

**CHAIRMAN’S REPORT
FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2023**

Overview



The global cinema exhibition sector and CinemaONE continued the trajectory of rebounding from the three previous years of the adverse impact of Covid-19. In fact, Financial Year (FY) 2023 marked the first full year of operations in which CinemaONE benefited from the absence of Government mandated operational constraints in the interest of public health and safety.

Coupled with the lifting of the Covid-19 burden in FY 2023 were the major movie studio releases of true blockbuster content such as Disney’s *Avatar* (US \$2.3B), Universal Pictures’ *Super Mario Brothers* (US \$1.4B) and Warner

Brothers’ cultural phenomenon *Barbie* (US \$1.4B). Audiences flocked to both *Barbie* and Universal Pictures’ *Oppenheimer* (US \$.9B) during the summer months, which propelled the global box office to a single month of July tally of US \$4.5B, which was actually 17% higher than the pre Covid-19 three year average.

However, the summer euphoria was quickly muted by the effect of the Hollywood writers and actors strikes, with the latter not being fully resolved until earlier this December, a delay of almost 5 months. The Hollywood strikes not only shut down production, but also curtailed the capacity of key talent to promote their content, adversely affecting the tail end of FY 2023 for CinemaONE.

Financial Performance

In the context of a noteworthy recovery year, CinemaONE managed to open two new locations; namely Gulf City Mall, San Fernando and Price Plaza, Chaguanas, almost doubling CinemaONE’s screen count. The consolidated results of the Group, which now includes CINECentral Limited as a new subsidiary, did greatly assist in offsetting the operational variance of the flagship One Woodbrook Place, Port of Spain operations which narrowed the pre-Covid-19 revenue variance to a -22% gap below the pre-Covid-19 three year average on a “same store basis”, due mostly to the slow recovery of advertising and sponsorship.

Overall, the Group’s consolidated results further improved as follows: Gross Revenue increased by 77% to TT \$17.9M (FY 2022: TT \$10.1M). Gross Profit increased by 92% to TT \$10.8M (FY 2022: TT \$5.6M) and the Group returned to an Operating Profit through an improvement of 188% to TT \$ 1.9M (FY 2022: TT -\$0.02M). The Group further narrowed the Net Loss by 69% to TT -\$0.6M (FY 2022: -\$1.4M).

Following a successful Equity Rights Issue of TT \$6.0M and consummation of debt financing from Republic Bank Limited in the amount of TT \$5.7M, the Group established CINECentral and invested TT \$9.9M in Property Plant and Equipment to open new cinema facilities, bringing diversity and economies of scale.

Future Outlook

The global box office is projected by industry analytics provider Gower Street to close calendar year 2023 at US \$33.4B, representing 29% growth over 2022 but still -20% below the pre-Covid-19 three year average of US \$41.6B. CinemaONE expects a similar trend to be partially offset by the Group’s expansion to three major metropolitan areas in Trinidad. However, a lagged impact of the newly finalized Hollywood strikes should be prudently expected to trigger a regression in recovery momentum in FY 2024 as key movie titles have been postponed by approximately the same 4-5 month period of the strikes, some just outside of the Group’s FY 2024 year end, or into 2025.

Despite the above and other macroeconomic headwinds, FY 2023 demonstrated that audiences still relish the movie magic and that cinemas and studios continue to deliver global cultural impact and shareholder value. The Group thus maintains its pragmatic optimism for the big screen cinematic experience.

I wish to thank our Shareholders, Board of Directors, Employees, Loyal Customers and Key Stakeholders for their collaborative approach towards collective recovery and growth.

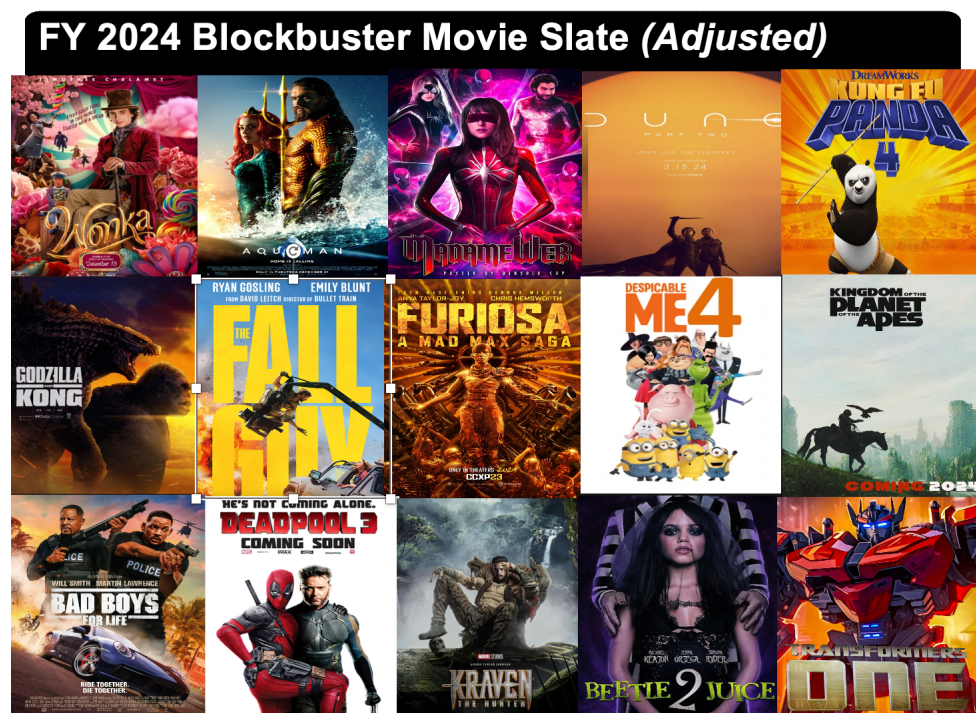
Seasons Greetings!

