

21 October 2024

Dear Fellow Shareholder of Vista Group International Limited ("**Vista**" or the "**Company**"),

As you know, Potentia (via Admetus Capital Limited), is the largest shareholder in Vista, holding 19.93% of the company's share capital.

Since June of this year, Potentia has been seeking representation on the Vista Board, consistent with its duties as a private equity manager and in order to generate value for its investors, and for you, our fellow shareholders. This desire also arises from the fact that, as we have consistently stated both publicly and privately, that Potentia has no intention of putting forward a change of control proposal to Vista. Our sole motivation in seeking Board representation is to maximise the value of our shareholding, an outcome which will be to the benefit all Vista shareholders.

Given our highly successful track record as the only dedicated software focused private equity fund in Australia and New Zealand, we believe that we can add significant value to Vista and all its shareholders through Board representation. Such representation would be entirely consistent with market convention, and is even specifically recognised and called out as being appropriate in the Company's own Board Charter.

Despite this, we have so far been unable to facilitate Board representation through engagement with the Company and its advisors. As a result, and in keeping with our own fiduciary obligations to our investors we have sought to determine these matters directly via a meeting of shareholders ("**Special Meeting**"). Irrespective of the outcome of the Special Meeting, Potentia is committed to obtaining representation on behalf of its investors.

This letter outlines Potentia's value creation plan for Vista, and also corrects certain inaccuracies in the Company's Notice of Meeting.

Vista shareholders, who see the opportunity for Potentia to catalyse improved operating performance in Vista and the associated share price appreciation that will follow, should vote FOR each of the resolutions to be voted on at the Special Meeting.

Potentia's value creation plan

Potentia's value creation plan seeks to address Vista's poor financial performance and, as a result, poor share price performance (prior to Potentia's investment on 27 May 2024 when the share price was \$1.85). Vista is a globally leading provider of cinema management software with c.50% market share of enterprise cinemas (excluding China and India). However, Vista's cash EBITDA has been negative for the last 4 years. Vista's share price has underperformed relative to the NZX50 and ASX300. Vista has significantly underperformed its peers of ANZ vertical software.

Vista does not compare well to its peer set and trades at a discount to peers due to underwhelming profit performance. Potentia is confident that an optimised approach to pricing and cloud transition in addition to stronger cost discipline would rapidly assist in restoring Vista's market rating in line with peers with share price upside of as much as 100%.

Potentia has significant experience in assisting vertical market software companies like Vista to achieve profitable growth and expand TAM. Some examples from Potentia's most recent portfolio of 13 software investments include:

- Ascender – grew revenue 85% between entry and exit and moved the business from loss making to generating c.20% cash EBITDA. This is a significant achievement as Ascender included a portion of services revenue in addition to software revenue. Potentia assisted with geographic and TAM expansion by growing into agencies. Potentia's return on investment across all shareholders was 15.9x as a multiple of money.
- Nitro – prior to Potentia's investment, Nitro was a publicly listed company that had not achieved profitability at any point since its founding. Post Potentia's investment, Nitro has rapidly transformed from losing EBITDA of A\$21m (equivalent) to an EBITDA profit of A\$13m whilst also growing revenue. This was achieved through go-to-market productivity, pricing and organisational optimisation. Nitro remains in Potentia's portfolio.
- Complispace – prior to Potentia's investment, Complispace had low single digit revenue growth and was loss making. Post Potentia's investment topline growth increased to 21% and the business achieved profitability through sales force effectiveness and redefining product and engineering roadmap. Potentia's return on investment was 4.3x as a multiple of money.
- Newbook – Potentia accelerated the business performance to a rule of 60% through improved go-to-market, revenue yield management and international expansion. Potentia's return on investment was 6.5x as a multiple of money, and this was achieved in only a few years.

Potentia believes the most pressing issues for Vista are to manage the transition from on-premise to cloud carefully and restore the business to profitable growth. The transition to cloud is fraught with many dangers and Vista has spent a significant amount of shareholder capital in seeking to make this transition. The current Board has not communicated a clear strategy to manage two different businesses – a profitable on-premise CMS and a subscale, loss making cloud solution being pitched as an “all or nothing” solution to customers. Nor has the Board communicated how to significantly expand the TAM for the business. The historical financial performance of Vista suggests the current Board lacks this skill and expertise to make this happen. Further, Potentia is concerned that the Board is underestimating the cost and added complexity associated with the transition to cloud which will continue to negatively impact shareholder value. Potentia has successfully navigated these cloud transitions with great success for all stakeholders, including customers, employees and for our shareholders.

