

CHAIRMAN'S REPORT
FOR THE INTERIM FINANCIAL STATEMENTS FOR THE 3 MONTH PERIOD
ENDED DECEMBER 31, 2022

Overview

The 2022 Global Box Office ended the year at US \$25.9B, -35% below the 2017-19 pre-C19 Average, but 27% higher than 2021 and 119% higher than 2020. *Avatar The Way of Water* delivered a strong US \$1.5B in December and has proceeded to attain the ranks of the top 10 highest grossing films of all time.



Indeed, the back to back strong movie titles commencing with *Black Panther Wakanda Forever* in November followed by *Avatar The Way of Water* in December propelled CinemaONE to attendance and revenue performances which parallel pre-C19 periods.

Notable growth over the prior year period was demonstrated by CinemaONE's premium IMAX and 4DX theatre formats as moviegoers sought differentiated experiences. The December opening of the Company's Gemstone theatre in Gulf City Mall also marked CinemaONE's entry into an expanded market in a location with long term strategic value.

Financial Performance

I am again happy to summarize the following improved interim financial performance for the first quarter (Q1) of financial year (FY) 2023 in comparison to the C-19 impacted Q1 of the prior year.

Gross Revenue increased by 128% to TT \$4.6M (FY 2022: TT\$2.0M). Gross Profit increased by 123% to TT \$2.6M (FY 2022: TT \$1.1M). Operating Profit was TT \$.5M a significant increase over the prior year period (FY 2022: \$.004M). CinemaONE also returned to positive profitability with Net Profitability of TT \$.03M versus the prior year Net Loss (FY 2022: TT-\$\$.4M). EBITDA similarly rebounded with a positive result of TT \$1.5M, a 126% increase over the prior year period (FY 2022: TT \$.7M) and a demonstration of compliance with a key financial covenant.



Future Outlook

As the global cinema exhibition industry's recovery continues and patrons return to moviegoing, CinemaONE's Q1 FY 2023 performance was strengthened by the blockbuster appeal of major movie titles. While *Black Panther 2 Wakanda Forever* did not exceed the record breaking attendance of the 2018 first instalment of this inspiring franchise, the November 2022 release emerged as the Company's best performing title in the pandemic era and ranks as no. 12 overall for CinemaONE.

Management still remains focused on liquidity maintenance and operational cost containment, particularly in the current inflationary macroeconomic environment. In this context, at the end of January 2023, the Company successfully consummated an equity capital raise by means of a fully subscribed Rights Issue. This transaction has strengthened the

Company's financial position and provided initial capital for CinemaONE's strategic theatre expansion plans which are being prudently pursued.

I extend my best wishes to our shareholders, customers, and employees to have a Happy and Safe Carnival 2023!

Brian Jahra

Chairman
February 12, 2023

| STATEMENT OF FINANCIAL POSITION | 3 MONTHS ENDED DEC. 31, 2022 | 3 MONTHS ENDED DEC. 31, 2021 | 12 MONTHS ENDED SEPT. 30, 2022 |
|---------------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| Assets | UNAUDITED | UNAUDITED | AUDITED |
| Non-current assets | | | |
| Property Plant and Equipment | 67,891,195 | 64,104,016 | 67,798,768 |
| Deferred Tax Asset | 3,597,696 | 3,160,141 | 3,597,695 |
| Right-of-Use Assets | 5,478,481 | 5,895,965 | 5,582,852 |
| Due from related parties | 3,048,873 | 2,931,148 | 3,018,624 |
| Total Non-current Assets | 80,016,245 | 76,091,270 | 79,997,939 |
| Current assets | | | |
| Cash and cash equivalents | 2,542,647 | 2,390,852 | 1,573,354 |
| Other Current Assets | 2,732,931 | 3,391,754 | 2,653,458 |
| Total Current Assets | 5,275,578 | 5,782,605 | 4,226,812 |
| | | | |
| Total Assets | 85,291,823 | 81,873,875 | 84,224,751 |
| | | | |
| Equity & Liabilities | | | |
| Paid/Issued Share Capital | 32,579,503 | 32,579,503 | 32,579,503 |
| Retained earnings | (11,447,449) | (10,153,237) | (11,477,363) |
| Total Equity | 21,132,054 | 22,426,266 | 21,102,140 |
| Liabilities | | | |
| Non-current Liabilities | | | |
| Borrowings | 36,928,719 | 38,796,056 | 36,003,510 |
| Deferred Tax Liability | 2,468,898 | 2,310,757 | 2,468,898 |
| Shareholder Loans | 985,531 | 609,870 | 997,387 |
| Lease Liability | 6,680,363 | 6,987,957 | 6,605,604 |
| Accruals and Other Liabilities | 9,129,453 | 6,658,690 | 8,004,563 |
| Total Non-current Liabilities | 56,192,964 | 55,363,330 | 54,079,962 |
| Current Liabilities | | | |
| Borrowings | 2,706,395 | 146,352 | 3,090,151 |
| Lease Liability | 375,282 | 375,282 | 405,331 |
| Accruals and Other Liabilities | 4,885,128 | 3,562,645 | 5,547,167 |
| Total Current liabilities | 7,966,805 | 4,084,279 | 9,042,649 |
| | | | |
| Total Equity & Liabilities | 85,291,823 | 81,873,875 | 84,224,751 |

