CinemaONE Limited

Financial Statements

30 September 2022

(Expressed in Trinidad and Tobago dollars)

CinemaONE Limited

Contents | **Page**

CinemaONE Limited

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of CinemaONE Limited (the Company) which comprise the statement of financial position as at 30 September 2022 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

______________________ Chairman
22 December 2022

______________________ Director
22 December 2022

Independent auditor's report

To the Shareholders of CinemaONE Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CinemaONE Limited (the Company) as at 30 September 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

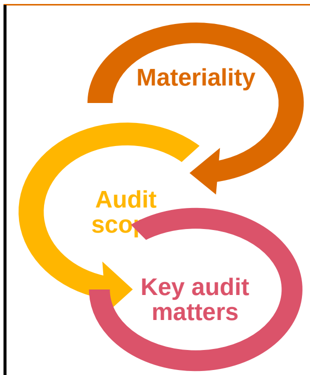
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Overview



- *Overall materiality: $249,710, which represents 5% of average loss before taxation for the past three years.*

- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls

- Basis of preparation - use of going concern assumption

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, 100902, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	$249,710
How we determined it	5% of average loss before taxation for the past three years.
Rationale for the materiality benchmark applied	We chose loss before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average loss before taxation for the past three years due to the historical volatility of earnings.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $12,486, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Basis of preparation - use of going concern assumption *Refer to note 24 to the financial statements for disclosures relating to the impact of Covid-19 and use of the going concern assumption.* The Company prepares its financial statements under International Financial Reporting Standards using the going concern basis of accounting. We focused on the appropriateness of using the going concern basis given the continuing adverse impact of the Covid-19 pandemic on the industry and on the Company's operating results and cash flows for the year ended 30 September 2022. The Company was again impacted by the continued Government imposed Covid-19 restrictions on cinema operations in the year under audit. Successive waves of Covid-19 outbreaks resulted in three mandated lockdowns and over thirteen months of aggregate closure of cinemas between March 2020 and October 2021. The Covid-19 restrictions, including limits on capacity, extended to April 2022 when all government imposed Covid-19 restrictions were relaxed and movie theatres in Trinidad and Tobago were permitted to operate under normal conditions. Such Covid-19 restrictions materially impacted CinemaONE Limited's performance during the year ended 30 September 2022. The Company is subject to several debt covenants pertaining to its borrowings. As such, management's going concern assessment included an assessment on whether the Company will be able to continue to meet its liabilities as they fall due and its debt covenant requirements. The Company's cash flow projections are dependent on significant management judgement, particularly in respect of forecasted revenue levels and growth rates, and can be influenced by management bias as well as factors outside the Company's control.	Our approach to addressing the matter involved the following procedures, amongst others: • Obtained management's going concern cash flow projections and assessed the financing facilities including repayment terms and compliance with debt covenants. • Challenged key assumptions used in the forecast, in particular forecasted revenue levels and growth rates, debt repayments, discount rate and capital expenditure. • Compared the key assumptions to externally derived data where available including market expectations of the outlook for the global box office. • Assessed the historical accuracy of forecasts prepared by management by comparing actual results with historical budgeted projections. • Tested the clerical accuracy and appropriateness of the model used to prepare the forecasts. • Reperformed management's sensitivity analysis to assess the impact of changes in management's revenue growth rates on the future cash flow projections. • Obtained written confirmation from the relevant financial institution that the Company has received a waiver of its existing covenants as at 30 September 2022. • Considered subsequent events and any associated impact on the Company's cash flows and forecast. • Evaluated the disclosures made within the financial statements. Based on the procedures performed, we determined that management's use of the going concern basis of accounting was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises CinemaONE Limited's Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read CinemaONE Limited's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor’s responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
22 December 2022

CinemaONE Limited

Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2022 $	2021 $
Assets			
Non-current assets			
Plant and equipment	4	67,798,768	63,620,671
Right of use assets	5	5,582,852	6,000,336
Due from parent company	6	3,018,624	2,900,897
Deferred tax asset	7	3,597,695	3,160,141
		79,997,939	75,682,045
Current assets			
Inventories	8	89,053	98,412
Prepayments and other receivables	9	2,296,364	2,973,589
Taxation recoverable		268,041	1,869
Cash and cash equivalents	10	1,573,354	2,085,776
		4,226,812	5,159,646
Total assets		84,224,751	80,841,691
Shareholders' equity and Liabilities			
Shareholders' equity			
Share capital	11	32,579,503	32,579,503
Accumulated losses		(11,477,363)	(10,056,767)
		21,102,140	22,522,736
Non-current liabilities			
Deferred tax liability	7	2,468,898	2,310,757
Borrowings	12	36,003,510	38,752,511
Shareholder loans	13	997,387	670,942
Accruals and other payables	14	8,004,563	5,493,503
Lease liabilities	5	6,605,604	7,010,936
		54,079,962	54,238,649
Current liabilities			
Borrowing	12	2,923,183	--
Shareholder loans	13	166,968	143,270
Accruals and other payables	14	5,547,167	3,552,634
Lease liabilities	5	405,331	375,282
Deferred revenue	15	--	9,120
		9,042,649	4,080,306
Total liabilities		63,122,611	58,318,955
Total shareholders' equity and liabilities		84,224,751	80,841,691

The notes on pages 10 to 41 are an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 December 2022.

_______________ Director _______________ Director

CinemaONE Limited

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2022 $	2021 $
Revenue	16	9,717,170	2,072,424
Cost of sales	17	(4,083,936)	(1,111,636)
Gross profit		5,633,234	960,788
Expenses			
Administrative expenses	17	(5,299,272)	(6,655,130)
Marketing expenses		(353,088)	(774,041)
Total expenses		(5,652,360)	(7,429,171)
Operating loss		(19,126)	(6,468,383)
Finance costs		(2,053,586)	(1,859,131)
Other income	18	209,959	261,283
Net finance costs		(1,843,627)	(1,597,848)
Loss before taxation		(1,862,753)	(8,066,231)
Taxation credit	7	442,157	1,068,748
Loss for the year		(1,420,596)	(6,997,483)
Other comprehensive income		--	--
Total comprehensive loss for the year attributable to equity holders of the Company		(1,420,596)	(6,997,483)
Loss per share for loss attributable to the equity holders of the Company	19	$(0.22)	$(1.09)

The notes on pages 10 to 41 are an integral part of these financial statements.

CinemaONE Limited

Statement of Changes in Equity
(Expressed in Trinidad and Tobago dollars)

	Share capital $	Accumulated losses $	Shareholders' equity $
Year ended 30 September 2022			
Balance at 1 October 2021	32,579,503	(10,056,767)	22,522,736
Total comprehensive loss for the year	--	(1,420,596)	(1,420,596)
Balance at 30 September 2022	32,579,503	(11,477,363)	21,102,140
Year ended 30 September 2021			
Balance at 1 October 2020	32,579,503	(3,059,284)	29,520,219
Total comprehensive loss for the year	--	(6,997,483)	(6,997,483)
Balance at 30 September 2021	32,579,503	(10,056,767)	22,522,736

The notes on pages 10 to 41 are an integral part of these financial statements.

