

Vista Group FY2024 Results Presentation Transcript

28 February 2025, Vista Group International Ltd, Auckland, New Zealand

Matt Cawte – *Vista Group, CFO*

Good morning and thank you for joining the Vista Group 2024 full year annual results briefing today. We will begin the presentation in 1 minute.

Good morning, welcome to the Vista Group results announcement for the 12 months to 31 December 2024. My name is Matt Cawte, and I am the outgoing CFO at Vista Group. With me today is Stu Dickinson, our chief executive, and I'm very happy to welcome Matt Thompson, the incoming CFO to the call before I hand over to Stu to get us underway. I'd like to let you know we're very happy to take questions at the end of the presentation.

If you would like to ask a question, please select the raise hand icon at the bottom of your screen, you'll then go into a queue for questions. When your turn comes we will announce your name and open the line to you. A pop up will appear at the bottom of the screen, asking you to unmute your line. You can then ask your question. I'll repeat this later in the call.

Over to you, Stu.

Stu Dickinson – *Vista Group, CEO*

Thank you, Matt, and I just wanted to acknowledge your service and your support and your decision. So thank you for that. And looking forward to welcoming Matt Thompson as our CFO as we hand over to him over the next little while as well. As we get underway this morning, 2024 was a massive year for Vista Group across every metric. It was a real team effort as we transformed and fully implemented and operated the business and our new structure all aligned behind our ambition. Everyone on the team has had a really big year, and I wanted to start with a massive thank you to all of them. Everything they do, and we do as an organisation, is designed to support our vision around connecting the film industry and enabling the moviegoer experience. Regardless of whether or not it's Vista Group, Film, or Cinema, all of our teams and all of our thinking is aligned around this ambition.

2024 was without doubt a standout financial performance for Vista Group. I'm thrilled to be able to present our results and how everything has come together. During the year we've been able to drive performance improvement across every financial metric we've delivered all-time record revenue for Vista Group, we were cash flow positive for the entire second half, and it was very pleasing to be able to return the business to overall profitability before tax. As I said in my words, a standout financial performance for the year.

But it was not just about delivering financial performance. During the year we expanded and extended our operating leverage, delivering an approved EBITDA margin for the period up to 15 and a half percent excluding foreign exchange losses. As I said before, we also continued to deliver on our ambition by becoming free cash flow positive for the entire second half. During the year we continued our Vista Cloud momentum build, with 17 new clients signed during the period and almost 700 sites now live using Vista Cloud solutions. We also continue to drive our solution innovation, delivering 45 new features across Vista Cloud, all designed to support our clients, to get closer to moviegoers, deliver great digital experiences and support operational improvements.

The box office came home stronger over the second half of 2024, with a soft first half it really reignited as we went into the second. We delivered several new records across box office for titles like *Moana 2*,

Deadpool and Wolverine, and *Inside Out 2*. Many of these moments gave us an opportunity to demonstrate the power of Vista Group solutions as we scaled our technology to support blockbuster moments, while supporting our clients, to take every opportunity to drive increased top line, revenue, build admits, and then ultimately drive, spend per admission as well. We also helped our clients deliver next generation cinema experiences during the period with new openings at places such as Pathé Palace, or most recently View Swindon, which both use Vista Group solutions behind self-checkout and concessions and automated entry solutions. These enable our clients to deliver more operational efficiency and lower operating costs.

The journey to Vista Cloud is designed to help our clients improve their cinema businesses. It's exciting now as we continue to onboard clients and build momentum, that we are seeing the benefits from these solutions. Through independent channel checks, the feedback continues to be encouraging, and also aligns with what we are seeing on the ground. The complexity of moving an enterprise solution from on-premise to cloud should not be underestimated. So it is really encouraging to see this type of feedback coming in aligned with our core focus around helping our clients drive revenue, improve spend opportunities and effectiveness.

During 2024, we also continued to accelerate Vista Cloud adoption onboardings and signings. We delivered almost 400 Vista Cloud operational excellence sites, and just under 700 sites live on Vista Cloud digital solutions. Client driven box office performance delays mean we were slightly below our overall aspirations, but with strong onboarding and a secured backlog, we're very excited about our December 2025 aspirations of 700 Vista Cloud operational excellence and 1,600 Vista Cloud digital sites.

Beyond delivering a better client experience and a set of solutions, Vista Cloud is also designed to enable broader opportunities for us to service the film and cinema industry. Understanding and seeing gross transaction value going through our Vista Cloud software enables us to unlock opportunities and revenue streams for Vista Cloud, as we support our clients to grow. With an annualized GTV, or gross transaction value, of US\$2.8 billion through Vista Cloud during the December 2024 period, we get a glimpse of the future. It's a data rich environment that enables us to deliver actionable solutions. Now, around areas such as payments advanced yield management and prediction. All of these are valuable to both Vista Group and our clients, as we continue to build more volume through the platform in the future.

You've heard me multiple times over the last periods, talking about the steps in the journey. In 2023, we focused on delivering market fit and client outcome. 2024 was about delivering at scale, and we proved this as we onboarded complex scale circuits, such as Major Cineplex and geographically diverse and scale-based circuits, such as Pathé. We've continued to learn and improve our processes through these experiences. 2025, then, is about ongoing acceleration in the business across our onboarding ambitions, supporting our clients to get the benefit of Vista Cloud solutions. All of this, as we continue to work towards our aspiration of delivering an ARR run rate of greater than \$175 million by the end of 2025.