Amit Chand has 20 years of experience in investment, operational and consulting roles. As a Partner at Potentia Capital – a specialist software and technology investor – Amit Chand will contribute valuable, incremental skills to the Board. He brings the wealth of knowledge that Potentia has in over 30 years of investing in software. Further, Amit Chand's appointment would continue the Board renewal journey that started with the appointment of James Miller and Claudia Batten 3 years ago.

In addition to the valuable skills outlined above, Potentia is seeking proportionate representation relative to a shareholding. Potentia owns a 19.93% shareholding in Vista and is the Company's largest shareholder. Vista's own Board charter states that control rights of shareholders (board representation) **should**, where possible, be aligned to cashflow rights (share ownership), and therefore significant shareholders **should** be represented on the Board.

Potentia believes that continuation of Board renewal is warranted to support Vista's transition to a cloud solution, restore profitable growth and expand Vista's TAM. Potentia, through its representative Amit Chand, can assist in driving positive change and long term shareholder value.

Inaccuracies in the Company's Notice of Meeting

On 18 October, Vista released its Notice of Meeting with respect to the Special Meeting called for 15 November 2024. The Notice of Meeting contains the current Vista Board's version of events regarding its engagement with Potentia since June 2024, along with various other disclosures.

Potentia is concerned that the Notice of Meeting contains a number of inaccuracies that should be corrected before Vista shareholders cast their votes with respect to the Special Meeting.

1. Offer to facilitate an introduction to Vista shareholders

The Vista Board asserts that it had offered to assist Potentia by facilitating an introduction to shareholders, and that Potentia did not take up this invitation.

Potentia notes that no such offer was made. Had such an offer been made, Potentia would have gladly accepted that invitation.

2. Participation in the Vista Board's "established Board succession process"

In the Notice of Meeting, the Vista Board asserts that Potentia has not yet elected to nominate any candidate into the Vista Board's "established Board succession process".

On 1 September 2024, Potentia requested a meeting for its proposed Board nominee, Amit Chand, with Vista director Cris Nicolli, who Potentia had been told would be responsible for the Vista Board's "established Board succession process". Potentia was told by Vista that Cris Nicolli was unavailable to meet with Potentia.

Potentia's Special Meeting request included the nomination of Peter James as a new independent director candidate. Potentia believed that Peter James' willingness to nominate for election to the Board was significant, given the clear need for Vista Board renewal, and his status as a highly credentialed, independent and experienced software company Board member, having served on boards such as Nearmap, Ansarada, and MYOB. Peter James' independence and expertise would have been invaluable to Vista and its shareholders.

Peter James has now withdrawn his nomination, given the negative reception that his nomination received from the Company. In Potentia's view, this development is highly regrettable. The failure by the Company to engage on the opportunity presented by Peter James' candidacy was not in the best interests of Vista shareholders.

3. The long tenure of Susan Peterson and Kirk Senior as Vista directors

Potentia acknowledges the significant contributions of each of Susan Peterson and Kirk Senior to the Vista Board over their many years serving the company and has no concern continuing to work constructively with Susan and Kirk on the Board should they remain as non-executive directors. However, each of Susan and Kirk have been directors on the Vista Board for more than 10 years. The Notice of Meeting discloses that the current Board has now paused its succession planning process, despite a clear and pressing need for Vista Board renewal.

Recommendation 2.4 of the NZX Governance Code indicates that a company with long tenured directors should disclose succession planning arrangements for its board. It now

appears that Vista has no active succession planning process, contrary to Recommendation 2.4.

4. References to "information asymmetry" and "conflict of interest issues"

The Notice of Meeting includes a number of references to "information asymmetry" and "conflict of interest issues", implying that the proposed appointment of Amit Chand to the Vista Board as a nominee of Potentia may prejudice other Vista shareholders.

Amit Chand, Potentia's proposed nominee director for the Vista Board, has offered to commit to **all** of the Vista Board governance charters and policies in order to address any perceived information asymmetry or conflict of interest issues.

Following Amit Chand's nomination to the Vista Board pursuant to the Special Meeting, Potentia wrote to the Vista Chair offering to enter into additional undertakings to address these matters, including preventing Potentia from acquiring further Vista shares for an agreed period and acknowledgments that Potentia would not engage with Vista's customers, business partners or suppliers. The Vista Chair has not responded to this letter, and instead deferred this matter until after the Special Meeting.

Vista shareholders **who see the opportunity for Potentia to catalyse improved operating performance in Vista and the associated share price appreciation that will follow, should vote FOR** each of the resolutions to be voted on at the Special Meeting.

Yours sincerely,



Andrew Gray
Managing Director
Potentia Capital



Amit Chand
Partner
Potentia Capital