CinemaONE Limited

Statement of Cash Flows
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2022 $	2021 $
Cash flows from operating activities			
Loss before taxation		(1,862,753)	(8,066,231)
Adjustments for:			
Depreciation	4,5	3,168,381	4,263,678
Interest expense		2,053,586	1,859,131
		3,359,214	(1,943,422)
Changes in:			
Decrease in inventories		9,359	10,300
Decrease in prepayments and other receivables		(677,225)	(590,845)
(Increase)/decrease in due from parent company		(117,726)	214,895
Increase in accruals and other payables		4,505,593	4,768,058
Decrease in deferred revenue		(9,120)	--
Cash generated from operating activities		3,710,881	2,458,986
Taxation paid		(11,222)	(21,658)
Net cash generated from operating activities		7,058,873	2,437,328
Cash flows from investing activities			
Purchase of plant and equipment	4	(6,144,912)	(3,094,229)
Cash flows from financing activities			
Repayment of loans and borrowings		(136,494)	(62,448)
Proceeds from loans and borrowings		486,607	61,377
Leases		(527,532)	(226,089)
Interest paid		(1,248,964)	(134,231)
Net cash used in financing activities		(1,426,383)	(361,391)
Decrease in cash and cash equivalents for the year		(512,422)	(1,018,292)
Cash and cash equivalents at beginning of year		2,085,776	3,104,068
Cash and cash equivalents at end of year	10	1,573,354	2,085,776

The notes on pages 10 to 41 are an integral part of these financial statements.

1 General information

CinemaONE Limited ("CinemaONE" or "the Company"), formerly Giant Screen Entertainment Limited, was incorporated in the Republic of Trinidad and Tobago on 11 December 2009. The registered office of the Company is situated at One Woodbrook Place, 189 Tragarete Road, Port of Spain. CinemaONE is a subsidiary of Giant Screen Entertainment Holdings Limited ("GSEHL"), the Parent Company. GSEHL is registered in Trinidad and Tobago.

CinemaONE offers differentiated and innovative digital cinema entertainment in multiple, premium movie formats. In August 2011, CinemaONE launched the first large format IMAX movie theatre in the Caribbean featuring IMAX's patented, immersive 3D technology on the region's largest, giant screen. CinemaONE is the exclusive Trinidad licensee of the patented IMAX Technology of the IMAX Corporation which affords advanced high-resolution imagery, dual projection systems, patented theatre geometry, laser aligned surround sound and the world's largest movie screens.

In 2016, CinemaONE continued its innovation in movie entertainment with the launch of its luxury, designer theatre format branded Gemstone. CinemaONE's Gemstone theatre offers in-theatre dining inclusive of cocktail, wine and beer service combined with convenient push button seat side service. CinemaONE's Gemstone facilities are equipped with digital projector systems, surround sound and fully reclining seats.

In September 2018, CinemaONE constructed the first 4D theatre in Port of Spain. The 4DX theatre introduces environmental effects such as fog, lightning, motion, rain and scents to the movie going experience. The introduction of the 4DX theatre auditorium effectively marked the Company's emergence as a 6-screen multiplex at its flagship location at One Woodbrook Place, Port of Spain.

In the first quarter of financial year 2019, CinemaONE consummated its Initial Public Offering (IPO) to emerge on 21 November 2018 as the first Company listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market. CinemaONE's ordinary shares have since that date been publicly traded on the Trinidad and Tobago Stock Market under the symbol "CINE1".

In the first quarter of fiscal 2020, CinemaONE secured a 15 Year $40M loan facility with Guardian Group Trust Limited (GGTL) (Note 12). This debt financing strengthened the Company's capacity to endure the unprecedented and extended Covid-19 global public health crisis which commenced in March 2020 (Note 24) and adversely distorted CinemaONE's financial performance in financial years 2020, 2021 and 2022, given the government's mandated closure of the Company's theatre operations for protracted periods in the interest of public safety. In financial year 2022, government also imposed safe zone regulations which limited customer patronage to Covid-19 vaccinated persons only while also restricting capacity to 50%. Despite the continued impact of Covid-19 in financial year 2022, CinemaONE experienced a significant rebound in operations as the effects of the Covid-19 pandemic waned globally and the government lifted all of its restrictive public health and safety measures on April 4, 2022.

As the close of financial year 2022 CinemaONE had substantially completed phase one of the Company's new theatre expansion site located at Gulf City Mall 6th floor. The Company imminently plans to open its Gemstone format theatre at Gulf City Mall featuring 100% recliner seats and seat side service before the end of Q1 of financial year 2023. The phase one opening features leading edge cinema technology with laser projectors and is outfitted for full service in the largest two auditoriums offering 55% of the designed seating capacity.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new and amended standards as set out in Note 2 (w).

a. *Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

See Note 24 Impact of Covid-19 for a detailed explanation on the effects of the global pandemic over the Company.

b. *Basis of measurement*

These financial statements have been prepared on the historical cost basis.

c. *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs.

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

d. *Use of estimates and judgements*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying policies that have the most significant effect on the amounts recognised in the financial statements is included in the Note 2 (x) Critical Accounting Estimates and Judgments in applying policies.

The Company has applied the accounting policies as set out below to the financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

2 **Significant accounting policies (continued)**

e. *Plant and equipment*

(i) *Recognition*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing plant and equipment are recognised in profit or loss as incurred.

The Company has no dismantlement costs regarding the operation of its fixed assets.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(ii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated for the following items using the reducing balance basis over the estimated useful lives of each item of plant and equipment at the following rates:

Motor vehicle	- 25%
Computers	- 33.3%
Concession equipment	- 25%
Theatre equipment	- 25%
Furniture and fixtures	- 15%

Depreciation is calculated for the following items using the straight-line basis for the remaining life of the lease agreement:

Leasehold improvements	- Life of lease – 15-23 years (2021: 15-23 years)
Theatre systems	- Life of the agreement – 15-17 years (2021: 15 years)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iii) *Disposals*

The gain or loss on disposal of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment and is recognised net within other income/other expenses in the statement of profit or loss and other comprehensive income.