In site terms, we're targeting approximately 35% of our enterprise sites to be on Vista Cloud digital solutions by the end of December 2025. This acceleration is focusing the entire Vista Group team. As we continue to improve the speed of onboarding, our engineering efficiency, and build on the learnings from 2024 through deeper and earlier cloud pre-discovery. Our solution development teams will also have a busy year as we continue to adapt and enhance Vista Cloud for changing client needs with an increasing focus on driving spend per admission, we're supporting our clients to deliver more sophisticated food and beverage offerings, improvement in moviegoer understanding and targeting, and using the benefits of AI driven tools. Recently we launched our first foray into this around first draft which helps movie marketers communicate effectively highly targeted communications to potential moviegoers. Our investment in the cloud platform modernisation will also continue in 2025. As we continue to improve cloud resilience, as we onboard at scale. Clients also appreciate and value our cyber and SOC 2 Compliance, our ambition to be fully SOC 2 Type 2 Certified for Vista Cloud continues in 2025.

Over the last 6 months you've heard us talk more about the momentum we're building and the opportunities beyond. Our core focus remains on delivering on our Vista Cloud ambitions and growing our film business. The ecosystem opportunity, though, is coming more into focus as we see volume through the Vista Cloud platform over the next 12 months we'll continue to develop these opportunities as we look to leverage the platform into broader based areas, such as payments. We'll also continue to support our clients as they broaden their operations into more sophisticated offerings, such as family entertainment and out of home. I look forward to coming back at the end of the call to talk through our outlook.

But now I'll hand over to Matt, who will take you through our detailed financial results for 2024. Thanks, Matt.

Matt Cawte – *Vista Group, CFO*

Thanks, Stuart. I'm pleased to be able to bring you those financial results for the 12 months to 31 December 2024, as Stuart said, for the industry, the momentum is back after a slower start to the year, and has been a great 4th quarter in particular. The results you see today represent the first full year of operating since our 2023 transformation away from the legal entity driven structure to one organisation with aligned strategy and objectives. These results contain demonstrable evidence in site numbers, revenue, profit, and cash, as to why we believe that was a very successful process, and what it means for Vista going forward. As we do with each results announcement, we've updated the financial data file on our website to help investors update their models and aid analysis. You'll find this in our Investor Centre under the report section, directly under the thumbnail of the latest financial results.

I'll take you through the same 3 views of the P&L we've seen for a while now, so you can get slightly different perspectives on our performance over the last year, plus a couple of extra points to show our progress with cloud momentum and the full year impact of the transformation on our cost structure, and how that will play out over time. At the highest level, the group P&L view headline revenue was up 5% for the full year. Recurring revenue was up 9% and very pleasingly, SaaS revenue for the group was up 21%. Non-recurring revenue was down 19% for the year, and ARR is now \$145.6 million up from \$126.3 million at the end of 2023. This is helped by good second half year. Client transitions to Vista Cloud improved client gross transaction value due to the strong closing box office, and quite late in the year some assistance from a stronger US Dollar. With total cash costs of the group down year on year, EBITDA was up 62% and EBITDA margin excluding FX was 15.5%. I'll talk in more detail to that in a moment. But a great second half year result in particular. The rest of the P&L is in line with our targets, with the key item of depreciation and amortisation in line with 2023. Continue to expect D&A to increase in the coming years, as more capitalised development costs go live with our accelerating cloud delivery. It is especially pleasing to see the business return to a positive profit before tax.

This slide shows the last 4 half year periods of the operating performance of the Group. There are 2 key trends here, one, the continued improvement in recurring revenue growth underpinned by the transition to SaaS revenue, and 2 continued solid cost management, driving EBITDA margins, especially when you take out FX through the P&L. It is good to see the huge onboarding efforts of the vista team in 2024 appear strongly in the SaaS growth numbers for the second half. This is the main contributor to revenue growth. It was aided by a good box office result in the second half, and, as I said, a modest benefit from the stronger US Dollar very late in the year. If the New Zealand dollar stays down at its current levels, it will have a positive effect on our results in the coming year. We continue to see modest variability in the non-recurring revenue, and expect to do so for the foreseeable future, and though services, hardware and perpetual licenses in the second half of 2024 were up on the first half, and roughly in line with the second half of 2023, we still expect these to trend down over time. Turning to operating costs, we can now see the go forward rates of our SaaS cost line in the 2 halves of 2024. Remembering that the 2023 numbers were pre-transformation. Stu will talk to the cost drivers of these key SaaS P&L categories in the Outlook Section as

we discuss how these will play out over time. But the 2024 numbers here represent a good reference point for the business. Total cash costs, including capitalised development leases and removing non-cash P&L expenses, was \$77 million for the half, roughly in line with the \$76 million per half that we gave at the US Investor update in the second half of 2023. We continue to expect staff numbers to remain relatively stable for 2025 with some potential additions to the team in cost to serve and R&D during the year as our cloud adoption opportunities grow. The top line, SaaS growth and strong cost management has resulted in us beating that EBITDA margin. And now 15.5% for the full year.

I thought it useful to explore that a little bit more, and how that looks and lines up with our guidance. This graph shows the last 3 years, reported EBITDA performance with the first half and second half stacked on top of each other. Clearly it's great to see the solid 2024 performance, and this trend aligns well with our guidance of 16 to 18% for 2025. The lower end of that guidance is well within reach, given that the second half 2024 exit rate, especially when you take out FX. So for 2025, successful client transitions, which are likely to be weighted to the second half, a consistent box office, a small US Dollar tailwind, and good cost management while keeping our options open to invest, to accelerate cloud adoption in future years (2026/2027) could push us to the top of that range. The variance between the first half and second half EBITDA is also clear. This is driven by the timing of client adoptions, as I said, weighted to the second half, and the movement in cost increases, mainly headcount related, which are generally effective from the start of the year. We expect this first half, second half trend to continue in 2025.