Brian Jahra



Chairman

December 24, 2023



SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION	TWELVE MONTHS ENDED SEPTEMBER 30, 2023	TWELVE MONTHS ENDED SEPTEMBER 30, 2022
Assets	AUDITED	AUDITED
Non-current assets		
Property plant and equipment	74,091,499	67,798,768
Right-of-use assets	47,922,651	5,582,852
Due from related parties	3,697,812	3,018,624
Deferred tax asset	4,220,844	3,597,695
Total Non-current Assets	129,932,806	79,997,939
Current Assets		
Cash and cash equivalents	3,289,929	1,573,354
Prepayments, receivables and other	2,077,369	2,653,458
Total Current Assets	5,367,298	4,226,812
Total Assets	135,300,104	84,224,751
Equity & Liabilities		
Paid/Issued share capital	38,213,147	32,579,503
Accumulated losses	(16,379,331)	(11,477,363)
	21,833,816	21,102,140
Non-controlling interests	4,213,665	-
Total Equity	26,047,481	21,102,140
Non-current Liabilities		
Borrowings	40,370,585	37,000,897
Lease liabilities	47,929,343	6,605,604
Deferred tax liability	2,936,521	2,468,898
Accruals and other payables	8,760,778	8,004,563
Total Non-current Liabilities	99,997,227	54,079,962
Current Liabilities		
Borrowings	2,756,362	3,090,151
Lease liabilities	1,958,718	405,331
Accruals and other payables	4,540,316	5,547,167
Total Current Liabilities	9,255,396	9,042,649
Total Equity & Liabilities	135,300,104	84,224,751

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	TWELVE MONTHS ENDED SEPTEMBER 30, 2023	TWELVE MONTHS ENDED SEPTEMBER 30, 2022
	AUDITED	AUDITED
Gross Revenue	17,942,909	10,118,976
Discounts	(923,283)	(401,806)
Net Revenue	17,019,626	9,717,170
Cost of sales	(6,222,273)	(4,083,936)
Gross Profit	10,797,353	5,633,234
Operating expenses	(8,920,222)	(5,652,360)
Operating profit/(loss)	1,877,131	(19,126)
Finance cost	(2,931,618)	(2,053,586)
Other income	210,658	209,959
Loss before taxation	(843,829)	(1,862,753)
Taxation credit	155,526	442,157
Loss after taxation	(688,303)	(1,420,596)
Non-controlling interests:		
Owners of the Company	(769,621)	-
Non-controlling interests	81,318	-
Total comprehensive loss for the year	(688,303)	-
Earnings Before Interest Taxation		
Depreciation Amortization (EBITDA)	6,591,292	3,149,255

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	TWELVE MONTHS ENDED SEPTEMBER 30, 2023	TWELVE MONTHS ENDED SEPTEMBER 30, 2022
	AUDITED	AUDITED
Total Opening Balance	21,102,140	22,522,736
Total Comprehensive Income	(688,303)	(1,420,596)
Transactions with owners in their capacity as owners:		
New share issue	6,015,480	
New share issue expenses	(381,836)	
Balance as at End of Year	26,047,481	21,102,140

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS	TWELVE MONTHS ENDED SEPTEMBER 30, 2023	TWELVE MONTHS ENDED SEPTEMBER 30, 2022
	AUDITED	AUDITED
Loss before taxation	(843,829)	(1,862,753)
Adjustments for:		
Depreciation	4,714,161	3,168,381
Interest expense	2,931,618	2,053,586
Other adjustments for non-cash items & working capital	(353,736)	3,710,881
Cash generated from operations	6,448,214	7,070,095
Taxation paid	-	(11,222)
Net cash generated from operations	6,448,214	7,058,873
Net cash used in investing activities	(9,903,411)	(6,144,912)
Proceeds from loans	6,681,036	486,607
Proceeds from new share issue	6,015,480	-
Expenses from new share issue	(381,836)	-
Repayment of loans and borrowings	(3,700,150)	(136,494)
Interest paid	(2,239,856)	(1,248,964)
Leases	(1,202,902)	(527,532)
Net cash used in financing activities	5,171,772	(1,426,383)
Net (decrease) / increase in cash and cash equivalents	1,716,575	(512,422)
Cash and cash equivalents at beginning of year	1,573,354	2,085,776
Cash and cash equivalents at end of year	3,289,929	1,573,354

**NOTES TO THE SUMMARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE TWELVE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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

1) Basis of Accounting

These condensed consolidated financial statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS).

2) Stated Currency

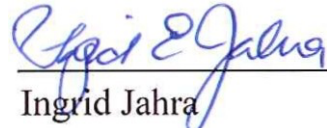
Trinidad and Tobago Dollars.

3) Summary Financial Statements

The Summary Audited Consolidated Financial Statements do not include all information and disclosures required in the Group's Audited Consolidated Financial Statements and should be read in conjunction with the Group's Audited Consolidated Financial Statements as at September 30, 2023 which can be accessed online at www.cinemaonett.com/investors.



Brian Jahra
Chairman



Ingrid Jahra
Director