2 Significant accounting policies (continued)

f. *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

g. *Financial instruments*

(i) *Classification*

The Company classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The following is the measurement category into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

(iv) *Impairment*

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Significant accounting policies (continued)

h. *Trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 3 (a) (ii).

i. *Cash and cash equivalents*

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

j. *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indicator of impairment. If such an indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k. *Borrowings*

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2 **Significant accounting policies (continued)**

k. *Borrowings (continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, is capitalised.

l. *Trade and other payables*

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

m. *Deferred revenue*

Sponsorship income that compensates the Company for expenses incurred is initially recorded as deferred income on the statement of financial position and is recognised as revenue in the statement of profit or loss and other comprehensive income on a systematic basis over the period of the sponsorship in the same periods in which the expenses are incurred.

n. *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2 **Significant accounting policies (continued)**

o. *Leases*

Measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

Payment allocation

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In accordance with the IFRS 16 standard, the Company has separated the lease components from non-lease components for each of the lease contracts. In general, activities that do not transfer a good or service to the lessee are not components in the respective lease contracts.

The variable lease payments for all of the Company's leases are not based on an index or rate. Instead, they are linked to a percentage of the Company's sales, meaning that these payments are derived from the lessee's performance from the underlying asset and therefore not considered to be components of the lease.

The Company's lease agreement for the Gemstone and 4DX theatre spaces at One Woodbrook Place includes common area maintenance (CAM) costs, under which the Company is charged for its proportionate share of CAM within the multi-unit real estate development of One Woodbrook Place. Such CAM costs are inclusive of utilities, security and real estate cleaning; hence the variability does not arise from an index and therefore charges are expensed to the statement of profit or loss and other comprehensive income in the period to which they relate due to both their variability in nature and because they represent a non-lease component that transfers a good or service other than the right of use to the demised premises.

The IFRS 16 standard defines initial direct costs as incremental costs that would not have been incurred if a lease had not been obtained. The Company has included all initial direct costs, such as legal fees and stamp duty fees directly attributable to lease execution, in the initial measurement of the right-of-use asset.

2 **Significant accounting policies (continued)**

o. *Leases (continued)*

The Company has considered the lease term for each of its lease contracts to be:

- the non-cancellable period of the lease, together with
- optional renewable periods if the tenant is reasonably certain to extend; and
- periods after an optional termination date if the tenant is reasonably certain not to terminate early.

In considering the determination of its respective lease terms, the Company has considered all relevant facts and circumstances that create an economic incentive to exercise options to renew.

As a practical expediency given variations in dates such as:

- the date on which respective landlords have made underlying assets fully available for use, albeit to initiate a rent-free, significant tenant outfitting period
- the execution dates of leases (which in the case of One Woodbrook Place, were subsequent to the opening date of the respective theatres)
- the Opening Date from when rent payments would commence.

The Company has determined the commencement date of each lease to uniformly be the opening date of each of its respective cinema sites, which is also when payment obligations commence for the lessees.

In accordance with the IFRS 16 standard, the tenant discounts its future lease payments using the interest rate implicit in the leases if this can be readily determined. Otherwise, the tenant uses its incremental borrowing rate. Due to the lack of information that is required to assess the implicit interest rate in its leases such as the fair value of the underlying assets and any initial direct costs incurred by the landlord, CinemaONE Limited has judged that the Company is unable to determine the interest rate implicit in its leases. Therefore, the Company has used its incremental borrowing rate.

The incremental borrowing rates can be defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

p. *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2 **Significant accounting policies (continued)**

q. *Revenue recognition*

The following specific recognition criteria must also be met before revenue is recognised:

- *Film revenue*

  Revenue is generated from sales of box office tickets purchased at the theatre for the exhibition of movies from film studios. Revenue is recognised on sale of box office tickets.

  The performance obligation is satisfied by showing the movie to customers when they obtain control via the purchase of a ticket.

- *Food and beverage revenue*

  Revenue is also received from the delivery of food and beverages, including alcoholic beverages for consumption on site. Revenue is recognised on sale of concession items.

- *Sponsorship revenue*

  Sponsorship revenue is allocated by business categories including but not exclusive to Title sponsor, Educational Sponsor and Financial sponsor categories. Sponsorship revenue is recognised as the service is rendered.

  The performance obligation is satisfied by fulfilling the contractual obligations to the sponsor.

- *Gift certificates revenue*

  Gift certificates are purchased to be used as box office tickets and/or food and beverages. Revenue is recognised on the redemption of the gift certificates.

No significant element of financing is deemed present as the majority of the Company's revenue is generated without credit terms which is consistent with market practice. Only sponsorship, advertising and event sales are made with credit terms up to 30 days.

r. *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

2 **Significant accounting policies (continued)**

r. *Taxation (continued)*

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s. *Employee benefits*

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position. The Company has no pension plan and there are no other employee benefits provided.

t. *Dividend policy*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

u. *Earnings/(loss) per share*

Basic earnings/(loss) per share is calculated by dividing: the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

v. *Comparative information*

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

2 **Significant accounting policies (continued)**

w. (i) *New, revised and amended standards and interpretations adopted*

The Company has applied the following amendments for the first time for the annual reporting period commencing October 1, 2021:

- Covid-19 Related Rent Concessions – amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments listed above, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The significant impact of Covid-19 Related Rent Concessions-amendment to IFRS 16 is described below.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees to assess whether a rent concession related to Covid-19 is a lease modification.

Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this has resulted in accounting for the concession as variable lease payments in the periods in which the event or condition that triggers the reduced payment occurred.

The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. any reduction in lease payments affects only payments due on or before 30 June 2021; and
c. there is no substantive change to other terms and conditions of the lease.

The Company recognised a credit to profit or loss of $376,815 (2021: $345,530) as a result of the application of the practical expedient. See Note 5.

w. (ii) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for September 30, 2022, reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Significant accounting policies (continued)

x. *Critical accounting estimates and judgements in applying policies*

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Current and deferred income tax balances are disclosed in the statement of financial position. Details of the expense for the year are shown in Note 7.

Deferred tax asset

The deferred tax assets of $3,572,394 includes an amount of $3,387,150 which relates to carried-forward tax losses of the Company. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Company. The Company is expected to generate taxable income from 2023 onwards. The losses can be carried forward indefinitely and have no expiry date.

Impairment

The Company tests annually whether any non-financial assets/cash generating units have suffered impairment. For the purposes of the impairment test, the cash-generating unit was determined to be at the Company level. The recoverable amount of the cash-generating unit has been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions and sensitivity analysis are disclosed in Note 24.

3 Financial risk management

a. *Financial risk management objectives*

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk, and the investment of excess liquidity.

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(i) *Market risk*

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

(a) *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities. The Company currently holds a USD Loan and a USD Monthly Income Fund with Guardian Group Trust Limited. If the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, the loss for the year would have been $288,357 (2021: $281,539).

The Company actively manages this risk by matching receipts and payments in the sale currency and monitoring movements in exchange rates. The Company has also negotiated TT dollar partial settlements with lenders such as Guardian Group Trust Limited and key operational and construction vendors. The Company seeks to purchase US dollars, when made available, from its bankers. Such policies to manage foreign currency are the same as for prior year.

