholding	47.5%	47.5%
Vista Group share of equity accounted losses	**(2.0)**	**(2.8)**

The 2020 share of equity accounted losses of $3.0m included $0.2m from Stardust.

Vista Group applies judgement converting Vista China's results to align with their NZ IFRS accounting policies. In the current year, this included a 100% ECL provision against the $3.3m (CNY14.3m) shareholder loan Vista China provided to Beijing Weying Technology Co. Ltd ("Weying") (see section 8.2). Excluding this judgement, the Vista China loss for the year would have been $0.9m.

2021 impairment testing of Vista China

At 31 December 2021, Vista Group reviewed its net investment in Vista China for objective evidence of impairment and concluded this definition was not met. In accordance with NZ IAS 28, no impairment review was performed at 31 December 2021.

2020 impairment testing of Vista China (significant judgement / estimate)

At 30 June 2020, Vista Group reviewed its net investment in Vista China for objective evidence of impairment and concluded this definition was met due to significant adverse effects in the Chinese cinema industry. For example, all cinemas either had been, or continued to be, closed for an undetermined period due to the COVID-19 pandemic. This resulted in a decline of Vista China's cash inflows and Vista Group expected Vista China to have sustained effects in their medium-term cash inflows as the business recovered from the pandemic.

Accordingly, an independent valuation of Vista China was prepared by an external valuation expert using a combined discounted cash flow (DCF) and capitalisation of revenue method. This combined approach represents a fair value less costs to dispose (FVLCD) methodology which uses level 3 fair value measurements. The key inputs applied by the external valuation expert into the valuation models were:

- Revenue multiple: a range of 2.0x to 2.5x, based on Vista Group's historical trading multiples.
- Discount rate applied in DCF: a range of 13.0-16.0%, based on authoritative studies into the rates of return required by venture capital firms of China-based companies.
- Exit multiple applied in DCF terminal growth: 2.5x, based on the upper end of the revenue multiple range, as by 2030 Vista China is assumed to be well established in the Chinese market.
- Revenue compound annual growth rate (CAGR) applied in DCF: Between 2019 and 2030, the effective revenue CAGR is 3.5%.

A control discount of 10.0% and selling costs of 2.0% of Vista Group's 47.5% stake were applied to the valuation.

To be cautious in a time of such uncertainty, Vista Group applied judgement by applying the lower end of the valuation range. The result of this external valuation was Vista Group's equity accounted carrying value of Vista China ($28.3m) exceeded its recoverable amount ($14.6m) by $13.7m and therefore a corresponding impairment charge has been recognised in the income statement.

2020 impairment testing of Stardust (significant judgement / estimate)

At 30 June 2020, Vista Group reviewed its net investment in Stardust for objective evidence of impairment and concluded this definition was met due to significant financial difficulty in the joint venture. This was due to a combination of the revenue streams yet to be commercialised; an unsuccessful search for external investors; the COVID-19 pandemic environment; and the reliance on existing shareholders to continue cash funding of the business operations.

Due to the above objective evidence of impairment, Vista Group determined there were no reasonable valuation techniques that would indicate this entity to have any value. Accordingly, Vista Group determined the recoverable amount as $nil with an impairment charge of $1.3m being recognised on the income statement.

4.4 Goodwill

The amount of goodwill initially recognised is a function of the allocated purchase price to the fair value of the identifiable net assets acquired. The determination of the net assets fair value, particularly intangible assets, is to a considerable extent based on management judgement.

Goodwill is not amortised and is tested for impairment annually irrespective of whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. After initial recognition, goodwill is measured at cost less any accumulated impairment charges.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment charges are recognised in the income statement.

The recoverable amount of an asset is the greater of its value in use (VIU) and its FVLCD, however in line with NZ IAS 36 *Impairment of Assets*, FVLCD is only determined where VIU would result in an impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (i.e. Cash Generating Units, or CGUs). The allocation is made to those CGUs that are expected to benefit from the business combination in which goodwill arose. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Carrying amount of goodwill

	2021 NZ$m	2020 NZ$m
Gross carrying amount		
Balance at 1 January	69.9	73.5
Numero acquisition	-	(2.7)
Exchange differences	1.0	(0.9)
Gross carrying amount at year end	**70.9**	**69.9**
Accumulated impairment		
Balance at 1 January	(15.2)	(3.6)
Impairment charges recognised during the year	-	(11.6)
Accumulated impairment at year end	**(15.2)**	**(15.2)**
Goodwill at year end	**55.7**	**54.7**

Goodwill by CGU

	2021 NZ$m	2020 NZ$m
Vista Entertainment Solutions Limited (VESL)	26.0	25.1
Virtual Concepts Limited (Movio)	17.0	17.0
MACCS International BV (Maccs)	5.5	5.7
Powster Limited (Powster)	6.4	6.1
Flicks.co.nz Limited (Flicks)	0.2	0.2
Numero Limited (Numero)	0.6	0.6
Goodwill at year end	**55.7**	**54.7**

The above CGUs are business operations at their lowest level where goodwill is monitored for internal management reporting purposes.

On 3 December 2020, Vista Group acquired the remaining 50.0% stake in Cinema Intelligence. In the current year, Cinema Intelligence has been integrated with VESL as the future cash inflows can no longer be segregated from VESL. For this reason, Cinema Intelligence is now included within the VESL CGU.

2021 impairment testing of goodwill (significant judgement / estimate)

Vista Group completed its annual impairment review of goodwill under a VIU method at 31 August 2021, as the review is required to be completed at the same time each year. The review concluded there was no impairment of goodwill or other assets during the year.

Key inputs into the VIU models include:

- Cash flows projected based on management approved 5-year business models for each CGU.
- Discount rate determined by an independent adviser using the Capital Asset Pricing Model (CAPM) methodology of determining the weighted average cost of capital (WACC), using market specific inputs.
- Long-term growth rate (LTGR) determined by an independent adviser, being the 2025 consumer price inflation (CPI) of the country each CGU is headquartered (source: The Economist Intelligence Unit).
- Terminal growth being calculated at 2026 applying the LTGR.

The key assumptions used for the VIU calculation are as follows:

	5-YEAR REVENUE CAGR		PRE-TAX WACC		LONG-TERM GROWTH RATE	
CGU	2021 VIU	2020 VIU	2021 VIU	2020 VIU	2021 VIU	2020 VIU
VESL	20.4%	5.9%	14.4%	14.8%	2.0%	2.0%
Movio	18.5%	6.3%	15.4%	15.5%	2.0%	2.0%
Flicks	44.7%	9.0%	19.0%	17.4%	2.0%	2.0%
Maccs	14.4%	6.9%	14.4%	15.2%	2.2%	2.0%
Powster	15.7%	6.2%	14.1%	15.2%	1.7%	1.5%
Numero	29.8%	15.5%	18.6%	17.2%	1.8%	2.0%

The 5-year revenue CAGR has increased from the prior year due to the comparative being a lower base number, as well as it becoming clearer of how each CGU will emerge from the COVID-19 pandemic.

Both the Flicks and Numero revenue growth is considered riskier than other CGUs, as they include growth from a Board approved expansion into new markets (Flicks), or a reliance on obtaining cinema data from a key cinema chain (Numero). Accordingly, an additional premium has been applied to the WACC of these CGUs.