The reporting segment slide reflects the P&L of the two main business segments of the group. The Cinema and Film segments are managed to the contribution line, so include cost to serve sales and marketing R&D costs. These splits can be found in the data file on the Investor Centre, and G&A is managed at the total group level. Both segments increased SaaS revenue significantly with Cinema up 25% and Film up 13% against 2023. Cinema showed a strong rebound in non-recurring revenue during the second half, and both segments reported good improvements in contribution margin, both in dollars and percentage.

One of the highlights for me is this year's result in delivering a positive free cash flow for the full second half of 2024 beating guidance of the fourth quarter of 2024. At \$2.6 million, it's a great win for the business, and a really good sign that momentum is with us. The full year result is also net of working capital outflows of nearly \$6 million, so there's more to come here. In the full cash flow, cash flow from operating activities was up 87% on 2023, up to \$16.8 million, helped by collections of 100% of revenue. This would have been up 26%, once you adjust for the exceptionals which largely relate to the 2023 numbers. Capitalised development was down 10% in cash terms for the year and lower than the planned run rate. This is partially due to the reduction in costs from the transformation and the focus on delivery and implementation of Vista Cloud. Overall a great cash performance.

Our balance sheet remains in good shape. Group cash of \$21.8 million, being \$2.1 million net of bank debt was up from \$19.1 million net of overdraft at the half. Our available cash facilities, being the combined cash balance and undrawn bank capacity, stand at \$44.1 million. We have a strong relationship with our primary bank the ASB, and have extended our trading arrangements with them out to 2028. Lastly, on the balance sheet, the quality of our receivables books continues to improve, and collections continues to be a key focus of the business. In short, a record result all round, and it's great to see all our efforts appear in the numbers. We're in a strong position to build from here. With that in mind, I'll hand back to Stu to update you on the outlook and to sum up.

Stu Dickinson – *Vista Group, CEO*

Thanks, Matt. And as I turn to outlook as I said at the beginning, it was pleasing to report the financial results and the momentum of where we're at as an organisation. We've put a lot of thought into outlook. And so I just wanted to start with box office and so domestic box office, so that's North America based box office. We're expecting this to become, and continues to become, a key driver, particularly on

our admit based revenue streams. And so this year we're expecting this to continue to improve. Our view at the moment is that it will sit around the 9.7 billion mark, which is in line with what some of the other guidance and outlook is in the market. And so this number is underpinning a key part of our outlook thinking. The other thing we think about is also where we're at from an overall foreign currency and exchange perspective as well. And so, having that guided is also important.

As we continue to improve the operating leverage of the business, getting towards 100% platform, and where we think our cost base will go over a period of time, is what's enabling us to build more and more confidence around our longer EBITDA margin performance and aspirations. And so you can see here, we expect that as we get to 100% platform, our opex will continue to fall as a percentage of revenue. Our cost to serve will fall slightly, and those two things open up our overall EBITDA performance. This is what's giving us the confidence, as I said before, to look at those long-term EBITDA margin aspirations. We have continued to focus around client acceleration for 2025 and into 2026. And so we have wanted to make sure that we leave some investment opportunity for that in terms of our EBITDA margin guidance, into those periods as well.

So when we put that together, we are talking about a guidance of \$167 million to \$173 million from a revenue perspective, which translates into \$152 million to \$158 million from a recurring revenue perspective. And that non-recurring, as Matt said, falling slightly to \$15 million. You'll note that we've opened the aperture slightly of the revenue guidance window, so it's slightly bigger than previously. The predominant thinking there is very much around just foreign exchange, and making sure that we are aware of how that might move over time. The 2025 EBITDA aspiration that was there has now become guidance for this year. So we're expecting that to be between 16 to 18%. As Matt talked about in the financial results, our view is that we should be able to trend to the higher end of that through the year. We've also updated a medium-term aspiration. So this is around when we get the business to 100% platform. We had a previous EBITDA margin aspiration out there of 25 to 30% plus. We're now comfortable to upgrade that to 33 to 37%.

So bringing those things all together, you can see that the guidance for 2025, \$167 million to \$173 million on the revenue line, EBITDA margin of 16 to 18%, and then 2 aspirations for 2025, one around the number of sites on the Cloud journey - so we're looking for 1,600 plus or 35%, and the ARA ambition of \$175 million plus, we're still chasing as well. And then finally, at 100% platform, you can see, we have updated our EBITDA margin aspiration there to 33 to 37%. So that's when we get all of our client sites and growth onto the platform. So that's how we put the guidance together for the year. And now what I'm going to do is hand back to Matt, and we're going to open the lines up for questions.

Matt Cawte – *Vista Group, CFO*

Hey, thanks, Stu. Before I open the line for questions, and the first question will be from James Lindsey at Forsyth Barr. If you'd like to ask a question, please use the raise hand icon at the bottom of the screen, and you will go into the queue for questions, and when your turn comes we'll announce your name and open the line. Just remember that a pop-up will appear on screen. You have to unmute your line to ask the questions. So with that in mind, the first question will be from James Lindsay at Forsyth Barr, and the line's open for you, James.

James Lindsey – *Forsyth Barr*

Thank you very much. And congratulations, gents, on a good result. And yeah, and the outlook statements as well. Just one thing just on the opex side of things. You talked about room for opex investment and client transition, just interested in the sort of conversation around pushing harder for implementation, just as demand comes through.