(b) *Price risk*

The Company's exposure to securities price risk arising from investments is nil.

(c) *Interest rate risk*

The Company had no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position.

The Company's exposure to changes in market interest rates relates primarily to the long-term debt obligation, with the interest rate being TT Dollar prime minus 1.90% with a floor between 7% and 9%. The exposure to interest rate risk on cash held on deposit is not significant. Non-interest bearing borrowings were on 2% of borrowings in 2022 (2021: 2%) and the balance of borrowings were secured at fixed rates.

The exposure of the Company's borrowings to interest rate changes are as follows:

	2022 **$**	**2021** **$**
Less than one year	3,090,151	143,270
Between 1 - 5 years	9,396,700	9,182,583
	12,486,851	9,325,853

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The main financial risks of the Company relate to the availability of funds to meet business needs and the risk of default by counterparties to financial transactions. The Company monitors the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The Company's principal financial liabilities comprise bank loans (Note 12). There have been no changes to the way the Company manages this exposure compared to the prior year.

3 Financial risk management (continued)

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management*

Credit risk arises from deposits into bank as well as credit exposures for receivables related to sponsorship arrangements and special events. The Company has policies in place to ensure that the delivery of sponsorship services and events are made to customers with an appropriate credit history. Credit exposures arise from the delivery of services to customers, including outstanding receivables. Deposits are only made to reputable commercial banks.

The due from parent company balance arises mainly from administrative services provided by the Company.

In assessing credit losses associated with receivables, such as sponsorship arrangements and special events, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties.

There have been no changes to the way the Company manages this exposure compared to the prior year.

Maximum exposure to credit risk

The accounting policies for financial instruments have been applied to the line items below:

	2022 **$**	**2021** **$**
Other receivables (Note 9)	240,336	80,729
Due from parent company (Note 6)	3,018,624	2,900,897
Cash at bank and on hand (Note 10)	1,573,354	2,085,776
	4,832,314	5,067,402

Collateral is not held for any balances exposed to credit risk, with the exception of a guarantee held for the due from parent company balance, which can be found in Note 6.

The simplified approach

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for Trade and other receivables. The simplified approach eliminates the need to calculate 12-month Expected Credit Loss and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors.

The general approach

The Company applies the IFRS 9 general approach to measuring expected credit losses for intercompany loans to its parent company. The Company considers such parent company loans as low credit risks given past performance but still maintains offsetting payable balances as credit enhancements to assist in managing expected credit loss.

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management (continued)*

Incorporation of forward-looking information

Historical loss rates for trade and other receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company uses indicators such as, concentration risk and macroeconomic fundamentals of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit or loss and other comprehensive income.

Summary of ECL calculations

a) *The simplified approach (trade and other receivables)*

A summary of the assumptions underpinning the Company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Company's internal grading system

Trade and other receivables assessed for specific provisions are identified based on certain default triggers (e.g., customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment.

The following is a summary of the ECL on trade and other receivables from specific provisions:

Aging Bucket	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
3-12 months due	--	240,336	--

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The Company's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Company has adequate committed lines of credit to meet its obligations. There have been no changes to the way the Company manages this exposure compared to the prior year.

Due to the Covid-19 global pandemic, the Company has been observing a very slow increase of the revenue level and as such management have taken appropriate measures to keep the reduction of the operating expenses to minimise the financial risk.

The table below analyses the Company's financial liabilities based on the remaining period at the financial position date to the contractual maturity date.

Financial liabilities

	Carrying amount	Contractual cash flow	Less than 1 year	Between 2 to 5 years	Over 5 years
	$	$	$	$	$
At 30 September 2022					
Borrowings	47,260,081	82,801,021	4,522,500	8,561,861	69,716,660
Leases	7,010,935	17,535,942	405,331	2,051,967	15,078,644
Shareholder loans	1,164,355	1,271,718	166,968	1,060,405	44,345
Accruals and other payables (excluding statutory liabilities)	4,616,541	4,616,541	4,616,541	--	--
Total	60,051,912	106,225,222	9,711,340	11,674,233	84,839,649
At 30 September 2021					
Borrowings	44,586,831	80,127,771	788,467	13,571,225	65,768,079
Leases	7,386,218	18,104,351	375,282	2,172,874	15,556,195
Shareholder loans	814,212	1,045,936	146,352	634,834	264,750
Deferred revenue	9,120	9,120	9,120	--	--
Accruals and other payables - (excluding statutory liabilities)	2,499,675	2,499,675	2,499,675	--	--
Total	55,296,056	101,786,853	3,818,896	16,378,933	81,589,024

3 **Financial risk management (continued)**

b. *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes compared to the financial year ended 30 September 2022.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Company is subjected to, and with which it was in compliance for the year ended 30 September 2022 and 30 September 2021.

The gearing ratios as at 30 September 2022 and 30 September 2021 were as follows:

	2022 $	2021 $
Borrowings (Note 12)	38,926,693	38,752,511
Lease liabilities (Note 5)	7,010,935	7,386,218
Shareholder loans (Note 13)	1,164,355	814,212
Less: cash on hand and at bank (Note 10)	(1,573,354)	(2,085,776)
Net debt	45,528,629	44,867,165
Total equity	21,102,140	22,522,736
Total capital	66,630,769	67,389,901
Gearing ratio	68%	67%

The Company's high gearing ratio is mainly due to the effect of IFRS 16 and the deferred amortisation of the facility from Guardian Group Trust Limited which was agreed to as a result of the Covid-19 pandemic.

c. *Fair value estimation*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The standard requires disclosure of fair value measurement by level using the following fair value measurement hierarchy:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Due to the short-term nature of prepayments and other receivables and accruals and other payables, their carrying amounts are considered to be the same as their fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All of the Company's financial assets and liabilities are carried at amortised cost.