Based on previous experience, Vista Group applied judgement in determining a reasonably possible change in the key assumptions in the VIU models. Specifically pertaining to the reduced revenue CAGR, prudence has been applied in the VIU models as neither expenditure (direct or indirect) nor capital expenditure are reduced, which would likely occur if revenues did not grow at anticipated growth levels. The CGUs that would result in a potential impairment scenario are as follows:

	AMOUNT THE VIU EXCEEDS THE CARRYING VALUE	INPUT REQUIRED FOR THE VIU TO EQUATE TO THE CARRYING VALUE		
CGU	NZ$m	REVENUE CAGR	WACC	GROWTH RATE
VESL	115.0	17.4%	Not sensitive	Not sensitive
Movio	27.1	15.3%	Not sensitive	Not sensitive
Flicks	6.3	38.7%	Not sensitive	Not sensitive
Maccs	2.6	13.6%	16.3%	Not sensitive
Powster	12.3	12.3%	Not sensitive	Not sensitive
Numero	10.1	23.3%	Not sensitive	Not sensitive

Vista Group completed a review for indicators of impairment at 31 December 2021, with no such indicators being found.

2020 impairment testing of goodwill (significant judgement / estimate)

At 30 June 2020, Vista Group concluded the COVID-19 pandemic was an indicator of impairment which required an impairment review of goodwill and other assets. With cinemas either not being open, or able to function to capacity, the COVID-19 pandemic had directly impacted all parts of the cinema industry. For each of the Vista Group's CGUs, their short-term revenue streams were directly impacted through lower demand from cinemas, studios and distributors.

This impairment review was performed using a VIU method, as Vista Group applied judgement on determining a VIU method was highly probable to result in a higher recoverable amount than a FVLCD method. Key inputs into the VIU models are the same as the 2021 annual impairment review, with variables included in that section.

The CGU's resulting in an impairment charge were Flicks ($0.4m), Maccs ($7.1m), Powster ($1.3m) and Numero ($2.8m). Full details of the 2020 impairment review, including sensitivity disclosures, are included in the 2020 Annual Report.

4.5 Other intangible assets

Intangible assets

Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment charges.

Intangible assets with finite lives are amortised over their useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least annually.

Development costs and internally generated software

Maintenance: Costs associated with maintaining computer software programmes are recognised as an expense within the income statement as incurred.

Development – capitalised: Internally developed software is capitalised as an intangible asset when they meet the recognition criteria of NZ IAS 38 *Intangible Assets* (see below).

Development – other: Other development expenditures that do not meet the recognition criteria are classified as operating expenses as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Other intangible assets

Intangible assets are amortised on a straight-line basis over the following useful economic lives:

- Intellectual property — 4 to 15 years
- Customer relationships — 4 to 15 years
- Software licenses — 2 to 15 years
- Internally generated software — 2.5 to 5 years based on their estimated useful life.

Capitalisation of development costs (significant judgement / estimate)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Vista Group are only recognised as intangible assets when all the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2021 impairment testing of internally generated software

Vista Group reviewed the carrying value of its internally generated software assets for indicators of impairment at 31 December 2021. No such indicators were noted. In accordance with NZ IAS 36 *Impairment of Assets*, no impairment review was performed at 31 December 2021.

2020 impairment testing of internally generated software (significant judgement / estimate)

At 30 June 2020, Vista Group reviewed all internally generated software assets for impairment. When doing so, significant judgement was required to determine the recoverable amount of each asset (estimated to be the future economic benefits that would be derived). The delta between the recoverable amount (calculated using a VIU method) and the carrying value of each asset was recognised as an impairment charge in 2020.

The recoverable amount for the portion of internally generated software for which an impairment charge was recognised is $1.8m. The discount rate applied in present valuing was 2.4%, which equated to Vista Group's cost of ASB debt (inclusive of the line fee) at 30 June 2020.

Carrying amount of intangible assets

2021	INTERNALLY GENERATED SOFTWARE NZ$m	SOFTWARE LICENSES NZ$m	INTELLECTUAL PROPERTY NZ$m	CUSTOMER RELATIONSHIPS NZ$m	TOTAL NZ$m
Gross carrying amount					
Balance at 1 January	38.1	4.9	2.7	6.8	52.5
Additions	12.6	-	-	-	12.6
Disposals	(0.1)	(0.1)	(0.1)	(0.8)	(1.1)
Exchange differences	-	(0.2)	-	-	(0.2)
Balance at year end	**50.6**	**4.6**	**2.6**	**6.0**	**63.8**
Accumulated amortisation					
Balance at 1 January	(9.4)	(2.1)	(1.7)	(4.2)	(17.4)
Current year amortisation	(6.4)	(0.5)	(0.2)	(0.7)	(7.8)
Disposals	0.1	0.1	0.1	0.8	1.1
Exchange differences	-	0.1	-	-	0.1
Balance at year end	**(15.7)**	**(2.4)**	**(1.8)**	**(4.1)**	**(24.0)**
Intangible assets at 31 December 2021	**34.9**	**2.2**	**0.8**	**1.9**	**39.8**
2020					
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 year 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 year amortisation	(5.2)	(0.8)	(0.3)	(1.0)	(7.3)
Impairment charges	0.4	-	-	-	0.4
Balance at year 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**

Cash additions for the year were $11.9m (2020: $12.8m), with $0.9m being a trade payable at 31 December 2021, and $0.2m being accrued as a receivable for the RDTI (see section 2.3).

4.6 Trade and other payables

Carrying amount of trade and other payables

	2021 NZ$m	2020 NZ$m
Trade payables	2.1	5.0
Sundry accruals	7.0	3.5
Employee benefits	9.6	9.4
Total trade and other payables	**18.7**	**17.9**

Included in trade payables is a balance of $1.2m (2020: $0.7m) payable to the associate company Vista China, see section 8.2 for further details of Vista China related party transactions.

4.7 Lease assets and lease liabilities

Vista Group predominantly leases property for fixed periods of 1-7 years, but these leases often have extension options. These extension options are usually at the discretion of Vista Group and are included in the measurement of the lease asset if management is reasonably certain the extension will be exercised.

The lease term is reassessed if an option is actually exercised (or not exercised) or if Vista Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Leases are recognised as a right of use asset (lease asset) and a corresponding lease liability at the date at which the leased asset is available for use by Vista Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If Vista Group is reasonably certain to exercise a purchase option, the lease asset is depreciated over the underlying asset's useful life.

Vista Group elected to apply NZ IFRS 16 *Leases* to all short-term leases.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Vista Group received COVID-19 pandemic related rent concessions through deferral of lease payments. The concession is in the form of the lease payments being rescheduled rather than reduced, thus the consideration for the lease did not change. Vista Group assessed that since the deferral is proportionate, it is not considered as a lease modification. Accordingly, the lease liability was adjusted, and any corresponding gain was recognised at the time when the deferral was granted.

Carrying amount of lease assets

	2021 NZ$m	2020 NZ$m
Balance at 1 January	20.8	21.8
Additions during the year	2.4	7.4
Adjustments in respect of assumed lease term	(0.5)	(1.2)
Current year depreciation	(4.2)	(6.6)
Amounts derecognised due to sublease	(3.3)	-
Exchange differences	0.4	(0.6)
Lease assets at year end	**15.6**	**20.8**

The prior year lease asset includes $0.7m relating to extension options that Vista Group had taken up. No lease extension options have been included in the current year lease asset.

Carrying amount of lease liabilities

	2021 NZ$m	2020 NZ$m
Balance at 1 January	23.0	23.5
Additions during the year	2.4	7.4
Adjustments in respect of assumed lease term	(0.5)	(1.3)
Interest expense relating to lease liabilities	0.8	0.8
Repayment of lease liabilities (including interest)	(3.8)	(6.4)
Exchange differences	0.7	(1.0)
Lease liabilities at year end	**22.6**	**23.0**

Maturity of lease liabilities

	2021 NZ$m	2020 NZ$m
Less than one year	4.8	3.3
One to five years	17.8	17.9
More than five years	-	1.8
Lease liabilities at year end	**22.6**	**23.0**

4.8 Net investment in sublease asset

When Vista Group acts as a sublessor, it determines at the inception of the contract whether the lease is a finance lease (where the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset) or an operating lease (any lease that does not fit the criteria of a finance lease).