Matt Cawte – *Vista Group, CFO*

The thing that is exciting in these results is the momentum of cloud adoption is clearly with us. We've got some pretty significant banners, names, of circuits in the to be signed up list as well. We know that they will take a lot of work over the next few years, and we're just keen to leave ourselves a little bit more room to spend money this year if it helps us accelerate that adoption in 2025, but thinking more about 2026 and 2027. It's not a huge change in opex, but I just think we want to make sure we don't miss any sort of cost objectives of the business. One of the very pleasing things coming out of the transformation of 2023 is the business is shaped well for delivery, and we've got some good delivery targets this year. I think what is interesting from the client side, and we've had some good examples even this week, with one of our key clients being in town in Auckland, is how they, our clients, our biggest clients, are thinking about their future now, and how we fit into that plan and leaving ourselves room to spend more now to accelerate that, I think is wise.

Stu Dickinson – *Vista Group, CEO*

So I think just to push on that a little bit. We're very comfortable that the site aspiration we have for this year is in line with the EBITDA margin guidance that we've given. As Matt said, there's some pretty exciting conversations going on around how we might accelerate some of those longer-term opportunities. And that's what we're just trying to cater for.

James Lindsey – *Forsyth Barr*

And maybe just to follow up on that just with regards to, obviously, the industry demand is looking very solid and you've obviously provided that forecast as well, which is great. But it's just interesting in the sort of implications then, that you've moved 700-1000 clients on cloud to 700, and just interested in what's driven that move.

Matt Cawte – *Vista Group, CFO*

Yeah, I think it's just firming up how it that flows into the financial results rather than any lower expectation. The economics still play out the more clients we can get completing the journey. Obviously, the bigger impact it is on the revenue line for us. So it's just balancing that mix of being on the journey and having completed the journey.

James Lindsey – *Forsyth Barr*

And then sort of a follow up on that, just with regard to the strong GTV outlook as well. Unless I've missed it, you don't seem to be disclosing that percentage of revenues linked to GTV or a target for that. Is there anything in there about your medium-term view about what that will get to?

Matt Cawte – *Vista Group, CFO*

No, that's a great question, James. Obviously, I'm going to hand that one to the future. But if I can say, we are on the right track, it's still too early to talk about what our take rate is. But I think we will be doing that more and more in the future, particularly if it's not commercially sensitive. But you can see that we're getting a significant portion of our portfolio visible to us through Vista Cloud, and that US\$2.8 billion, it probably represents about 15%. That US\$2.8 billion grossed up, if it was consistent with the rest of the market, would be about US\$18 billion dollars of GTV through the whole platform. In what is still a reduced, you know, slightly suppressed, admits market. So I think it validates that the size of the prize is pretty compelling, and our ability to take advantage of all the things Stu talked about in that slide around when we've got a lot of data and the data-rich aspects opens up more business opportunities.

Stu Dickinson – *Vista Group, CEO*

Yeah, I think that the first step in this journey for us was to get a good percentage of clients transacting through Vista Cloud so that we could then start to see what was going on. Up until now we've had a view, based on market share, and an overall expectation. Now we can actually start to see it. And so, once we can start to see it, we can help our clients do more, and that flows into opportunities for Vista Group as well. And so this is just the first step on the journey. But you can expect us to talk more and more about this over time.

James Lindsey – *Forsyth Barr*

Great thanks so much, and this last one for me, if I may. Just with regard to the number of sites live, just a little bit of a miss there. And you know, in conversations that we've had with some of your customers they're saying, taking a bit of time for implementation. Just interested, if the learnings of those slow implementations on the first guys have helped out and is speeding up implementation for the future.

Stu Dickinson – *Vista Group, CEO*

Short answer to that is yes. And so just specifically on the number of sites that we expected to have on, or we were anticipating at the end of 2024 versus the actual outcome, that was predominantly driven by client decisions to take advantage of a very strong box office end to the year, and not want to disrupt over a cut over period. And so we were ready to go across those. So there is a little bit of that that will always be in these numbers and we've tried to talk pretty consistently around that. In terms of the learnings, there have been a heap of learnings, and when I talked on one of my slides I talked a little bit about pre-discovery and some of the further investment we've made there. And so one thing that we know and continue to know more, is that for many of our clients they've spent a long time with our platform or our on-premises software. They've used that extensively. They've often integrated that extensively as well. And so, really understanding what they've done with that, and how we can make sure that we optimise that for Cloud and the Cloud transition project has been a good learning as well. We've put some more resourcing around that process and we're going to continue to focus on that this year. The other thing I'd say is, we do expect that over time we continue to accelerate this as we get further through the client base, the number of things like payment connectors and integrations that we have to build, or that we have to integrate as clients move to Cloud will reduce, because our portfolio of cloud-based ones will continue to increase. So yeah, this year is about taking the learnings out of 2024, and going even faster.

James Lindsey – *Forsyth Barr*

Great thanks so much. I'll pass back for others. Thanks.

Matt Cawte – *Vista Group, CFO*

Thanks. James. Next question is from Guy Hooper from Jarden.

Guy Hooper – *Jarden*

Sure good morning guys. Obviously, you got a few large operators out there, or clients that aren't on the cloud yet. Do you give a sense of the timing for some of the larger transitions, and what those conversations might be like? I just noticed, I think, from memory, the 100% platform aspiration was sort of around FY2030. Is that still a fair timeline, or has that slipped a little?

