

CHAIRMAN'S STATEMENT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Overview

I am happy to report to our new and existing Shareholders that Fiscal 2019 marked a foundational year for CinemaONE ("CINE1"). The Company was successful in strengthening its financial base to provide a catalyst for future growth. More specifically, in November 2018, CinemaONE emerged as the first listing on the Small and Medium Enterprise (SME) Tier of the Trinidad and Tobago Stock Exchange having enhanced in equity based with TT \$14M in new share capital.

As planned, CINE1 then embarked on a debt financing strategy, which although extended, resulted in the closing of TT \$40M in debt financing from Guardian Group Trust Limited ("GGTL"). Both of these financing transactions, the latter of which is reported as a major subsequent event given the final closing after September 30th, enhanced the Company's Financial Position and enabled CinemaONE to consummate its second long term lease in the vibrant retail center of Gulf City Mall.

CinemaONE is now accelerating the construction of its second multiplex site while pragmatically evaluating regional and international alternatives for a third site. While doing so, CINE1 achieved organic growth in both revenue and theatre level profitability from its core operation at One Woodbrook Place, where CinemaONE now offers patrons 6 screens and various premium movie formats, inclusive of:

- IMAX and its breathtaking giant screen, still the largest in Trinidad, and immersive 3D
- Gemstone - the Company's intimate dine-in experience with fully reclining seats and seat side restaurant and bar service
- 4DX – CINE1's fully immersive and action packed cinema ride which introduces environmental effects such as movement, wind and fog for a truly engaging movie experience.

Fiscal Year Performance

For the year ended September 30, 2019, Gross Revenue increased by 5.8% to TT\$19.0M (2017: TT\$17.9M), EBITDA for the first time exceeded \$5M with a 15.8% increase to \$5.2M (2017: TT\$4.5M) and PreTax Profit increased to TT\$1.2M up 14.7% from the previous year (2017: TT \$.9M). Although Net Profit benefited from the favourable 10% SME Tax rate, the reduced rate did not offset the previous year's one time additive effect of a deferred tax add back, resulting in Net Profit of TT \$.9M (2017: TT1.3M).

Although the Fiscal 2019 movie slate started with mediocre movie releases, the traditional 3rd quarter, blockbuster peak was accentuated in Fiscal 2019 by the standout performance of Disney's *Avengers' Endgame* which was followed by the strong showings of Sony/Columbia Picture's *Spinder-Man Far from Home* and Disney's *The Lion King*.

Key highlights of Fiscal 2019's operational performance were as follows:

- Best ever attendance and revenue generation from a single movie in *Avengers' Endgame*, exceeding *Black Panther* in 2018 by over 30%
- 4% total attendance growth over 2018
- On budget performance of CinemaONE's newest 4DX movie theatre format
- 7% reduction in operational expenses

Future Outlook

As we embark on Fiscal 2020, CINE1 continues to actively manage both its operational and new construction costs. The Company is now poised to open its second cineplex site in mid Fiscal 2020 and looks forward to enhancing margins through both economies of scale and a platform for more shared administrative costs.

I would like to thank my fellow Board Members for their continued guidance and insights and I am grateful to the new and existing CinemaONE shareholders and our new strategic debt financier GGTL for the trust and confidence that you have all placed in CinemaONE, the SME sector and the entertainment industry.

CINE1 remains steadfast in its efforts to drive growth and expansion.



Brian Jahra

Chairman

December 26, 2019