A sublease that fits the finance lease criteria is recognised as an asset by present valuing all future lease payments. The sublease asset reduces on receipt of future lease payments. Unwinding of the present valued subleased asset is recognised on the income statement as finance income. At the end of each reporting period, the subleased asset is tested for impairment.

A gain or loss is recognised at the start of the sublease where there is a difference between the value of the sublease and the amount of the existing lease asset that is derecognised.

A sublease that fits the criteria as an operating lease is not recognised as an asset, instead it is recognised as other income on the income statement when the receipt is contractually due.

Carrying amount of net investment in sublease asset

	2021 NZ$m	2020 NZ$m
Balance at 1 January	-	-
Additions during the year	2.7	-
Lease payments received (including interest)	(0.1)	-
Exchange differences	0.1	-
Net investment in sublease at year end	**2.7**	**-**
Represented by:		
Current portion	0.5	-
Non-current portion	2.2	-
Net investment in sublease at year end	**2.7**	**-**

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).

Maturity of net investment in sublease asset

	2021 NZ$m	2020 NZ$m
Less than one year	0.6	-
One to five years	2.3	-
More than five years	-	-
Total undiscounted lease payments receivable	**2.9**	**-**
Unearned finance income	(0.2)	-
Net investment in sublease at year end	**2.7**	**-**

4.9 Deferred revenues

Deferred revenues are contract liabilities related to revenue that are recognised on customer contracts where Vista Group's performance obligations have not been fully satisfied.

The following table represents the revenues recognised during the year relating to carried forward deferred revenue, as well as the additional deferred revenues recognised at year end where the performance obligations are yet to be satisfied.

	2021 NZ$m	2020 NZ$m
Balance at 1 January	19.5	23.1
Revenue recognised from performance obligations satisfied in the year	(17.7)	(21.0)
Additional deferred revenues from unsatisfied performance obligations	18.9	16.9
Exchange movements	0.2	0.5
Deferred revenues at year end	**20.9**	**19.5**
Represented by:		
Current portion	20.5	19.0
Non-current portion	0.4	0.5
Deferred revenues at year end	**20.9**	**19.5**

4.10 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	2021 NZ$m	2020 NZ$m *Restated*
US sales taxes	8.1	2.8	2.0
Organisation restructuring		-	0.1
Lease dilapidations		0.4	0.5
Onerous contracts		-	0.8
Other		-	0.5
Total provisions at year end		**3.2**	**3.9**
Represented by:			
Current		2.8	3.8
Non-current		0.4	0.1
Total provisions at year end		**3.2**	**3.9**

Movement in provisions

	SECTION	2021 NZ$m	2020 NZ$m *Restated*
Balance at 1 January		3.9	1.9
US sales taxes	8.1	0.8	0.7
Organisation restructuring		(0.1)	0.1
Movement in lease dilapidations		(0.1)	(0.1)
Onerous contracts		(0.8)	0.8
Other		(0.5)	0.5
Total provisions at year end		**3.2**	**3.9**

US sales tax provision

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

The result of the economic nexus review was that Vista Group had an obligation for Vista Group to register and collect sales tax in some states. The total obligation is estimated to be $2.8m (of which $1.3m relates to 2019, $0.7m relates to 2020 and $0.8m relates to 2021). Vista Group are now working with the relevant state sales tax authorities to settle these obligations and registering in the states identified.

As the identified sales tax obligation at 31 December 2020 of $2.0m is considered to be a material prior year error, Vista Group were required to correct the error in these financial statements by restating the comparative amounts in the year the error occurred (see section 8.1 for details on the prior year restatement).

The following represents the provision (net of any reasonably expected penalty or tax waivers) at the end of each reporting period:

	2021 NZ$m	2020 NZ$m *Restated*	2019 NZ$m *Restated*
Balance at 1 January	2.0	1.3	-
Sales tax expense	0.5	0.8	1.2
Use of money interest	0.1	0.1	0.1
Exchange differences	0.2	(0.2)	-
US sales tax provision at year end	**2.8**	**2.0**	**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 year 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 comprehensive income). Income tax expense is based on tax rates and regulations enacted, or substantively enacted at the balance date, in the jurisdiction in which the respective entity operate.

Composition of income tax expense

	SECTION	2021 NZ$m	2020 NZ$m *Restated*
Current tax expense		1.5	0.5
Deferred tax expense	5.2	(3.9)	(8.3)
Total tax benefit		**(2.4)**	**(7.8)**

Reconciliation of income tax expense

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (2020: 28%) and the reported tax expense in the income statement can be reconciled as follows:

	2021 NZ$m	2020 NZ$m *Restated*
Loss before tax	(12.3)	(64.9)
Domestic tax rate for Vista Group International Limited	28%	28%
Expected tax benefit	**(3.4)**	**(18.2)**
Foreign subsidiary company tax	-	0.4
Non-assessable income / non-deductible expenses	0.2	9.0
Prior year adjustments	0.1	(0.1)
Excess income tax benefit on share-based payments	0.6	-
Other	0.1	1.1
Total tax benefit	**(2.4)**	**(7.8)**
Effective tax rate	20%	12%

At 31 December 2021, Vista Group has $11.5m (2020: $12.0m) of imputation credits available for use in subsequent reporting years. Vista Group also had $0.7m (2020: $0.8m) of unused tax losses for which no deferred tax asset has been recognised, as they did not meet the recognition criteria.

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 year. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Recognition of deferred tax assets (significant judgement / estimate)

Deferred tax at year 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 impairment review of goodwill and other assets in section 4.4.

Deferred taxes can be summarised as follows:

2021	OPENING BALANCE NZ$m	ACQUIRED AS PART OF A BUSINESS COMBINATION NZ$m	RECOGNISED IN OTHER COMPREHENSIVE INCOME NZ$m	RECOGNISED IN INCOME STATEMENT NZ$m	CLOSING BALANCE NZ$m
Trade and other receivables	4.8	-	-	(1.3)	3.5
Property, plant and equipment	(0.9)	-	-	(1.1)	(2.0)
Lease assets	(4.9)	-	-	1.1	(3.8)
Intangible assets	(1.9)	-	-	0.3	(1.6)
Employee benefits	1.5	-	0.6	0.1	2.2
Lease liabilities	5.5	-	-	0.1	5.6
Unused tax losses	4.6	-	-	5.3	9.9
Other	0.5	-	-	(0.6)	(0.1)
Deferred tax net asset at 31 December 2021	**9.2**	**-**	**0.6**	**3.9**	**13.7**
2020					
Trade and other receivables	0.2	-	-	4.6	4.8
Property, plant and equipment	(0.1)	-	-	(0.8)	(0.9)
Lease assets	(4.4)	-	-	(0.5)	(4.9)
Intangible assets	(1.3)	(1.2)	-	0.6	(1.9)
Employee benefits	1.1	-	-	0.4	1.5
Lease liabilities	4.8	-	-	0.7	5.5
Unused tax losses	1.7	-	-	2.9	4.6
Other	0.1	-	-	0.4	0.5
Deferred tax net asset at 31 December 2020	**2.1**	**(1.2)**	**-**	**8.3**	**9.2**

Represented below are the gross deferred tax assets and liabilities; and deferred taxes offset in a single tax jurisdiction where Vista Group has a legally enforceable right to set off current tax assets against current tax liabilities when settling the corresponding amounts due.

	GROSS DEFERRED TAXES		OFFSET DEFERRED TAXES	
	2021 NZ$m	2020 NZ$m	2021 NZ$m	2020 NZ$m
Deferred tax asset	21.2	16.9	14.6	16.9
Deferred tax liability	(7.5)	(7.7)	(0.9)	(7.7)
Deferred tax net asset	**13.7**	**9.2**	**13.7**	**9.2**

Vista Group applied judgement in 2021 by determining substantially all of the deferred tax liability could legally be offset with the deferred tax asset when settling the corresponding amounts due.