4 Plant and equipment

	Leasehold improvements $	Theatre equipment $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Year ended 30 September 2022							
Cost							
Balance at 1 October 2021	45,314,891	21,679,402	220,801	1,394,689	121,288	20,182,875	88,913,946
Additions	--	3,276	--	--	--	6,141,636	6,144,912
Transfer from prepayments	--	--	--	--	--	784,084	784,084
Balance at 30 September 2022	45,314,891	21,682,678	220,801	1,394,689	121,288	27,108,595	95,842,942
Accumulated depreciation							
Balance at 1 October 2021	(13,359,045)	(10,538,154)	(195,024)	(1,128,501)	(72,551)	--	(25,293,275)
Charge for the year	(2,325,410)	(343,048)	(8,584)	(66,547)	(7,310)	--	(2,750,899)
Balance at 30 September 2022	(15,684,455)	(10,881,202)	(203,608)	(1,195,048)	(79,861)	--	(28,044,174)
Year ended 30 September 2021							
Cost							
Balance at 1 October 2020	45,314,891	21,679,402	220,801	1,394,689	121,288	17,088,646	85,819,717
Additions	--	--	--	--	--	3,094,229	3,094,229
Balance at 30 September 2021	45,314,891	21,679,402	220,801	1,394,689	121,288	20,182,875	88,913,946
Accumulated depreciation							
Balance at 1 October 2020	(11,033,635)	(9,127,568)	(182,154)	(1,039,772)	(63,951)	--	(21,447,080)
Charge for the year	(2,325,410)	(1,410,586)	(12,870)	(88,729)	(8,600)	--	(3,846,195)
Balance at 30 September 2021	(13,359,045)	(10,538,154)	(195,024)	(1,128,501)	(72,551)	--	(25,293,275)

4 **Plant and equipment (continued)**

	Leasehold improvements $	Theatre equipment $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Net book amount							
Balance at 30 September 2022	29,630,436	10,801,476	17,193	199,641	41,427	27,108,595	67,798,768
Balance at 30 September 2021	31,955,846	11,141,248	25,777	266,188	48,737	20,182,875	63,620,671
Balance at 30 September 2020	34,281,256	12,551,834	38,647	354,917	57,337	17,088,646	64,372,637

Work-in-progress as at 30 September 2022 represents capital expenditure for construction activity associated with construction of a new movie theatre multiplex in Gulf City Mall, San Fernando.

Interest on borrowings in the amount of $2,249,227 (2021: $2,058,546) was capitalised during the year.

Prepayments of $784,084 from prior years were transferred to work in progress and $506,925 (2021: $1,291,009) remains classified under prepayments to reflect deposits on items that have not yet been received nor installed.

See Note 12 for the assets pledged as security for borrowings.

		2022 $	2021 $
5	**Leases**		
	Right of use assets		
	Buildings	5,582,852	6,000,336
	Lease liabilities		
	Current	405,331	375,282
	Non-current	6,605,604	7,010,936
	Total lease liabilities	7,010,935	7,386,218

(i) The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation	417,483	417,483
Expense (included in finance costs)	529,065	556,855
Covid-19 related rent concessions	(376,815)	(345,530)
Total cashflow for leases in 2022 was	(527,532)	(226,089)

6 **Related party transactions**

(i) *Due from parent company*

Giant Screen Entertainment Holdings Limited	3,018,624	2,900,897

This balance relates to transactions paid by the Company for satisfaction of parent company obligations. Such obligations include financing, legal and other professional service fees, foreign travel and general business expenses. The receivable was converted to a loan with effect from 2 January 2020. This loan bears interest at 4% per annum and the balance increased during financial year 2022 due to accrued interest income. The principal repayment is due at maturity on 2 January 2025.

(ii) *Key management personnel*

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits.

Key management personnel received compensation of $773,118 (2021: $576,659) for the year.

(iii) *Transactions within the period*

This loan bears interest at 4% per annum and the balance increased during financial year 2022 due to accrued interest income.
Interest Income accrued and repayments were of $117,726 (2021: - $214,895) for the year.

7 **Taxation**

(i) *Composition of deferred tax asset and liability*

The analysis of deferred tax asset and (liability) is as follows:

Deferred tax asset

	Accumulated tax losses $	IFRS 16 $	Total $
At 1 October 2021	2,952,258	207,883	3,160,141
Credit to profit or loss	460,193	(22,639)	437,554
At 30 September 2022	3,412,451	185,244	3,597,695
At 1 October 2020	1,207,150	75,708	1,282,858
Credit to profit or loss	1,745,108	132,175	1,877,283
At 30 September 2021	2,952,258	207,883	3,160,141

Deferred tax liability

	Accelerated tax depreciation $	Total $
At 1 October 2021	(2,310,757)	(2,310,757)
Charge to profit or loss	(158,141)	(158,141)
At 30 September 2022	(2,468,898)	(2,468,898)
At 1 October 2020	(1,523,223)	(1,523,223)
Charge to profit or loss	(787,534)	(787,534)
At 30 September 2021	(2,310,757)	(2,310,757)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2021: 15%).

(ii) *Taxation*

	2022 $	2021 $
Deferred tax credit	(279,413)	(1,089,749)
Business levy	--	14,000
Green fund levy	--	7,001
Prior year over provision - business levy	(162,744)	--
	(442,157)	(1,068,748)

7 Taxation (continued)

(iii) *Reconciliation of effective tax rate*

	2022 $	2021 $
Loss for the year	(1,862,753)	(8,066,231)
Tax at the statutory tax rate – 15% (2021: 10%)	(279,413)	(1,209,935)
Business levy	--	14,000
Green fund levy	--	7,001
Effect of deferred tax of change in tax rate	--	120,186
Prior year over provision - business levy	(162,744)	--
	(442,157)	(1,068,748)

For the year ended 30 September 2022, the Company was not liable to corporation tax as a result of accumulated tax losses of $22,580,997 (2021: $19,681,724).

As a result of the Company being listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market in 2018, section 3(2) of the Corporation Tax Act provides for companies listed to be assessed with a corporation tax rate of 15% instead of 10% as per amendment of the Corporation Tax Act, Chap 75:02 dated 24 December 2020. Also, it benefits from a zero percent on Business Levy and Green Fund Levy for the first five years from listing.

8 Inventories

	2022 $	2021 $
Food and beverage	89,053	98,412

The cost of inventories recognised as an expense and included in cost of sales amounted to $1,209,127 (2021: $192,786). Refer to Note 17.

9 Prepayments and other receivables

	2022 $	2021 $
Prepayments	875,581	1,688,060
Value Added Tax recoverable	1,180,446	1,204,800
Other receivables	240,337	80,729
	2,296,364	2,973,589

As at 30 September 2022, there was no impairment of other receivable balances (2021: $547,918).

Given the nature of operations, goods and services are paid immediately (see Revenue Recognition Accounting Policy Note). Other receivables balances are related to sponsorship agreements that have not been impaired, therefore the expected lifetime credit loss is deemed to be nil.

Details about the Company’s classification and the calculation of the loss allowance are provided in Note 3. Due to the short-term nature of the current prepayments and other receivables, their carrying amounts are considered to be the same as their fair value. Information about the impairment of prepayments and other receivables and the Company's exposure to credit risk, market risk and liquidity risk can be found in Note 3.

10 Cash and cash equivalents

	2022 $	2021 $
Cash on hand and at bank	209,098	39,661
Short-term deposit	1,364,256	2,046,115
	1,573,354	2,085,776

The short-term deposit represents a USD Monthly Income Fund held at Guardian Asset Management Limited.