Stu Dickinson – *Vista Group, CEO*

Giddyay Guy. I think that is a fair timeline. What we think a lot about, which was on slide 9, is adoption of our Horizon and Oneview solution. And so we're well on track to over half of our clients using that platform. That's a very strong indicator for us that that the client is moving towards Cloud. We then move on from there, obviously into Digital and full Vista Cloud. There is across our client base, every one of our clients is having a conversation with us around Cloud. At the moment, we've obviously got some committed. We've got a number of our largest circuits that are on pilots, and that's a model that was used often originally to roll out Vista on-premises software where you put it into one territory or one site first and then go from there. So we're comfortable with the sort of thinking that was in the dates originally around 2030. We're obviously looking to make that faster. And I hope what we'll see this year is as more clients go live, more clients commit, and we expect the snowball to continue to roll.

Guy Hooper – *Jarden*

Great thanks for the colour there. You mentioned there's a customer in town, you're having discussions around how this stuff might fit into its future. And you know, potentially that requires some additional spend to accelerate transitions. You talk a little bit around what you mean by fitting into client future and what that spend might be on? Is it additional functionality, or types of products.

Stu Dickinson – *Vista Group, CEO*

So what we do and what we've looked at this year is what is our expectation on term in terms of client onboarding and then we've resourced against to support that. What we're starting to see now is some of our clients say, "Okay, how can you help us go faster here, Vista Group? How can you roll out across multiple territories all at the same time?" etcetera. And so this is people are starting to see the benefits it's like, how do we get that, how do we take that faster? As I talked about in my presentation, we're continuing to innovate the platform as well, and so that's improving client keenness around adoption as well. A number of the solutions we're building now are Digital only, Cloud only, etcetera and so the clients are looking at those going well, how can we adopt those faster.

Guy Hooper – *Jarden*

Good. Thank you. And I just I guess, one last one for me. I know you're not at a point where you can talk to say take rate, but maybe if we just think about it in the old terms, like 3 to 5 times. The deals that you've been signing, could you give us an indication of where they might sit within those types of ranges?

Stu Dickinson – *Vista Group, CEO*

Yeah, so look, we're comfortable and we've talked to the market previously about the 3 to 5 times, the transactions and the deals that we're doing are in that range. And so I'm very comfortable that we're signing opportunities that are in model.

Guy Hooper – *Jarden*

Great, thank you. And congratulations on a good result.

Stu Dickinson – *Vista Group, CEO*

Thanks, Guy.

Matt Cawte – *Vista Group, CFO*

Thanks, Guy. The next question is from Jules Cooper at Shaw & Partners. Go ahead, Jules.

Jules Cooper – *Shaw & Partners*

Thanks, guys. Can you hear me?

Stu Dickinson – *Vista Group, CEO*

Yep, we can.

Jules Cooper – *Shaw & Partners*

Great fantastic guys. That slide on page 24 is super helpful. Thank you very much for that. One question, though, when I look at it, the cost to serve I suppose at 100% platform only reduces by 5% and I just wondered if you could maybe talk about what you're seeing with some of your existing customers that have moved to Vista Cloud, and are sort of seeing that operational excellence playing out, what the gross margin or the cost to serve might look like there? And how do we think about potential upside? Because that's still a relatively, I know you've got some other costs in that space, but I thought a lot of those costs were kind of tied to the migration, so that when you get to 100% platform, is there not a piece of that cost to serve that sort of potentially comes out? You know, because it just feels like there could be quite a bit of upside there on that still.

Matt Cawte – *Vista Group, CFO*

Yeah. Good. Good question, Jules. And I think we've given the broad range that of the 33 to 37% and the graph obviously has 35% is the midpoint. There potentially is some cost to serve upside in that. We've got a little bit of a way to travel yet before we fully grasp how the post, how the 100% platform cost structure will look. But you are right, some of it is transitional, some of it should come out. I think there could be more opportunity. We're very comfortable to bring up the aspiration at the moment from the from the previous range, and there could be more. One thing I would hope people keep in mind, when we use cost to serve, we fully load cost to serve with all our services teams. This is a B2B business, not B2C, so it's a high service environment. These are billion-dollar businesses running their mission critical systems in the cloud. So it's always going to have a relatively chunky resource requirement, not just hosting and tech, which is probably the more fixed element of that. I think at the moment only coming down to 35% is good, you know. There could be more opportunity. That is also the kind of as is business case. As you go forward, we haven't really factored in what the data-rich environment will do, what AI potentially could do from a cost base, but also, more importantly, from a value to our clients perspective, and that might not reduce our cost. But it certainly might grow the top line as we get more data scientists, more AI specialists and those kind of things.

Jules Cooper – *Shaw & Partners*

Yeah. All right. And maybe then just one other. Just so we can square away the whole cash flow statement as well. Matt, could you maybe talk around what you're assuming there in terms of R&D, and the proportion that would be capitalised.

Matt Cawte – *Vista Group, CFO*

Oh, good question. We probably undershot a little bit. There's only \$17 and a bit million through the P&L, net of our tax credits, that was capitalised this year. It'll probably go up a little bit in 2025. I think our medium-term guidance is \$20 million per year. It might be slightly shy of that, it might be sort of 19 million, but it'll remain in that kind of \$18 million to \$20 million range for the next few years.

Jules Cooper – *Shaw & Partners*

Got it. And the question was really directed around, when you think about that 100% platform, what is the assumption you you're making around that proportion that is capitalised, maybe as a percentage of revenue. But certainly the 2025 insights were appreciated as well.