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.

Components of equity

Contributed equity: The value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. All transactions with owners of the parent are recorded separately within share capital. All shares are ordinary, authorised, issued and fully paid shares. They all have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

Retained earnings: All current and prior year retained profits and losses.

Dividend payments: Dividends payable to equity shareholders are included in trade and other payables when the dividends have been approved by the Board on or before the end of the reporting year but not yet distributed.

Foreign currency reserve: This reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. The cumulative translation differences are recycled to the income statement on disposal of the foreign operation.

Share-based payment reserve: This reserve is used to record any equity share-based incentives. The reserve value represents the difference between the value at the time of allocation and the cash incentives received, plus the equity component of contingent consideration payable.

6.1 Contributed equity

During the 2021 financial year, 231,225,495 shares were in issue (2020: 228,614,812). The following reflects where these shares were allocated:

	MILLIONS OF SHARES		NZ$m	
	2021	2020	2021	2020
Shares issued and fully paid:				
Balance at 1 January	228.6	166.4	126.0	61.8
Ordinary shares issued during the year:				
2020 placement and rights issue (net of costs)	-	61.9	-	62.3
Employee incentives	2.6	0.3	4.7	1.3
Tax benefit on share-based payments	-	-	0.6	-
Step acquisition - Maccs	-	-	-	3.2
Step acquisition - Cinema Intelligence	-	-	-	(2.6)
Total contributed equity at year end	**231.2**	**228.6**	**131.3**	**126.0**

On 16 April 2020, Vista Group announced a $25.0m placement and a 1 for 4.37 rights issue, which cumulatively resulted in 61,946,951 additional ordinary shares being issued at $1.05 per share. The combined impact was that Vista Group raised a total of $65.1m, before $2.8m expenses and as a result Vista Group's share capital increased by $62.3 million.

On 25 September 2020, Vista Group announced it had acquired the remaining 49.9% stake in Maccs for cash consideration totalling $2.0 million. As prior to the transaction Maccs was already controlled by Vista Group, this transaction is adjusted through equity rather than being recognised as a business combination. The $3.2 million adjustment is the delta between the $2.0 million cash consideration and the previously held $5.2 million non-controlling interest balance.

On 3 December 2020, Vista Group announced it had acquired the remaining 50.0% stake Cinema Intelligence for cash consideration totalling $1.3 million. As prior to the transaction Cinema Intelligence was already controlled by Vista Group, this transaction is adjusted through equity rather than being recognised as a business combination. The $2.6 million adjustment is the delta between the $1.3 million cash consideration and the previously held -$1.3 million non-controlling interest balance.

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 year.

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 year for the effects of all dilutive potential ordinary shares, which for Vista Group comprise share rights and performance rights. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease EPS or increase the loss per share.

	NUMBER OF SHARES (MILLIONS)	
	2021	2020 *Restated*
Weighted average ordinary shares for basic EPS (millions)	**229.0**	**213.8**
Effect of dilution:		
Share options and awards (millions)	1.7	3.9
Weighted average ordinary shares adjusted for the effect of dilution	**230.7**	**217.7**
Loss for the year attributable to owners of the parent (NZ$m)	(9.8)	(51.8)
Basic and diluted EPS (cents)	**($0.04)**	**($0.24)**

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 year 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.

6.3 Dividends

No dividends were paid during the year (2020: $nil).

6.4 Foreign currency reserve

Items included in the financial statements of each of Vista Group's entities are measured using the currency of the primary economic environment in which the entity operates (the Functional Currency). The financial statements are presented in New Zealand Dollars (NZD), which is Vista Group's presentation currency. All financial information has been presented rounded as millions of dollars (NZ$m).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income.

6.5 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value includes the effect of market based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed evenly over the vesting period within total operating expenses, based on Vista Group's estimate of equity instruments that will eventually vest. At each balance date, Vista Group revise the estimated number of equity instruments expected to vest as a result of the non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

The share-based payment reserve is used to record any equity share-based incentives.

Share-based payment expense

The share-based payment expense relating to each scheme is as follows:

	2021 NZ$m	2020 NZ$m
Retention Scheme - Vista Group Recognition Scheme	3.8	0.4
Retention Scheme - Group CEO	0.5	0.4
Retention Scheme - Senior management	0.6	-
LTI Scheme - Group Results	0.6	-
LTI Scheme - Movio CEO (Variable)	(0.3)	(0.3)
Total share-based payment expense	**5.2**	**0.5**

Summary of performance rights

The movement in the number of performance rights outstanding is summarised in the following table:

	RETENTION SCHEMES			LONG-TERM INCENTIVE SCHEMES				
NUMBER OF RIGHTS (MILLIONS)	VISTA GROUP RECOGNITION	GROUP CEO	SENIOR MANAGEMENT	GROUP RESULTS	TSR	SEGMENTAL RESULTS	MOVIO CEO (VARIABLE)	
At 1 January 2020	-	0.4	-	0.5	0.2	0.2	0.3	1.6
Granted	2.9	0.5	-	-	-	-	-	3.4
Lapsed	-	-	-	(0.2)	(0.2)	(0.1)	(0.2)	(0.7)
Exercised	-	(0.2)	-	(0.1)	-	(0.1)	-	(0.4)
At 31 December 2020	2.9	0.7	-	0.2	-	-	0.1	3.9
Granted	-	-	0.6	0.7	-	-	-	1.3
Lapsed	(0.5)	-	-	(0.3)	-	-	(0.1)	(0.9)
Exercised	(2.4)	(0.2)	-	-	-	-	-	(2.6)
At 31 December 2021	**-**	**0.5**	**0.6**	**0.6**	**-**	**-**	**-**	**1.7**

The share price of awards on the date of exercise in 2020 was $1.00 for the Group Results and Group CEO schemes, and $2.88 for the Segmental Results scheme. The share price of awards on the date of exercise in 2021 was $2.32 for the Group CEO scheme and $2.59 for the Vista Group Recognition Scheme.

As all rights convert into shares on the vesting date, no shares can be 'exercisable'. As all rights are granted at nil cost, the weighted average exercise price of the rights is always $nil.

The weighted average contractual life of the outstanding performance rights is 1.2 years (2020: 1.0 year).

Assumptions

The assumptions below were applied when using the Black-Scholes and Monte Carlo option pricing models to determine the fair value of rights granted:

	2021		2020	
ASSUMPTION	SENIOR MANAGEMENT	GROUP RESULTS	VISTA GROUP RECOGNITION	GROUP CEO
Share price on grant date (NZ$)	$2.12	$2.12	$1.75	$1.98
Vesting period (months)	15-39	15-39	12	20-32

As all rights are granted at nil cost, the exercise price is always $nil and therefore no volatility or risk-free rates are required.

For schemes granted in 2021, the expected dividend yield was assumed to be $nil (2020: $nil) and are assumed to be 100% achieved (2020: 100%).

Retention schemes

At 31 December 2021, Vista Group were operating the following retention schemes:

- **Group CEO:** The Board approved awards to be issued under this scheme in 2018 and 2020 to the Vista Group CEO. The share rights vest on an annual basis.
- **Senior Management:** The Board approved awards to be issued under this scheme in 2021 to eligible senior management. The share rights are split into three tranches and vest annually over a three-year period.

Awards under each of these schemes are designed to promote alignment with shareholder's interests and ensure continued retention. Share rights are granted for no consideration and carry no dividend or voting rights until vested. These awards are contingent on continued tenure, with no further performance obligations.

The fair value of interests awarded was determined using the Black-Scholes option pricing model.

