



## MARKET ANNOUNCEMENT

4 June 2020, Vista Group International Ltd, Auckland, New Zealand

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### Update on the impacts of COVID-19

Vista Group International Limited (NZX & ASX:VGL) provides an update on the impacts of the COVID-19 pandemic on its businesses and steps being taken to address these.

#### Operating Update

The majority of Vista Group's global workforce continue to work from home. A small number of employees have returned to work at Vista Group's New Zealand head office, with the focus there being on ensuring operation in accordance with level two requirements.

The COVID-19 pandemic continues to have a significant impact on the film industry globally, including the customers of Vista Group.

Cinemas in most countries currently remain closed and those that are able to open are generally subject to new mandated operating requirements, including social distancing and capacity restrictions, and generally do not have new content to show moviegoers as a result of studios having delayed the release of new films.

Vista Group companies have continued to work to support their customers during the lockdown, and in preparation for potential reopening:

- Vista Cinema has released the Cinema Re-opening Kit to really strong demand – with the Dynamic Social Distance seating capability very popular and already in use in cinemas that have opened in Texas
- Movio has launched Movio Research 2.0 in the USA and the UK and Australia, focused on increased self-service and capability for studios
- Vista Cinema has worked with cinemas in the USA to re-configure mobile apps to enable their customers to purchase popcorn and other items through kerb-side pickup
- Vista Cinema has partnered with a local New Zealand company – Shift72 – to enable cinemas to implement their own branded TVOD (Transactional Video on Demand) platforms, with customers already live in the USA and New Zealand
- Movio has launched 'tea with Movio' – a weekly webinar series around best practice in movie marketing

Both Vista Cinema and Movio have been successful in winning new business over the COVID-19 pandemic period – with the majority of these in Europe.

## Balance Sheet Initiatives

As previously announced, Vista Group has responded to the challenging circumstances presented by the COVID-19 pandemic by taking wide-ranging measures to strengthen its balance sheet to ensure it is best placed to weather significant downside scenarios, including:

- successfully completing a NZD\$65 million capital raise, with excellent support from its existing institutional and retail shareholders
- Directors voluntarily reducing their remuneration by 30%
- the Chief Executive Officer voluntarily reducing his salary by 30% and the senior leadership team voluntarily reducing their salaries by 25%
- over 80% of Vista Group's employees volunteering to work reduced hours for reduced pay
- applying for and receiving government relief for its businesses in New Zealand, the USA the UK and the Netherlands, including by way of the New Zealand wage subsidy and the USA Paycheck Protection Program
- cancelling the 2019 final dividend and terminating the agreement to acquire a further 14.5% stake in Vista China
- implementing hiring and salary freezes and terminating engagement with all non-essential contracting resources

## Further Measures

In addition to the above steps, Vista Group has undertaken a comprehensive review of its businesses against future scenarios to ascertain the extent to which additional cost reduction measures need to be implemented.

The result of this review is that the company has today begun consultation with its staff around a proposed new structure for the core Vista Group companies – Vista Group, Vista Cinema, and Movio. This proposal provides for a new organisation structure worldwide – a structure with fewer people than the current structure.

Vista Group Chief Executive Office Kimbal Riley said “We are operating in a situation where we do not know when our customers (80%+ of Vista Group customers are cinemas) will be able to reopen in a meaningful way. This has had, and continues to have, a significant impact on their businesses – and therefore ours.”

“It is also clear to us that our customers' businesses will change when they do reopen, and so Vista Group will need to change in order to address their new needs, and position ourselves optimally to “enhance the moviegoer experience” in whatever a “new normal” looks like post-COVID-19.”

“Over recent months we have had significant assistance from government subsidies, and from our employees volunteering to reduce their hours and their income. However, we cannot continue to depend on government subsidies (which in New Zealand cover roughly 1/3 of the average salary of our people), and we do not believe it is right to require our people to reduce their hours and income for an unquantified, but potentially extended period.”

“We have therefore taken the decision to implement a restructure of all our core businesses (Vista Group, Vista Cinema, and Movio) in all our offices. Whilst this will have a significant

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impact on a number of people, we will ensure everyone is treated with the utmost respect and given appropriate support”.

“If this proposal proceeds in its current form, we expect to achieve annualised cost savings of between NZD\$12 million and \$15 million from this reorganisation.”

Mr Riley concluded: “We have very strong relationships with our customers, for whom we deliver mission critical solutions, and we believe this proposed change, combined with the other measures we have taken, will cement Vista Group’s position as the leading provider for software and data solutions for the global film industry in the post COVID economy.”

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