| STATEMENT OF COMPREHENSIVE INCOME | 3 MONTHS ENDED DEC. 31, 2022 | 3 MONTHS ENDED DEC. 31, 2021 | 12 MONTHS ENDED SEPT. 30, 2022 |
|--------------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| | UNAUDITED | UNAUDITED | AUDITED |
| Gross Revenue | 4,591,555 | 2,017,075 | 9,717,170 |
| Cost of Sales | (1,999,809) | (855,305) | (4,083,936) |
| Gross Profit | 2,591,747 | 1,161,770 | 5,633,234 |
| Operating expenses | (2,094,301) | (1,157,652) | (5,652,360) |
| Operating Profit/(Loss) | 497,446 | 4,118 | (19,126) |
| Interest expense | (546,996) | (482,148) | (2,053,586) |
| Other Income | 79,464 | 60,829 | 209,959 |
| Profit/(Loss) before Tax | 29,914 | (417,201) | (1,862,753) |
| Tax | - | 320,732 | 442,157 |
| Profit/(Loss) after Tax | 29,914 | (96,469) | (1,420,596) |

| STATEMENT OF CASH FLOWS | 3 MONTHS ENDED DEC. 31, 2022 | 3 MONTHS ENDED DEC. 31, 2021 | 12 MONTHS ENDED SEPT. 30, 2022 |
|---|------------------------------------|------------------------------------|--------------------------------------|
| | UNAUDITED | UNAUDITED | AUDITED |
| Profit/(loss) before taxation | 29,914 | (417,201) | (1,862,753) |
| Adjustments for: | | | |
| Depreciation | 1,028,705 | 684,270 | 3,168,381 |
| Other changes in working capital | 296,903 | 1,118,059 | 5,764,467 |
| Cash generated from operations | 1,355,522 | 1,385,128 | 7,070,095 |
| Taxation paid | - | (11,222) | (11,222) |
| Net cash generated from operations | 1,355,522 | 1,373,906 | 7,058,873 |
| Net cash used in investing activities | (1,003,889) | (1,029,909) | (6,144,912) |
| Proceeds from loans | 960,000 | - | 486,607 |
| Repayment of loans and borrowings | (267,209) | (34,026) | (136,494) |
| Interest paid | (270,813) | (4,897) | (1,248,964) |
| Leases | (316,742) | - | (527,532) |
| Net cash used in financing activities | 105,237 | (38,923) | (1,426,383) |
| Net (decrease) / increase in cash | 456,870 | 305,074 | (512,422) |
| Cash and cash equivalents at the beginning of the period | 2,085,776 | 2,085,776 | 2,085,776 |
| Cash and cash equivalents at the end of the period | 2,542,647 | 2,390,852 | 1,573,354 |

| STATEMENT OF CHANGES IN EQUITY | 3 MONTHS ENDED DEC. 31, 2022 | 3 MONTHS ENDED DEC. 31, 2021 | 12 MONTHS ENDED SEPT. 30, 2022 |
|--------------------------------|------------------------------------|------------------------------------|--------------------------------------|
| | UNAUDITED | UNAUDITED | AUDITED |
| Total Opening Balance | 21,102,140 | 22,522,736 | 22,522,736 |
| Total Comprehensive Income | 29,914 | (96,469) | (1,420,596) |
| Balance as at End of Period | 21,132,054 | 22,426,266 | 21,102,140 |

NOTES:

The accompanying notes are an integral part to these financial statements.

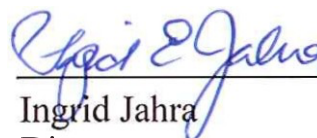
1) Basis of Accounting: These condensed financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

2) Significant Accounting Policies: The principle accounting policies adopted in the preparation of these financial statements are consistent with those used in the audited financial statements as at September 30, 2022.

3) Stated Currency: Trinidad and Tobago Dollars.



Brian Jahra
Chairman



Ingrid Jahra
Director