Long-term incentive schemes

At 31 December 2021, Vista Group were operating the following long-term incentive schemes:

- **Group Results:** The Board approved awards to be issued under this scheme in 2018, 2019 and 2021 to eligible senior management. The scheme identifies specific financial targets (i.e. revenue, recurring revenue and EBITDA) and other non-financial targets (i.e. customer and employee net promoter scores) over a three-year performance period. These performance rights are split into three tranches per financial target and vest annually over a three-year period. The fair value of interests awarded under this scheme was determined using the Black-Scholes option pricing model.

Awards under long-term incentive schemes are designed to incentivise sustained performance over the long-term and to promote alignment with shareholders' interests. These schemes allow the carry forward of any performance rights that do not vest in each vesting period to be eligible to vest in future vesting periods. Rights are granted for no consideration and carry no dividend or voting rights until vested. The vesting of interests granted is subject to the option holder continuing to be an employee.

Prior year schemes

Each of the following schemes related to prior year awards which have no rights eligible to vest at 31 December 2021. Details of these schemes are available in the 2020 annual report.

- **Total Shareholder Return (TSR):** Awards granted between 2015 and 2017.
- **Segmental Results:** Awards granted in 2018.
- **Movio CEO (Variable):** Awards granted in 2019. All rights under this scheme lapsed at 31 December 2021 due to the specified financial metrics not being achieved.
- **Vista Group Recognition:** Awards granted in 2020. Rights under this scheme vested on 23 November 2021.

7. Financial risk management

Vista Group is exposed to three main types of risk in relation to financial instruments, which are market (foreign currency risk and interest rate risk), credit and liquidity.

Vista Group's risk management framework is set by the Board and implemented by management. The framework focus includes actively monitoring and securing Vista Group's short to medium-term cash flows by minimising the exposure to financial markets. The most significant financial risks to which Vista Group is exposed are described below.

7.1 Capital management

The following table summarises the capital of Vista Group:

	2021 NZ$m	2020 NZ$m *Restated*
Borrowings - external	16.2	18.1
Borrowings - related parties	0.6	-
Equity	159.8	161.8
Total capital	**176.6**	**179.9**

Vista Group's policy is to use a mixture of capital raised on the NZX / ASX exchanges and borrowing facilities to meet anticipated funding requirements. These borrowings together with cash generated from operations, are loaned internally, or contributed as equity to certain subsidiaries.

7.2 Foreign currency risk

Vista Group operates internationally and is primarily exposed to foreign exchange risk in US Dollars (USD), Pounds Sterling (GBP), Euros (EUR), Chinese Yuan Renminbi (CNY) and Australian Dollars (AUD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

To mitigate exposure to foreign currency risk, foreign currency cash flows are monitored in accordance with Vista Group's risk management policies. Vista Group's risk management policies include treasury management and foreign exchange policies, the implementation of which is set and reviewed regularly by the Board. Vista Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The foreign exchange policy allows for the use of hedging activity, and although Vista Group use its debt facilities as a natural hedge, no other financial instruments have been used (i.e. derivatives).

Foreign currency denominated financial assets and liabilities which expose Vista Group to currency risk are disclosed in the following table. The amounts shown are those reported to key management translated into NZD at the closing rate.

2021	USD NZ$m	GBP NZ$m	EUR NZ$m	CNY NZ$m	AUD NZ$m
Financial assets					
Cash	15.7	3.3	3.4	-	1.1
Trade receivables	26.3	5.8	4.0	-	2.3
Sundry receivables	0.3	0.5	0.2	-	-
Net investment in sublease	2.7	-	-	-	-
Financial liabilities					
Borrowings	(16.2)	(0.6)	-	-	-
Trade payables	(1.4)	(1.6)	1.0	-	-
Sundry payables	(2.2)	(0.3)	(0.5)	-	-
Lease liabilities	(11.3)	(4.1)	(0.6)	-	-
Net foreign currency risk	**13.9**	**3.0**	**7.5**	**-**	**3.4**

2020	USD NZ$m	GBP NZ$m	EUR NZ$m	CNY NZ$m	AUD NZ$m
Financial assets					
Cash	13.2	1.8	1.4	-	1.0
Trade receivables	32.8	4.3	5.2	2.2	2.5
Sundry receivables	0.4	0.5	0.2	-	-
Financial liabilities					
Borrowings	(18.1)	-	-	-	-
Trade payables	(4.4)	(0.4)	(0.2)	-	-
Sundry payables	(0.7)	(0.2)	(0.2)	-	-
Lease liabilities	(13.6)	(2.3)	(0.8)	-	-
Contingent consideration	(0.3)	-	-	-	(0.1)
Net foreign currency risk	**9.3**	**3.7**	**5.6**	**2.2**	**3.4**

The following table illustrates the sensitivity of profit or loss and equity in regard to Vista Group's financial assets and liabilities affected by exchange rates with 'all other things being equal'. It assumes a +/- 10% change of the NZD to currency exchange rate for the year ended 31 December 2021 (2020: 10%). The sensitivity analysis is based on Vista Group's foreign currency financial instruments held at each reporting date.

2021	USD NZ$m	GBP NZ$m	EUR NZ$m	CNY NZ$m	AUD NZ$m
10% strengthening in NZD	(1.3)	(0.3)	(0.7)	-	(0.3)
10% weakening in NZD	1.5	0.3	0.8	-	0.4
2020					
10% strengthening in NZD	(2.1)	(0.5)	(0.6)	(0.2)	(0.3)
10% weakening in NZD	2.5	0.7	0.7	0.2	0.4

Exposure to foreign exchange rates varies during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of Vista Group's exposure to market risk.

7.3 Interest rate risk

Vista Group's interest rate risk primarily arises from long-term borrowing, lease liabilities and cash. Borrowings and deposits at variable rates expose Vista Group to cash flow interest rate risk. Borrowings and deposits at fixed rates expose Vista Group to fair value interest rate risk.

The following tables set out the interest rate repricing profile and current interest rate of the interest-bearing financial assets and liabilities:

2021	EFFECTIVE INTEREST RATE	FLOATING NZ$m	FIXED UP TO 3 MONTHS NZ$m	FIXED UP TO 6 MONTHS NZ$m	FIXED UP TO 5 YEARS NZ$m	TOTAL NZ$m
Financial assets						
Cash	0.6%	35.4	7.0	6.5	11.5	60.4
Net investment in sublease	3.5%	-	-	-	2.7	2.7
Financial liabilities						
Borrowings - external	1.6%	-	-	-	(16.2)	(16.2)
Borrowings - related party	4.0%	-	-	-	(0.6)	(0.6)
Lease liabilities	4.0%	-	-	-	(22.6)	(22.6)
Net interest risk		**35.4**	**7.0**	**6.5**	**(25.2)**	**23.7**

2020	EFFECTIVE INTEREST RATE	FLOATING NZ$m	FIXED UP TO 3 MONTHS NZ$m	FIXED UP TO 6 MONTHS NZ$m	FIXED UP TO 5 YEARS NZ$m	TOTAL NZ$m
Financial assets						
Cash	0.5%	32.1	7.0	28.0	-	67.1
Financial liabilities						
Borrowings - external	2.2%	-	-	-	(18.1)	(18.1)
Lease liabilities	3.9%	-	-	(1.2)	(21.8)	(23.0)
Net interest risk		**32.1**	**7.0**	**26.8**	**(39.9)**	**26.0**

Profit or loss is sensitive to higher / lower interest income / expense from cash as a result of changes in interest rates.

2021	EFFECTIVE INTEREST RATE +1% NZ$m	EFFECTIVE INTEREST RATE -1% NZ$m
Cash	0.6	(0.6)
Net investment in sublease	-	-
Borrowings - external	(0.2)	0.2
Borrowings - related party	-	-
Lease liabilities	(0.2)	0.2
Sensitised net interest risk	**0.2**	**(0.2)**

7.4 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to Vista Group. Vista Group is predominantly exposed to this risk for trade receivables and accrued revenues. The maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised in section 7.6.

