

CHAIRMAN'S STATEMENT FOR THE 12 MONTH PERIOD ENDED SEPTEMBER 30, 2021



Overview

In Fiscal 2021 CinemaONE endured protracted periods of forced closure as the Government of Trinidad and Tobago sought to contain waves of Covid-19 outbreaks in the interest of public health and safety. The Covid-19 pandemic significantly disrupted CinemaONE's operations as mandatory cessation orders for entertainment venues such as theatres and cinemas extended for a period of 196 days, or almost 7 months in Fiscal 2021, and exacerbated the closure period experienced in Fiscal 2020. As a result of theater closures on a global scale in response to the Covid-19 pandemic, movie studios postponed the theatrical releases of most major movie titles until the second half of the Fiscal 2021 period, during which time cinemas in Trinidad and Tobago were unfortunately still experiencing a closure order.

With each of the three successive lockdowns, CinemaONE focused on liquidity management and swiftly responded to the Covid-19 induced financial challenges. Again, the Company implemented temporary layoffs and 70% salary reductions for a significantly downsized administrative team and negotiated modified timing and/or an abatement of contractual payments with landlords, key financial partners and other major suppliers. The Company also adhered to suspension orders on construction and generally maintained its phased approach to new theatre projects. In an effort to promote the timely and safe reopening of cinemas, the Company also continued to collaborate with local industry participants in its government advocacy efforts.

Financial Performance

Although CinemaONE only enjoyed major movie releases in Fiscal 2021 from one of the five major Hollywood studios, Warner Brothers, the Company was encouraged by the performance for *Godzilla vs. King Kong*. At a mid year period when Covid-19 vaccine availability was still scant, *Godzilla vs. King Kong* heralded the resilience of movie theatre audience demand.

However, government's mandate on April 29th for a third lockdown in response to a local surge in Covid-19 infections triggered another unfortunate cinema shutdown which extended beyond the end of the financial year, and engendered the following Covid-19 impacted financial performance for the year ended September 30, 2021:

Revenue decreased by -65% to TT \$2.1M (2020 TT\$6.3M) Gross Profit declined by -75% to TT \$1.0M (2020 TT \$3.8M) and the Company experienced a fiscal year Operating Loss of TT -\$6.5M (2020 TT -\$4.4M), despite expense savings of .8M, and a Net Loss of TT -\$7.0M (2020 TT -\$4.9M).

By reducing cash outlays, the Company maintained a fiscal year end cash balance of TT \$2.1M (2020 \$3.1M) and positive working capital of TT \$1.1M (2020 TT\$ 4.1M). The Company's

gearing ratio was similarly maintained through an increase to 67% (2020 60%), inclusive of IFRS 16 lease liabilities.

Future Outlook

While the impact of the Covid-19 pandemic remains complex and is continuously evolving, CinemaONE is happy to report that the Company re-opened immediately upon the government's initiation of the new Safe Zone regulations on October 11, 2021. In short, the Trinidad and Tobago Safe Zone regulations allow cinemas to reopen to fully vaccinated patrons at 50% capacity. With the additional November ending of the state of emergency's 10PM curfew and relaxation of the ban on consumption of alcoholic beverages on premises, CinemaONE remains optimistic. Most importantly, CinemaONE reopened with content from all major movie studios: Disney, Sony, Universal, Paramount and Warner Brothers, each of whom has committed to theatrical exclusivity periods, albeit reduced from an average of 90 days to an average of 45 days.

In this context of more normalized operating conditions, CinemaONE has been uplifted by the initial results of movies such as *No Time To Die* and *Venom* while the December opening week performance of *Spiderman No Way Home* has already exceeded that of 2017's *Spiderman Homecoming* as well as 2019's *Spiderman Far From Home*. By outpacing pre-Covid-19 box office releases, 2021's *Spiderman No Way Home* is demonstrating the perpetual appeal of the big screen movie experience.

Conclusion

I firstly thank our Shareholders and Employees for their patience and belief in the long-term viability of the entertainment industry. I also extend my gratitude to the Directors of CinemaONE who retired from the Board in Fiscal 2021, Michael Quamina and Adrian Bharath, for their steadfast stewardship amidst an existential global crises. Similarly, I'd like to welcome CinemaONE's newly elected Directors, Keston McQuilkin, Attorney-at Law, Nadine Darmanie, Chartered Accountant, and Kurt Valley, Senior Finance Executive, all of whom bring newfound insights and perspectives to CinemaONE as the Company embarks on its mission to safely re-invigoratae the shared experience of movie going.

Brian Jahra



Chairman

December 24, 2021

