

CHAIRMAN'S STATEMENT

CinemaONE (“the Company”) completed the first quarter (Q1) Fiscal 2020 period with a reasonably strong performance of Disney’s *Star Wars: the Rise of Skywalker*. However, the results were moderately off the combined results of two blockbuster titles in the previous year’s Q1 movie slate which included both Marvel’s *Venom* and DC Comics’ *Aquaman*.

Overall, CinemaONE achieved revenue of \$3.6M for the Q1 Fiscal 2020 three (3) month period (2019: \$3.8) representing a 5% decline over the previous year’s Q1 performance. The Company adopted IFRS 16 during the Q1 2020 period, which resulted in the reclassification of its operating leases and the associated reduction in operating expenses, but increases in lease related interest expense. As such, Operating Profit increased by 9% to \$.6M (2019: \$.5M) while Pretax Profit and Net Profit were relatively flat at \$.2M (2019 \$.2M).

The adoption of IFRS 16 also impacted CinemaONE’s Financial Position in Q1 Fiscal 2020 with Right-of-Use Assets associated with the Company’s long term cinema venue leases augmenting the Company’s asset base by \$9.1M. In addition, the consummation of TT\$40M in long term debt financing from Guardian Group Trust Limited (GGTL) resulted in a 35% increase in the Company’s asset base to \$87.3M (2019 \$64.5M).

The enhanced liquidity from GGTL’s debt financing will enable the Company to complete the first phase of its strategic expansion with the launch of its second multiplex site in Gulf City Mall, where construction is rapidly advancing and the Company has set a target opening in Q3 Fiscal 2020. We look forward to a heightened movie slate over the next two quarters with the anticipated blockbusters of James Bond in *Time to Kill*, the Avenger *Black Widow*, and *Wonder Woman 1984*.



Brian Jahra

Chairman

February 14, 2020