Matt Cawte – *Vista Group, CFO*

Sorry. Yeah. Good question. So in the long run, we'll be able to roll off the majority of our investment maybe start of 2027, definitely in 2028 when the majority of clients have moved on to the platform, and we'll be back to a run rate of the \$6 million or \$7 million dollars per year is the current expectation.

Jules Cooper – *Shaw & Partners*

Right well, awesome guys. Fantastic thanks for the colour. Can't wait to see how the movie ends.

Matt Cawte – *Vista Group, CFO*

Thanks, Jules, appreciate it. Next question is from Steven Ridgwell at Craigs.

Stephen Ridgwell – *Craigs*

Yeah, good morning. And yeah, just echo the comments, a great result and outlook and really good colour on how you say things playing out. Just first question for me. Just wanted to follow up on James's question just on the pushing to the right a little bit of the 400 live site target by the end of last year, and you sort of calling out some client decisions to defer which will kind of make sense. I just wanted to get some clarity on, you know whether you're now kind of at that 400 site target today, or you've got pretty good visibility on that being hit shortly. So that is to say, if the clients going live that it had made that decision last year, are they going live around about now?

Stu Dickinson – *Vista Group, CEO*

We're not quite there, Stephen, but we are pretty close. So we've got absolute visibility on all of it. We've probably just got another few weeks to go.

Stephen Ridgwell – *Craigs*

Okay, helpful. And then, just in terms of the number of customers, either on or contracted to the full Cloud suite. We're up at 940 from 640 six months ago. So again, like great progress there, just interested in terms of the contracted customers. We've seen, good momentum with the European customers in particular, maybe the North Americans have been a bit slower, and I think they've gone into some of the Horizon products and such, but just interested if we now are starting to see some of the American customers, that might be happening in the not too distant future, particularly given your comments that you're looking to

add some implementation resources. So it sounded to me there could be a bit more momentum coming through there. So your comments there would be useful thanks.

Stu Dickinson – *Vista Group, CEO*

Yeah, so I think my first comment was from a geographical perspective. You're right, EMEA or Europe has certainly gone out hard. Obviously. Pathe, big success story there, and I think has been really good. If you go back in time, Cineplex in Canada, North America was really our first big Cloud client signed. They completed their digital migration during 2024 and are now on the way to full operational Excellence. We've got a good line of sight in North America. I haven't got anything to talk about today in terms of additional signings, but across each of the regions we're pretty well balanced at the moment, which is great, so we can see some good things happening in APAC. Major Cineplex was a great success story going to full Cloud last year, and then EMEA continuing, and North America as well. So yeah, I'm pretty comfortable around each of them. We'll be looking to talk a little bit more about some more signings over the next little period.

Stephen Ridgewell – *Craigs*

That's great. Thank you. And then just one for Matt and the \$175 million ARR target. Obviously, you're probably anchoring to the low end of the prior range, which will, you know, 700 sites live on the full Vista Cloud suite versus 700-1000 previously. So still good progress, but maybe on the low end. Can you just take us through how you're still comfortable with the \$175 million ARR target by year end just given, the numbers to cloud downgrade at the midpoint. Thank you.

Matt Cawte – *Vista Group, CFO*

Yeah, really good question, Stephen, and I'll get to the 2025 in a second, but I just want to comment a little bit more on 2024, just a little bit more colour. I appreciate that we were slightly under those site targets. And what I do want to make sure is, people don't put too much emphasis on that, goes live, doesn't go live number, certainly the fact that we are slightly below those numbers. But we still had our revenue, and we beat our EBITDA targets. If they had gone live they probably would have made a very modest impact on our results. The key thing, and that's what slide 9 is all about, the momentum that we're carrying, both of sites live, and sites that are in progress. We have 20 projects on the go right now. That's how we know, that's how we get confidence on the run rate. We know how much capacity we've got across our team, particularly in the second half. So we know when signings come, particularly if they're big signings, how we can fit them in and that all plays into that momentum slide. And so the 700, for example, as a target for the end of 2025, having completed the journey, we have 942 in our pipeline today, right? So that 700 target, we might be slightly higher, might be a little bit lower, but we know that at the end of this year we'll have roughly 940, either live or contracted to have gone live on the full Cloud. I think these are leading indicators about the momentum rather than the revenue number, the hard tie between that achievement and the revenue number. Sorry, it's a long way to get to your \$175 million question. So \$175 million is still well within our grasp. The more we can get to complete the journey to Vista Cloud, to operational excellence, the better. And so it's just gonna come down to that mix between actual go lives, and you know how we do ARR, of course, being the last 3 months, times 4. So we really need, in order to hit the \$175 million, everything to be live by the 1st of October. So there's going to be a little bit of variability in that number. I don't think we want to be marked down for that. What do we want to be marked positively for is that momentum, is our signings, and then our absolute SaaS revenue number. So, rather than give you a broad range for the ARR, I think we just want a kind of a target.

Stu Dickinson – *Vista Group, CEO*

Yeah, I think the other thing I'd say there as well it's why in the outlook slides I talked to the improvement in box office that we're seeing this year, and forecasts, and obviously that has a has an effect on ARR across our admit based revenue streams as well, and currency plays a little bit into it, too. So momentum, box office, are all part of the part of the picture. So yeah, we're comfortable.

Stephen Ridgewell – *Craigs*

Okay, thanks. And then just on the opex, I guess you know, signalling a bit a bit more spend there and implementation. I guess I'm interested, is that decision reflecting, perhaps feedback from early adopters on, service levels or feedback from them? Or is it simply that you see the pipeline growing? And you want to invest ahead of that pipeline.