Vista Group continuously monitors defaults of customers and other counterparties, identified either individually or by Vista Group, and incorporates this information into its credit risk controls.

At 31 December 2021, Vista Group has certain trade receivables and accrued revenues that have not been settled by the contractual due date. These are not considered to be impaired because of the nature of contracts and / or the longevity of ongoing customer relationships. At balance date, the overdue trade receivables, net of all provisioning (concession discounts, credit risk provisions and ECL), are below.

	2021 NZ$m	2020 NZ$m
Not more than 6 months	3.4	6.3
Between 6 months and 9 months	1.1	3.8
Over 9 months	1.6	0.8
Overdue trade receivables and accrued revenues (net of provisioning)	**6.1**	**10.9**

Trade receivables consist of many customers in various industries and geographical areas.

Judgement has been applied to the recoverability of all trade receivables and accrued revenues, with Vista Group determining that the net balances receivable is recoverable and not impaired (see sections 2.1 and 4.1 for more detail of how judgement has been applied, including the impact of the COVID-19 pandemic). One of the key judgements was that 10% of core business receivables may not be collectable. A sensitivity analysis of this judgement is presented in section 4.1.

Vista Group has financial assets classified and measured at amortised cost that are subject to the ECL model requirements of NZ IFRS 9 (see section 4.1 for the ECL recognised on trade receivables and accrued revenues balances). The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

7.5 Liquidity Risk

Liquidity risk is the risk that Vista Group might be unable to meet its obligations. Vista Group's objective is to maintain a balance between continuity of funding and flexibility through monitoring of cash and the use of bank overdrafts and loans. Vista Group's policy is that not more than 25% of borrowings should mature within the next 12-month period. Vista Group are engaging with ASB (the debt facility provider) to extend the debt facilities beyond their current expiry date of January 2023.

Vista Group assessed the concentration of risk with respect to refinancing its debt as being low.

At 31 December 2021, Vista Group had cash balances totalling $60.4m, along with $37.8m undrawn on its ASB revolving credit facility. Forecasts show that this level of cash and undrawn loans will be sufficient for Vista Group to continue operations for at least the next 12 months (representing the minimum requirement for going concern purposes).

The table below summarises the maturity profile of Vista Group's non-derivative financial liabilities based on contractual undiscounted payments.

2021	LESS THAN 3 MONTHS NZ$m	3 TO 12 MONTHS NZ$m	1 TO 5 YEARS NZ$m	> 5 YEARS NZ$m	TOTAL NZ$m
Trade payables	2.1	-	-	-	2.1
Sundry payables	5.9	-	-	-	5.9
Borrowings - external	-	-	16.2	-	16.2
Borrowings - related parties	-	0.6	-	-	0.6
Interest on borrowings	0.1	0.3	0.1	-	0.5
Lease liabilities	1.2	3.6	17.8	-	22.6
Total liquidity risk	**9.3**	**4.5**	**34.1**	**-**	**47.9**
2020					
Trade payables	5.0	-	-	-	5.0
Sundry payables	3.3	-	-	-	3.3
Borrowings - external	-	-	18.1	-	18.1
Interest on borrowings	0.1	0.3	0.5	-	0.9
Lease liabilities	0.8	2.5	17.9	1.8	23.0
Contingent consideration	0.1	0.3	-	-	0.4
Total liquidity risk	**9.3**	**3.1**	**36.5**	**1.8**	**50.7**

7.6 Financial instruments

Fair value of financial assets and liabilities

Vista Group carried out a fair value assessment of its financial assets and liabilities at 31 December 2021 in accordance with NZ IFRS 9. Accordingly, financial instruments are classified as either measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

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.

Vista Group's policy is that no speculative trading in financial instruments may be undertaken.

Financial instruments by category

2021	FINANCIAL ASSETS AT AMORTISED COST NZ$m	FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH P&L NZ$m	FINANCIAL LIABILITIES AT AMORTISED COST NZ$m	TOTAL NZ$m
Cash	60.4	-	-	60.4
Trade receivables	24.0	-	-	24.0
Sundry receivables	4.2	-	-	4.2
Net investment in sublease	2.7	-	-	2.7
Total financial assets	**91.3**	**-**	**-**	**91.3**
Borrowings - external	-	-	16.2	16.2
Borrowings - related parties	-	-	0.6	0.6
Trade payables	-	-	2.1	2.1
Sundry payables	-	-	5.9	5.9
Lease liabilities	-	-	22.6	22.6
Total financial liabilities	**-**	**-**	**47.4**	**47.4**
2020				
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 assets and liabilities by category are summarised as follows:

- **Cash:** Held at carrying value which also equates to fair value.
- **Trade, related party and other receivables:** Assets that are generally short-term in nature and are reviewed for impairment. The carrying value approximates their fair value.
- **Net investment in sublease:** A receivable from a sublessee that is initially measured on a present value basis using the underlying lease incremental borrowing rate, and subsequently held at amortised cost. This asset is impairment tested and the carrying value approximates the fair value.
- **Borrowings:** Initially are held at fair value but adjusted to amortised cost by any borrowing costs. Interest rates are generally fixed.
- **Trade, related party and other payables:** Liabilities that are generally short-term in nature with the carrying value approximating their fair value.
- **Lease liabilities:** Liabilities arising from a lease are initially measured on a present value basis using the lessee incremental borrowing rate.
- **Contingent consideration:** These liabilities typically arise from a business combination or a reacquired right. Fair value of elements greater than 12 months are determined on a present value basis using the Vista Group's incremental borrowing rate.

8. Other disclosures

8.1 Restatement of prior year errors

During the current year, Vista Group completed a United States economic nexus study to determine whether it was required to withhold and return sales taxes in each individual state (see section 4.10). As the identified sales tax obligation of $2.8m included a material prior year error, Vista Group were required to correct the error in these financial statements by restating the comparative amounts in the year the error occurred.

The following tables show how the comparative disclosures have been restated from the 2020 Annual Report.

Restated income statement and statement of other comprehensive income

	SECTION	2020 NZ$m	ADJUSTMENT NZ$m	2020 RESTATED NZ$m
Other gains and losses	2.3	(30.7)	(0.6)	(31.3)
Taxation benefit	5.1	7.6	0.2	7.8
Loss for the year		**(56.7)**	**(0.4)**	**(57.1)**

Restated statement of financial position

	2019 NZ$m	MOVEMENT NZ$m	2019 RESTATED NZ$m	2020 NZ$m	MOVEMENT NZ$m	2020 RESTATED NZ$m
Assets						
Income tax receivable	2.0	0.4	2.4	0.4	0.7	1.1
Liabilities						
Provisions (current)	-	(1.3)	(1.3)	(1.8)	(2.0)	(3.8)
Equity						
Retained earnings	(85.8)	0.9	(84.9)	(34.4)	1.3	(33.1)

8.2 Related parties

Vista Group has various types of transactions with related parties. Section 3.2 contains details of related party borrowings, with other related party transactions detailed below.

Key management personnel transactions

Key management personnel include Vista Group's Board (executive and non-executive), CEO and the Executive Leadership Team (defined as personnel that report directly to the Vista Group's Chief Executive). Key management personnel include 17 individuals (7 Directors and 10 Executive Leadership Team members) (2020: 16 individuals, being 6 Directors and 10 Executive Leadership Team members).

	2021 NZ$m	2020 NZ$m
Salaries including bonuses	3.9	4.5
Share-based payments	0.5	0.2
Director fees	0.6	0.3
Total key management personnel transactions	**5.0**	**5.0**

No dividends were paid to key management personnel on their Vista Group shareholdings during the year (2020: $nil).