11 Share capital

	2022	2021
Authorised capital		
Unlimited ordinary shares of no par value		
Issued and fully paid capital		
6,406,295 (2021: 6,406,295) ordinary shares of no par value	32,579,503	32,579,503

Analysis of ordinary shares movement is as follows:

	2022		2021	
	No. of Shares	Amount $	No. of Shares	Amount $
Balance at start of year	6,406,295	32,579,503	6,406,295	32,579,503
Balance at end of year	6,406,295	32,579,503	6,406,295	32,579,503

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends at the Company's discretion and are entitled to one vote per share at meetings of the Company.

12 Borrowings

	2022 $	2021 $
Guardian Group Trust Limited-TTD	28,926,693	28,752,511
Guardian Group Trust Limited-USD	10,000,000	10,000,000
Total borrowings	38,926,693	38,752,511
Less current portion	(2,923,183)	--
Long term portion	36,003,510	38,752,511

The Guardian Group Trust Limited Loan agreement was executed on 31 October 2019 and comprises Tranche A of $30,000,000 and Tranche B of USD1,500,000. The proceeds were used to refinance facilities at First Caribbean International Bank (Trinidad and Tobago) Limited (CIBC) and to finance construction costs of new theatre development at Gulf City Mall.

Interest: Tranche A: Each series will compound interest annually at their respective interest rate, (the overall weighted interest rate of this facility is fixed at 8.438% per annum but adjusted to reflect issue costs resulted in and effective interest rate (EIR) of 9%.
Tranche B: Fixed at 7% per annum (2021: 7%).

12 **Borrowings (continued)**

Repayment: Tranche A principal will be paid upon maturity of each series commencing 16 January 2023 and ending on 31 October 2035. Interest will be similarly due from 16 January 2023, after the extended Covid-19 moratorium period ends. Tranche B principal is due at maturity on 30 January 2026, and interest due commenced from 30 January 2022 after the extended Covid-19 moratorium period ended.

The security for these loans is noted below.

(i) Debenture over the fixed and floating assets of the Company.

(ii) Assignment of all insurance(s) over the fixed and floating assets of the Company.

(iii) First demand mortgage over leasehold properties located at One Woodbrook Place and Gulf City Mall.

(iv) Deed of assignment over IMAX and 4DX trademark licenses.

(v) Deed of charge over 4,704,646 ordinary shares of CinemaONE Limited held by Giant Screen Entertainment Holdings Limited.

(vi) Assignment of key man insurance over Brian and/or Ingrid Jahra for a minimum of TT$6,000,000 each. Guardian Life of the Caribbean to be given first preference to provide.

Covenants:

Within the financial period, Guardian Group Trust Limited granted a waiver of the debt service coverage ratio for fiscal years 2020, 2021 and 2022, and any other additional covenant in which compliance is likely to be adversely impacted due to the Covid-19 pandemic. The waiver for 2022 for the EBITDA coverage ratio of 1.2x in financial year 2022 was granted on 2 December 2021 (see Note 25).

(i) A minimum debt service coverage ratio of 1.2x must be maintained throughout the entire tenor of the facility.

(ii) A maximum leverage ratio of 70%. Such ratio to be calculated as the sum of all interest-bearing debt divided by total assets.

Guardian Group Trust Limited also amended the loan agreement to additionally allow the facilities to be used for the Company's operational expenses and working capital in support of the Covid-19 pandemic.

13 **Shareholder loans**

	2022 **$**	**2021** **$**
Due to EFREENET Limited	406,490	403,110
Due to Jahra Ventures Limited	757,865	411,102
	1,164,355	814,212
Less current portion	(166,968)	(143,270)
Net long-term debt	997,387	670,942

Amount due to EFREENET Limited in the amount of $406,491 is repayable in full at maturity on 31 December 2026. There is no interest on this loan. The amount due to Jahra Ventures Limited in the amount of $757,865 is repayable on a monthly basis, inclusive of interest of 4.9% and matures on 31 October 2026. These shareholder loans do not carry any security.

14 Accruals and other payables

	2022 $	2021 $
Current portion		
Accruals and other payables	4,616,541	2,499,673
Interest payable	602,637	722,177
Statutory payable	327,989	330,784
	5,547,167	3,552,634
Non-current portion		
Interest payable	7,730,751	5,120,320
Statutory payable	273,812	373,183
	8,004,563	5,493,503

The non-current portion of the interest payable represents the interest due on the Guardian Group Trust Limited loan.

The non-current portion of the statutory payable relates to contributions due to the National Insurance Board within three to six years.

The total amount of the statutory payable as at 30 September 2022 is $601,802 of which $327,989 is due within twelve months.

15 Deferred revenue

	2022 $	2021 $
Deferred revenue	--	9,120

The sponsorship deferred revenue relates to sponsorship income that is being amortised over the period of the respective sponsorship agreements and other deferred revenue refers to gift certificates not yet redeemed as tickets. Gift certificates are amortised to the statement of profit or loss and comprehensive income when redeemed.

16 Revenue

	2022 $	2021 $
Movie admissions	5,582,466	830,142
Food and beverage	3,886,895	583,792
Sponsorship, advertising and other	649,615	658,490
Gross revenue	10,118,976	2,072,424
Discounts	(401,806)	--
Net revenue	9,717,170	2,072,424

Discounts are related to complementary tickets and food and beverage.

17 Expenses by nature

	2022 $	2021 $
Cost of sales		
Movies	2,691,795	861,844
Food and beverage (Note 8)	1,209,127	192,786
Other	183,014	57,006
	4,083,936	1,111,636
Administrative expenses		
Depreciation – plant and equipment (Note 4)	2,750,898	3,846,195
Employee benefit expense (Note 21)	1,029,075	407,973
Rent	668,797	--
Depreciation – right of use asset (Note 5)	417,483	417,483
Repairs and maintenance	274,569	897,699
Audit and professional fees	165,400	192,881
Insurance	159,305	126,251
Legal fees and licenses	100,471	38,730
Cleaning	69,459	18,173
Communications costs	67,185	90,307
Professional fees	20,310	--
Office expenses	13,327	12,021
Miscellaneous	12,327	354,235
Motor vehicle expense	11,397	141
Operating supplies	6,992	39,626
Impairment of receivables (Note 9)	--	547,918
Subscriptions and publications	--	11,027
Prior year over provision of green fund levy	(90,908)	--
Rent waiver IFRS 16 Covid-19 concessions (Note 5)	(376,815)	(345,530)
	5,299,272	6,655,130

18 Other income

	2022	2021
Interest income	121,002	121,022
Gain on foreign exchange	52,475	93,773
USD income fund interest income	36,482	46,488
	209,959	261,283

The gain on foreign exchange refers to USD transactions made during the financial period which resulted in gains once translated into the local currency. The USD interest income is a result of interest received at 1.75% in the USD Monthly Income Fund held at Guardian Group Trust Limited. The interest income is a result of interest earned on the related party loan (Note 6).