Stu Dickinson – *Vista Group, CEO*

Yeah. So look, I just want to be really, really crisp on the answer. Any additional spend that we might think about would only be there because we saw clients driving additional acceleration. That may or may may not happen. We're really encouraged with some of the client conversations that we're having, but I'm also very comfortable with the level of spend that we're seeing for the commitments we've got in the market.

Stephen Ridgewell – *Craigs*

Right, and then maybe just one last one for me. I mean, I think it's probably the first time you've really kind of highlighted kind of ecosystem as a potentially significant adjacent opportunity. And that's beyond the \$300 million kind of target. I guess when you look at the opportunities, and I appreciate this is kind of early days, but what would be the most material kind of monetisation opportunity in those ecosystem expansion or adjacencies that you've called out. You know, from where you sit at the moment.

Stu Dickinson – *Vista Group, CEO*

Yeah, I think if you look at some of our peer group companies who deliver some similar transactional based solutions, then then payments is the logical large opportunity that's sitting there. We have traditionally driven a small amount of revenue through payment referral and other bits and pieces, but certainly we think there's some good opportunity to explore there when we look more broadly at some of our peers in the market.

Stephen Ridgewell – *Craigs*

Great, that's all for me. Thank you.

Stu Dickinson – *Vista Group, CEO*

No problem, thank you.

Matt Cawte – *Vista Group, CFO*

Thanks, Stephen. Next question is from Phil Campbell at UBS.

Phil Campbell – UBS

Yeah. Morning, guys, can you hear me?

Matt Cawte – Vista Group, CFO

Yep.

Phil Campbell – UBS

Oh, great! Yeah, just a couple of questions from me. I suppose the first one was obviously the terms of the cloud migration. We're focusing on the existing customer base. I'll just be interested if you've had any kind of inbound customers that are not part of your base. Obviously, there's big ones in North America. Or if there is a plan to try and target those at some point, or is the main focus on the existing customer base?

Stu Dickinson – Vista Group, CEO

No. So we've definitely had inbound. We announced last year a number of new inbound clients. One of the bigger ones was Cine Columbia, who are a net new client to Vista Group. This is definitely a key target area. I think our focus obviously, has been on supporting our existing clients to transform with us to the cloud. But we also announced Cinema West, which is a North American based new client last year. And so we're going to continue to focus on that as well. And that's one of the ways that we get additional market share over time.

Phil Campbell – UBS

Yeah, awesome. And I think you kind of touched on it Stu a little bit, just in terms of when you start getting up and running on these migrations. I'm assuming you become more efficient at them. So I'm just wondering if you could give us a few metrics around that. And also feeding into this, obviously with the advent of AI, particularly for some of the developers, how much more efficient is Vista becoming in terms of doing some of these migrations? Or is it still pretty customer by customer? So you still end up with certain problems you've got to solve on a customer-by-customer basis.

Stu Dickinson – Vista Group, CEO

The answer is probably all of the above. So we're absolutely becoming more efficient, both from the tooling we've built and continuing to then implement that across new implementations as we do them. There are some things that we are having to transform for each client at the moment as we do it. And so, as we've gone around the world, things like payment connectors, etcetera, we're now starting to get some benefits through efficiency there, as we build more and more market penetration. The other big thing, is just understanding what the client is using, what they've developed themselves and how that's integrated. And so again, I'll point back to the getting the client on Horizon/Oneview gives us really good insights into that environment, and what's going through their system, how it's been integrated, etcetera. And so I don't have specific metrics around our engineering improvements or delivery efficiency that I can share. But what I would say is that certainly we're getting faster, we're getting more comfortable with repeatability across the process. And that's what we'll continue to accelerate.

Matt Cawte – *Vista Group, CFO*

And if I can add to that one, too, as well. With that Horizon number fast approaching 50% of our clients, either on who are already on the journey or still on-premise. Any innovation that the team do in the product space around Oneview immediately becomes available to everyone. I know this is just exactly what every other SaaS company does for us, but this is why the transition's so important. And the more we see the uptake of the digital solutions, the more immediate our clients who are already on this journey get those benefits. So it's great to be able to see that, you know, delivered into their hands immediately versus the on-premise world. So yeah, it's exciting.

Phil Campbell – *UBS*

Right and just, I suppose, in terms of migration. Just be interested in your views on some of the customers, you know. Why are they migrating? Is it a server upgrade? Obviously you talked a bit about in the 4th quarter, you know the box office was delaying some of the migrations, you know, I suppose, be interested in your views in terms of like the total wallet, if the wallet's going up by more than 10%. You know, are they a bit averse to that, or if it's, less than a 10% increase in total spend, they're okay? And with Vista getting a bigger share.

Stu Dickinson – *Vista Group, CEO*

Yeah. So we're working with each of our clients has a slightly different IT spend profile. We work with each of them. A lot of the core proposition is around share of wallet transfer, but it's also around improved cyber posture, improved effectiveness. The ability, and you saw it in some of the quotes for the client to free up their resources, to focus on things that add value as opposed to supporting IT infrastructure. Particularly in the operational excellence area is server replacement is a key part, as well as server estates. A lot of them are currently deployed to every single cinema site. When we move to full operational excellence, we can remove that requirement so that drives some of the decision making as well. So each client is unique, and we work through our client engagement process with each client around well, what's the business case look like for the move to Cloud?

Phil Campbell – *UBS*

Great awesome. Just the last one was obviously you got Potentia sitting there just under 20%. They don't have board representation, but I'd just be interested in kind of with them sitting there, how was that influencing the Board and management in terms of how you're running the company?