Other related party transactions

The following table represents amounts due to and from related parties, excluding key management personnel.

	AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
	2021 NZ$m	2020 NZ$m	2021 NZ$m	2020 NZ$m
Associates and joint ventures	-	1.8	(1.2)	(0.7)

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

	ASSOCIATES AND JOINT VENTURES	
	2021 NZ$m	2020 NZ$m
Receiving of services	(2.5)	(0.8)
Rendering of services	2.9	1.8
Total related party transactions	**0.4**	**1.0**

Details of significant related party transactions of Vista Group

- Vista Group recognised $2.2m of maintenance revenue from Vista China during the year (2020: $1.5m), which is recognised in the Cinema segment. The prior comparative year has been represented to also include this revenue within the Cinema segment.

Details of significant related party transactions of Vista China

- On 30 January 2019, Vista China provided a retention accommodation loan of $4.6m (CNY20.0m) to the CEO of Vista China. This loan is interest free and partially secured against equity in Vista China. It was due to mature on 30 January 2022 but has been extended to 3 February 2023.
- On 23 December 2019, Vista China provided a shareholder loan of $3.3m (CNY14.3m) to 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. Vista Group applied judgement at 31 December 2021 by including a 100% ECL provision against this balance (see section 4.3).

8.3 Group companies

The results and financial position of all Vista Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency (NZD) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each of the income statement and statement of other comprehensive income, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- all resulting exchange differences are recognised in other comprehensive income; and
- goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Foreign exchange gains and losses are presented in the income statement on a net basis within other expenses.

Group information

These financial statements consolidate the following subsidiaries of the Company:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	SHAREHOLDING 2021	SHAREHOLDING 2020
Book My Show Limited[1]	Inactive	New Zealand	-	74%
Book My Show (NZ) Limited[1]	Inactive	New Zealand	-	74%
Flicks Limited	Advertising sales	New Zealand	100%	100%
Maccs International B.V.	Software development & licensing	Netherlands	100%	100%
Maccs US[1]	Software licensing	United States	-	100%
MovieXchange International Limited[2]	Inactive	New Zealand	-	100%
MovieXchange Limited[2]	Web platform licensing	New Zealand	100%	100%
Movio (IP) Limited	Distributor of intellectual property	New Zealand	100%	100%
Movio Limited[2]	Data analytics & marketing	New Zealand	100%	100%
Movio, Inc.	Data analytics & marketing	United States	100%	100%
Numero Limited	Holding company	New Zealand	100%	100%
Numero (Aust) Pty Ltd	Software development & licensing	Australia	100%	100%
Powster, Inc.	Marketing & creative solutions	United States	50%	50%
Powster Ltd	Marketing & creative solutions	United Kingdom	50%	50%
S.C. Share Dimension S.R.L.	Software development	Romania	100%	100%
Senda DO Brasil Serviços de Tecnológia LTDA.	Software licensing	Brazil	60%	60%
Share Dimension B.V.	Software development & licensing	Netherlands	100%	100%
Virtual Concepts Limited[2]	Holding company	New Zealand	-	100%
Vista (IP) Limited	Distributor of intellectual property	New Zealand	100%	100%
Vista Entertainment Solutions Limited	Software development & licensing	New Zealand	100%	100%
Vista Entertainment Solutions (Asia) Sdn. Bhd.	Software licensing	Malaysia	100%	100%
Vista Entertainment Solutions (Canada) Limited	Inactive	Canada	100%	100%
Vista Entertainment Solutions (NL) B.V.	Software licensing	Netherlands	100%	100%
Vista Entertainment Solutions (Spain), S.L.U.	Inactive	Spain	100%	100%
Vista Entertainment Solutions (UK) Limited	Software licensing	United Kingdom	100%	100%
Vista Entertainment Solutions (USA), Inc.	Software licensing	United States	100%	100%
Vista Group Limited	Inactive	New Zealand	100%	100%
Vista International Entertainment Solutions South Africa (Pty) Ltd	Software licensing	South Africa	100%	100%
Vista Latin America, S.A. de C.V.	Software licensing	Mexico	60%	60%
VPF Hub GmbH	Inactive	Germany	90%	90%

1 Subsidiary company voluntarily liquidated during 2021.
2 Subsidiary company amalgamations during 2021 include: MovieXchange International Limited amalgamating with MovieXchange Limited and Virtual Concepts Limited amalgamating with Movio Limited. The remaining amalgamated entities are MovieXchange Limited and Movio Limited.

8.4 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 a continued impact of the COVID-19 pandemic, covering a period of at least twelve months after these consolidated 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 31 December 2021, Vista Group had $98.2m in liquidity, with $60.4m in cash and $37.8m of undrawn ASB debt facilities. In addition to this, Vista Group's EBITDA for the year has returned to being positive and cash balances have increased in H2 2021.

The ASB facilities are due to mature in January 2023 and we have no reason to believe these will not be renewed. Should they not be renewed, Vista Group has sufficient cash to repay the current $16.2m of drawn debt while also continuing operations.

The success of global vaccine rollouts and the release of new movie content during the year has enabled approximately 87% of global cinemas to open by 31 December 2021. Against the background of a strong box office, the emergence of the Omicron strain of COVID-19 is expected to lead to an increase in restrictions on many 'out of home' activities across many countries over the coming months. Though this is not currently expected to lead to the widespread venue closures that occurred in early 2020, restrictions may lead to some short-term delays to the film release schedule in early 2022. Given the strength of moviegoer support for new releases and well managed compliance and tracing at cinemas venues, the outlook for the 2022 box office remains positive.

Based on the assumption that cinemas remain open in key markets, Vista Group 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 34% cumulative provisions for discounts, credit risk and ECL (as detailed in section 4.1) 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 impairment. Vista Group also reviewed Vista China (an associate company) for loss events that might result in an impairment loss. Neither review resulted in an impairment charge at the 31 December 2021.

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

8.5 Capital commitments

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

8.6 Events after balance date

Retriever acquisition

On 16 February 2022, Vista Group announced the acquisition of US entertainment software company Retriever Software, Inc. ('Retriever'), demonstrating strong belief in the cinema market following pandemic-related disruption. Vista Cinema will acquire all Retriever's software, intellectual property and customers, with an offer of employment to all current employees. Employees will continue to work from Retriever's existing premises in Owosso, Michigan and Denver, Colorado.

This transaction will see Vista Cinema add over 100 new customers further strengthening its market share in the US and cementing its position as the leading cinema software provider in that market.

Due to the proximity of this Retriever acquisition to the release of this Annual Report, Vista Group have yet to determine whether this acquisition will be classified as a business combination, or an asset acquisition. In accordance with NZ IFRS 3 *Business Combinations*, Vista Group have classified the accounting for this transaction as provisional. Disclosures not able to be made in this Annual Report (such as the fair values of assets acquired) will be included in the 2022 Interim and Annual Reports.

Total consideration for this acquisition will be up to a maximum of US$6.525m and consists of:

- Cash on completion date (US$2.2m);
- 1,529,987 shares in Vista Group being issued to the vendor on completion date (US$2.2m);
- Between US$0.5m and US$1.0m contingent cash consideration payable before 30 April 2023, based on specific post-completion revenue targets; and
- Up to US$1.125m contingent cash consideration payable based on the retention and integration of key customers over the 24 month period post completion.

Vista Group expect the net assets acquired to predominantly consist of customer contracts, intellectual property and leased assets. Goodwill will also be recognised should this acquisition be deemed a business combination (none of which would be deductible for tax purposes).