19 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Loss attributable to equity holders of the Company	(1,420,596)	(6,997,483)
Weighted average number of ordinary shares in issue	6,406,295	6,406,295
Basic loss per share	$(0.22)	$(1.09)

20 Net change in borrowings

(i)

	Cash and cash equivalents $	Commercial loan $	Shareholder loans $	Lease liabilities $	Total $
Balance at 1 October 2021	2,085,776	(38,752,511)	(814,212)	(7,386,218)	(44,867,165)
Acquisitions	--	(174,182)	(486,607)	(152,249)	(813,038)
Cashflows	(512,422)	--	136,464	527,532	151,574
Balance at 30 September 2022	1,573,354	(38,926,693)	(1,164,355)	(7,010,935)	(45,528,629)
Balance at 1 October 2020	3,104,068	(38,725,134)	(842,660)	(7,174,892)	(43,638,618)
Acquisitions	--	(27,377)	(34,000)	14,763	(46,614)
Cashflows	(1,018,292)	--	62,448	(226,089)	(1,181,933)
Balance at 30 September 2021	2,085,776	(38,752,511)	(814,212)	(7,386,218)	(44,867,165)

(ii) *Net debt reconciliation*

	2022 $	2021 $
Cash on hand and at bank (Note 10)	1,573,354	2,085,776
Shareholder loans – repayable within one year (Note 13)	(166,968)	(143,270)
Lease liabilities – repayable within one year (Note 5)	(405,331)	(375,282)
Shareholder loans – repayable after one year (Note 13)	(997,387)	(670,942)
Borrowings - repayable after one year (Note 12)	(38,926,693)	(38,752,511)
Lease liabilities – repayable after one year (Note 5)	(6,605,604)	(7,010,936)
Net debt	(45,528,629)	(44,867,165)

21 Employee benefit expense

	2022 $	2021 $
Salaries	880,927	343,544
National insurance	148,148	64,429
	1,029,075	407,973

22 Contingencies and commitments

The Company leases various properties expiring within 6 and 20 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases can be renegotiated. From 1 October 2019, the Company has recognised right of use assets for these leases.

(i) Not included in the above commitments (as well as Note 5) are contingent rental payments which are based on a percentage of the revenue earned as per the various lease agreements.

(ii) The Company currently has no material contingencies impacting the financial statements. (2021: Nil)

(iii) Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities in relation to the theatre expansion at Gulf City is $854,207 (2021: $1,754,207).

(iv) The Property Tax Act of 2009 (PTA) was enacted into law by the Government of the Republic of Trinidad and Tobago (GORTT), effective from 1 January 2010. There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on 30 September 2017. As of present date there have been no further changes to the legislation or extension of the waivers previously granted by the GORTT. The PTA has not yet been enforced primarily due to non-completion of property valuations by the statutory authority and assessments not being sent to taxpayers. While a present obligation exists, taxpayers are unable to reliably estimate the liability as the basis for fair value at this time has not been clarified.

23 Dividends

There were no dividends declared or paid by the Board of Directors of the Company during the financial year (2021: Nil).

24 Impact of Covid-19

On 11 March 2020, due to the worsening global public health crisis associated with the novel coronavirus known as Covid-19, the World Health Organization officially classified Covid-19 as a global pandemic. Stay-at-home orders and restrictions on large public gatherings were subsequently implemented in countries around the world and included the closure of movie theatres. As a result of the theatre closures, movie studios postponed theatrical releases of most films originally scheduled for release in 2020 and early 2021, while several other films were released directly or concurrently to streaming platforms. The outbreak and continuation of the Covid-19 pandemic throughout all of financial year 2021 and over half of financial year 2022 triggered unprecedented challenges in the international economy and adversely impacted the global movie exhibition industry.

In Trinidad and Tobago, the Prime Minister announced the first mandatory shutdown of cinemas and other sectors on 17 March 2020. The initial mandated closure extended for 107 days until 2 July 2020. In response to a second Covid-19 pandemic wave in Trinidad and Tobago, the Prime Minister again announced the closure of cinemas on 17 August 2020 to 8 November 2020. The second mandated closure had a duration of 84 days.

On 29 April 2021, just over a year after the initial Covid-19 outbreak, Trinidad and Tobago's Prime Minister mandated a third lockdown and full closure of cinemas. Given the more acute stage of Covid-19 infection rates at that time, Trinidad and Tobago escalated its Covid-19 response to a full State of Emergency (SOE) on 15 May 2021. As a result, the cinema sector was closed in the interest of public safety for the remaining balance of the financial year 2021 period. Overall, the Company was fully operational for only 135 days in financial year 2021, albeit with significant operational restrictions such as a 50% capacity limitation and 10 PM closure period.

24 **Impact of Covid-19 (continued)**

The Trinidad and Tobago government's closure mandate extended until October 11, 2021 when cinemas were permitted to re-open under safe zone protocols which restricted patronage and employment to fully vaccinated customers and employees only and limited capacity to 50% percent. In addition, the state of emergency which curtailed opening hours to 10pm was only lifted on November 17, 2021. Subsequently on March 7, 2022, the gradual relaxation of operational hindrances continued with the increase of maximum theatre occupancy to 75%. Finally on April 4, 2022, all government imposed Covid-19 restrictions were relaxed and movie theatres in Trinidad and Tobago were permitted to operate under normal conditions.

The continued imposition of the above Covid-19 restrictions on cinema operations in financial year 2022 in an effort to contain the pandemic in the interest of public health and safety triggered the reduced, but still present, risk of excessive cash burn during the first half of FY 2022. To mitigate such risks, CinemaONE similarly maintained many of the liquidity preservation measures it had adopted since the onset of the Covid-19 pandemic in FY 2020. Such measures, which were implemented by Management and sanctioned by the Company's Board, included but were not limited to:

- Continued phased capital expenditures on the Company's new Gulf City expansion site, meaning only screens 1 and 2 would be deployed in the first phase and all construction works related to screens 3-5 delayed
- Maintenance of 25-40% reduction off pre-Covid19 compensation levels for both senior and middle management staff
- Limitation of OWP capital expenditures to critical maintenance related expenditures only
- Consistent negotiation for rent and other relief from key vendor partners such as the Company's landlord, HCL, and IMAX
- Sustained effort to secure any Covid-19 government relief such as 0% interest SME Loan, and other similar shareholder advances to assist in bolstering liquidity as a substitute

Out of an abundance of caution and in addition to other debt payment and debt covenant waivers already received, CinemaONE worked closely with its senior lender, Guardian Group Trust Limited (GGTL) to additionally request and receive the following:

1. Waiver on Tranche B interest payments, extending through Q1 of Fiscal 2022 to the end of January 2022, which was approved by GGTL.
2. Tranche A Bond payment delayed until 16 January 2023.