Stu Dickinson – *Vista Group, CEO*

So we obviously went through a process with Potentia last year. We've been working in a much more constructive way since the ESM was called off by them, which has been great. They are deeply committed and excited about the potential of our organisation. They're very keen to help us grow that and support the business. And so, there's been much better engagement with them since then. I'm really enjoying working with some of the team now that we've got to know them a bit more and they're one of our major shareholders. So we want to continue with that.

Phil Campbell – *UBS*

Okay, excellent. Thanks. Very much. Guys.

Matt Cawte – *Vista Group, CFO*

Thanks, Phil. We've got time for one last question, Stephen Hudson, from Macquarie. Go ahead, Steven.

Stephen Hudson – *Macquarie*

Matt and Stu, can you hear me okay?

Stu Dickinson – *Vista Group, CEO*

Yep, yes, we can.

Stephen Hudson – *Macquarie*

Just a couple of quick ones from me. Just following on from that last comment on your majority shareholder. Can you talk about any acquisition strategy that you have within the business, and what that might look like in the next couple of years.

Stu Dickinson – *Vista Group, CEO*

So I from a Vista Group perspective, our focus is around the core of our business, which is cinema and film and accelerating that. I've talked a little bit today about what we think some of the adjacent platform opportunities could be and how we might accelerate that. We need to keep doing what we've done well, and continue to build momentum around that. Obviously, as we demonstrate progress, then M&A becomes something that we'll look at and think about if it's in the right areas. But again, it's all about, how do we continue to build the core Vista Cloud platform, demonstrate value there, and yeah, as I said, if M&A can help can help go that go faster when we are ready to do that we'll explore that and make sure that it's value accretive for all of our shareholders in our business, and delivers more for our clients, and so that would be our approach.

Stephen Hudson – *Macquarie*

It's useful, thanks to you. I know the whole migration progress question has been done to death, but you've obviously got 2 quite large clients, I think representing about 25% of your sites. You've got about a 20 percentage point uplift in penetration over the next 12 months. Can you give us some clues on whether or not any of those, or either of those clients have got pilots within those additional sites that you're expecting in the next 12 months?

Stu Dickinson – *Vista Group, CEO*

The short answer is, yes, part of, I think, would be the best way of describing it.

Matt Cawte – *Vista Group, CFO*

If I could just say that we're talking to almost all our clients about their journey, and our large clients are no exception. They've got long term technology transition plans of their own, of which we are a part of, an important part of, but we're not the whole story. Yeah, safe to say that that we're talking to everyone.

Stu Dickinson – *Vista Group, CEO*

I think one follow up to that would be we announced last year that Cinepolis Spain would go live on digital solutions - that completed successfully, and we're now working on the next step of the journey with them. That's a really key pilot for us. I think everybody understands the scale of that business globally and what the opportunity is there. And so their Spain business is live and performing on our digital solutions, and we'll keep going with that. So that's pretty exciting from my perspective.

Stephen Hudson – *Macquarie*

Good just one final one. It's a direct question, I suppose, to Matt. Firstly, thanks for all your help over the last, at least, for me, year or two and congratulations on your successes over the past 6 years. Can you give us a little bit of background as to the decision to leave and succession there, I suppose maybe a question for Stu.

Matt Cawte – *Vista Group, CFO*

Yeah, look, I'm really pleased with what I've been able to achieve and I've been planning or thinking about what I want to do for a little while now, and I'm going to take a little bit of well, I'm not going to take some time to decide. My decision is to have a little bit of a career break. I am in the unenviable position that my children have left home, and I'm free again. Shall we say? So I get to do things that I want to. I'm, going to say, heavily invested in Vista in the role, particularly going through the downside over the last few years of the pandemic. I'm delighted to be able to leave, as you begin to see in the numbers, the potential of what we've been talking about for quite some time, and I know we've been talking about it for quite some time, but the financial numbers are a lagging indicator of how we're doing, and it's good to be able to show them. So it's a good time to leave, and I've worked with Matt [Thompson] for five and a half years, and I'm really delighted to be able to hand the reins to him, you would have seen him appear more and more over the last few months. This isn't, perhaps a total surprise, but you know I leave the business in good hands. So, thanks for the question, Stephen.

Stephen Hudson – *Macquarie*

No problem and enjoy that freedom, Matt.

Matt Cawte – *Vista Group, CFO*

Oh, I will do. Okay, thanks everyone for your time today. I'll just hand over to Stu to close.

Stu Dickinson – *Vista Group, CEO*

So thank you all for your interest in Vista Group. I'll finish where I started. It's been a massive 2024, a big team effort, and we're really proud of the results that we put on the board, and the momentum that we have in the business. We're looking forward to 2025. I think the industry we support is feeling good and we're feeling good about what we're going to do as well this year. So thanks all, and have a good rest of day.

ENDS

For further information please contact:

Matt Cawte

Chief Financial Officer

Vista Group International Limited

Contact: +64 9 984 4570

About Vista Group

Vista Group International Ltd (Vista Group) is a public company, founded in New Zealand in 1996 and listed on both the New Zealand and Australian stock exchanges in 2014 (NZX & ASX: VGL). Vista Group is a global leader in providing tech solutions to the international film industry. With brands including Vista, Veezi, Movio, Numero, Maccs, Flicks and Powster, Vista Group's expertise covers cinema management software; loyalty, moviegoer engagement and marketing; film distribution software; box office reporting; creative studio solutions; and the Flicks movie, cinema and streaming website and app.