Other events after balance date

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

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Independent auditor's report

To the shareholders of Vista Group International Limited

Our opinion

In our opinion, the accompanying financial statements of Vista Group International Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cashflows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of CEO remuneration benchmarking and tax advisory services in relation to long term employee incentive schemes. The provision of these other services has not impaired our independence as auditor of the Group.

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142 New Zealand
T: +64 9 355 8000, www.pwc.co.nz

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Revenue, trade receivables and accrued revenue provisions Section 4.1 of the financial statements provides details of various provisions totalling $14.9 million at 31 December 2021 that are recognised in relation to Vista Group's trade receivables and accrued revenues balances. Section 2.1 also provides details of the accounting treatment of these provisions. Due to the impact of the ongoing COVID-19 pandemic on Vista Group's customers there is significant estimation uncertainty regarding the amount that may be collected for Vista Group's products and services. Vista Group has entered into price concession arrangements and has had collection challenges. Further concessions and write-offs are probable and therefore management has made provisions for these outcomes. Management considered the requirements of the accounting standards to assess whether the provisions should be recognised as expenses or as a reduction to revenue. This requires judgement regarding the circumstances related to each of Vista Group's revenue arrangements. Management assessed the recoverability of receivables, which involved judgements in relation to assessing the credit risk of the associated customers and expected future cash flows based on payment history, age of the debt, agreed and proposed payment plans and concessions, whether the customer is in a form of insolvency, and other information from communications with the customers. Given the level of uncertainty and judgement in this area, the amounts finally collected for the receivables and accrued revenue may be materially different to the net balances recognised. Our audit focused on this area as a key audit matter due to the value of the net trade and other receivables balance and the provisions within that balance, the judgement involved in the application of the accounting standards, the significant estimation uncertainty as a result of the ongoing COVID-19 pandemic and level of judgement involved in determining the appropriate provisions.	Our audit procedures in relation to revenue concession and receivables (trade receivables and accrued revenue) provisions included the following: • We assessed management's analysis of the appropriate accounting treatment for the provisions by reference to the relevant accounting standards; • We gained an understanding of management's approach to developing the assumptions and provisioning method, and the business processes and controls applied by management in relation to revenue concessions, revenue credit risk and receivables provisioning; • We obtained the calculation performed by management which includes key assumptions and estimates used by management for revenue concessions, revenue credit risk and receivables provisioning; • We tested on a sample basis the accuracy of the provisioning model, including the inputs, the mathematical accuracy of the calculations and consistency with management's intended methodology; • On a sample basis we obtained evidence of the communications with customers to establish whether Vista Group had entered into payment plan and/or price concession arrangements; • We held discussions with account managers at the local entity level to gain an understanding of selected customers' financial condition, ability to make payments, and recent payment history; • We assessed the reasonableness of the total provision by performing an analysis of the ageing profile of the gross and net receivable balances at 31 December 2021; • We considered the projected time to settle the outstanding net balance based on the recent average monthly cash collections; • We performed lookback procedures on the provisions for the 31 December 2020 balances of a sample of customers, which were estimated using a similar approach to the current provisions, and assessed the accuracy of those provisions based on subsequent cash collections; • We considered the possible impact of events after year-end, including cash collections and new information regarding the financial condition of customers on a sample basis; and • We assessed the adequacy of disclosures in the financial statements, including the description of significant assumptions and the possibility of collections being different to those assumptions. We have no matters to report as a result of our procedures.

Description of the key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill Section 4.4 of the financial statements provides details of the goodwill balance of $55.7 million as at 31 December 2021, which comprised balances in six cash generating units (CGUs). The impairment tests were performed as at 31 August 2021, which is the established time for the annual impairment tests for Vista Group. Management utilised a value in use (VIU) methodology to determine the recoverable amount of each CGU using discounted cash flows models. These VIUs were then compared to the carrying amount of the associated net assets, including goodwill, of each CGU as at 31 August 2021. The estimated cash flows used in the VIU model were based on the management approved 5-year business models. Although it is becoming clearer how each CGU will emerge from the ongoing COVID-19 pandemic, the valuations continue to involve the application of significant judgement in forecasting future business performance and determining certain key assumptions and estimates, in particular: • Revenue growth rates for the five year forecast period; • The long term growth rates for cash flows beyond the five year forecast period; and • The appropriate discount rate for each CGU. A further assessment of indicators of impairment was made as at 31 December 2021. No impairments were recognised. Our audit focused on this area as a key audit matter due to the value of the goodwill balance, the quantum of the prior year impairment charge and the level of judgement involved in assessing the recoverable amount of each CGU.	Our audit procedures in relation to management's impairment testing of goodwill at 31 August 2021 included the following: • We gained an understanding of the business processes and controls applied by management in performing the impairment tests; • We tested the calculations of the VIU model, including the inputs and the mathematical accuracy and compared the resulting balances to the relevant net assets of each CGU; • We assessed the key estimates and assumptions made by management in the CGUs' VIU models, by performing the following procedures: – Obtained an understanding of how management prepared its plans and forecasts and the associated review and approval processes; – Assessed management's ability to accurately forecast by comparing historical forecasts to actual results; – Assessed the growth rates used over the five year forecast period including how management considered the impact of the ongoing COVID-19 pandemic in the forecasted cash flows; – Obtained and evaluated management's sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions. We also performed our own sensitivity analysis across a reasonable range of changes in the discount rate, forecasted cash flows and terminal growth rates; and – Engaged our own experts to evaluate the long term growth rates and discount rates used in the VIU models by comparing with those of similar market participants, to evaluate the reasonableness of the implied valuation multiples, and to review the audit work we performed; and • We assessed the adequacy of disclosures in the financial statements. We also obtained and assessed management's assessment of impairment indicators at year-end. We have no matters to report as a result of our procedures.

Our audit approach

Overview

Overall group materiality: $1.07 million, which represents approximately 5% of weighted average profit/loss before tax over the past three years, excluding capital gains, restructuring costs, intangible assets impairment charges and sales tax expenses that occurred during this three year period.

We chose weighted average profit/loss before tax over the past three years and to adjust it as described above as the benchmark because, in our view, it provides a more stable measure of the Group's performance by moderating the impact of the ongoing COVID-19 pandemic and other irregular items.

We selected transactions and balances to audit based on their materiality to Vista Group, rather than determining the scope of procedures to perform by auditing only specific subsidiaries or locations.

As reported above, we have two key audit matters, being:

- Revenue, trade receivables and accrued revenue provisions
- Impairment testing of goodwill

Both of these key audit matters are affected to varying degrees by the economic uncertainty created by the ongoing COVID-19 pandemic. These uncertainties have been reflected in management's approach and our audit procedures, as described in the key audit matters.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Troy Florence.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 February 2022

Auckland

Directory

Directors	Susan Peterson • Chair Claudia Batten Murray Holdaway James Miller Cris Nicolli James Ogden Kirk Senior		
Registered office	Shed 12, City Works Depot 90 Wellesley St West Auckland 1010 New Zealand Phone +64 9 984 4570		
Nature of business	Provision of management solutions for the film industry		
Company number	1353402		
ARBN	600 417 203		
Auditor	PricewaterhouseCoopers Level 27, PwC Tower 15 Customs Street West Auckland 1010		
Solicitors	**New Zealand** Chapman Tripp Level 34, PwC Tower 15 Customs Street West Auckland 1010	 DLA Piper Level 4 20 Customhouse Quay Wellington 6011	 Hudson Gavin Martin Level 16 45 Queen Street Auckland 1010
Share registry	**New Zealand** Link Market Services Ltd Level 30, PwC Tower 15 Customs Street West Auckland 1010	**Australia** Link Market Services Ltd Level 12, 680 George St Sydney NSW 2000	
Bankers	**New Zealand** ASB Bank Limited ASB North Wharf 12 Jellicoe St Auckland 1010	 HSBC 188 Quay St Auckland 1010	

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