With the waning of the deleterious operational impact of the Covid-19 pandemic in FY 2022 and the release of numerous blockbuster movie titles from all major studios during the period, CinemaONE enjoyed a significant FY 2022 rebound of key financial performance indicators such as Revenue and EBITDA. As such Management's outlook further improved in FY 2022 and CinemaONE has maintained the going concern assumption in the preparation of the Company's 2022 financial statements. This basis of preparation presumes that the Company will realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future.

24 Impact of Covid-19 (continued)

Impairment review

During FY 2022 the Government of Trinidad and Tobago relaxed all of the imposed Covid-19 operating constraints which had materially hampered business operations in the interest of public health and safety. In addition, the major movie studies opted to release numerous blockbuster titles, many of which also enjoyed exclusive periods in movie theatres only, prior to being released to streaming platforms.

As a result of such positive developments, CinemaONE's revenue rebounded by almost four hundred percent. Key indicators such as EBITDA also returned to positive levels and were in line with historical margins. This is to say that CinemaONE's market capitalisation of $38.3M as of September 30, 2022, exceeded the Company's net asset value by approximately $17M. Indeed, the Company's share price appreciated by 49.5% during the year to close at $5.98 on September 30, 2022.

CinemaONE considered the applicability of its impairment testing at the height of the Covid-19 pandemic in FY 2021 and Management determined that using an expected cash flow approach to its impairment testing is still the most effective means of reflecting the potential uncertainties of the Covid-19 pandemic in its estimates of recoverable amount. This approach reflects expectations derived from various sensitivities or possible cash flows scenarios.

Consistent with IAS 36, Management elected to analyse the aggregate whole company as a singular or whole CGU for its impairment testing. To determine the Value in Use of the whole company, the Company performed detailed Discounted Cash Flow Analyses (DCF). Key assumptions for the Company's Conservative Case scenario are outlined below:

Revenue and Income Statement Projections

The Company's revenue projections are derived from the two major elements of the business, namely ticket sales or movie admissions and food and beverage revenue, both of which are generated by overall attendance and the associated and historically consistent per patron sales. The Company's Conservative Case attendance projections are based on a relatively slow "return to normalcy" as the impact of Covid-19 wanes over a period of years versus months.

- Year 1 - 2023: attendance at the Company's One Woodbrook Place (OWP) location recovers to a 24% variance below the historical pre-Covid19 average and the opening of the Company's Gulf City Mall location is delayed until December 2022.
- Year 2 – 2024: attendance at the Company's One Woodbrook Place (OWP) location further recovers to a -9% variance below the historical pre-Covid19 average and Gulf City operates for a full year but achieves only 20% greater attendance over Fiscal 2023.
- Year 3 – 2025 OWP achieves a full rebound by reaching its pre-Covid-19 3 Year historical average attendance while Gulf City's total outfitting is completed, and the Year opens with the entire 5 screen facility.
- Years 4 and 5 – OWP's attendance conservatively only surpasses its peak 2019 performance of 134K in Year 5 by a marginal 1%

24 Impact of Covid-19 (continued)

Revenue and Income Statement Projections (continued)

In addition to the above conservative assumptions, the Company has maintained consistency in both its per patron spend patterns by theatre format and in the Company's overall EBITDA and profitability margins throughout the 5 Year DCF. Also, a case could be made for a 10 Year time horizon given the Company's long-term leases and long-term debt financing. A 10 Year DCF would be accretive.

Summary of Key Financial Assumptions

Weighted Average Cost of Capital (WACC)

	Low	**High**
PreTax Cost of Debt (Adjusted for the Actual TTD and US Rates)	8.21%	8.21%
SME Tax Rate (GORTT Revised in 2022)	15.00%	15.00%
After Tax Cost of Debt	6.97%	6.97%
Debt Ratio	73.20%	64.70%
WACC Debt Contribution	**5.11%**	**4.51%**
After-tax cost of Equity	20.12%	22.62%
Equity Ratio	26.80%	35.30%
WACC Equity Contribution	**5.4%**	**8.0%**
Total WACC	**10.50%**	**12.50%**

Terminal value

To establish the maintainable after-tax free cash flow level of the Company during the years subsequent to the 5 Year forecast period, referred to as the "Terminal Value", particularly given the Company's long term (20 year) lease agreements and long term (15 year) loan agreements, the Company has considered the historical financials and future cash flows. More specifically, to estimate the maintainable free cash flow for the Terminal Value of the Company, the Company has assumed EBITDA will grow by 1.5% (3.4% in EBITDA growth was delivered from inception in 2012 through 2019).

Impairment analysis conclusion

The result of Management's DCF financial analysis using the assumptions outlined above along with the additional financial sensitivities performed yields a DCF Equity Value or Value in Use range which exceeds both the Carrying Value of the Company's assets and the Company's Current Market Value Capitalisation. With respect to the sensitivity of the impairment assessment, the average spend per patron would have to fall by more than 40% from $140 per patron to $85 per patron for there to be an impairment, the total attendance would need to remain suppressed at more than 25% below pre-Covid 19 averages for there to be an impairment, or the pre-tax WACC would need to rise to 16% for there to be an impairment

On this basis, the Company has not impaired its assets as of 30 September 2022.

25 **Subsequent events**

On 3 November 2022, The Trinidad and Tobago Securities and Exchange Commission approved CinemaONE's Information Memorandum which detailed the Company's plan to raise a minimum of TT$6 million in equity capital via a Rights Issue of 1.6M ordinary shares offered to existing shareholders only. The Rights Issue is expected to successfully close in January 2023.

On 30 November 2022, CinemaONE was granted its license to open its new Gemstone formatted theatre facility in Gulf City Mall, San Fernando. The new theatre opened to the public on 3 December 2022.

26 **Russia/Ukraine war**

The geopolitical situation in Eastern Europe has intensified following the February 2022 descent of Russia and Ukraine into an armed conflict. The Company does not have activity in Ukraine nor Russia, nor have relationships with Russian or Ukrainian groups. However, over time, the conflict is likely to have direct and indirect economic and financial consequences, notably in the supply chain from rising prices and/or shortage of certain materials, goods and services and delays and increased costs in logistics. Furthermore, the conflict may disrupt the overall global economy and growth.

Management and the Directors are closely monitoring the Company's exposure, including the uncertainties and risks associated with the crisis, but at this point it is too early to assess any impacts. Therefore, at the date of these financial statements, there is no identified financial impact related to this conflict on the Company's Statement of Financial Position.

There are no other events, situations or circumstances which have occurred which might significantly affect the Company's equity or financial position, which have not been adequately contemplated or mentioned in these financial statements or circumstances have occurred which might significantly affect the Company's equity or financial position, which have not been adequately contemplated or mentioned in these financial statements.