

CINEMAONE

CONDENSED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED JUNE 30, 2020

CHAIRMAN'S STATEMENT

The outbreak of the COVID-19 pandemic has triggered unprecedented challenges in the international economy and CinemaONE's results highlight the impact of the global movie exhibition industry shutdown which commenced in March 2020. In compliance with successive Trinidad and Tobago Public Health Orders, CinemaONE's theatre facilities were closed for the entirety of the Company's third quarter in the interest of public safety. The mandated closure extended for 107 days until July 2nd.

In this context and despite a good start to the fiscal year, CinemaONE experienced a 58% decline in gross revenue for the nine month period ended June 30, 2020 as a direct consequence of Covid-19 closure requirements. It should also be noted that Q3 has historically been the Company's strongest quarter due to the traditionally seasonal releases of major Hollywood blockbuster films. However, in Q3 of 2020, major Hollywood releases such as Warner Brother's Wonder Woman and Tenet, Disney's Black Widow and Mulan as well as MGM/Universal's No Time to Die have all been delayed to theatrical release dates between late August – November 2020.

CinemaONE has swiftly responded to the Covid-19 induced financial challenges. The Company implemented temporary personnel and salary reductions and negotiated modified timing and/or abatement of contractual payments with landlords, key financial partners and other major suppliers. As such, the Company curtailed its YTD Q3 Operating Loss to (\$.66M) and Net Loss to (\$1.85M) for the nine month period. In an effort to preserve liquidity, the Company has also adopted a phased approach to capital expenditures related to ongoing theatre expansion projects in Gulf City Mall, which were also suspended for a two month period at the peak of the country's Covid-19 lockdown.

During Q3 CinemaONE has worked closely with Government both in the facilitation of salary and other relief programs for CinemaONE's employees and in the collaborative formulation of public health guidelines for the local movie exhibition industry's re-opening. Such guidelines now include social distancing measures, the use of face masks, increased sanitization and a 10PM operational limitation. While the social and economic effects of Covid-19 are widespread, and the situation continues to evolve, CinemaONE has been encouraged by its reopening attention given its initial exhibition of library content only. More importantly, the fixed confirmation of new blockbuster content starting with Warner Brothers's Tenet on August 26th augurs well for a future, albeit staggered, return to normalcy.

CinemaONE's Directors remain confident that the Company's current financial position and its pragmatic approach to operations and capital expenditures will enable the Company to be positioned for pent-up demand which the Company believes will resurface as new blockbuster supply constraints ease. With global cinema exhibition re-openings now approximating 80%, Hollywood studios have committed to imminently releasing a backlog of strong movie content, which bodes well for CinemaONE and the exhibition industry.

Brian Jahra
Chairman
CinemaONE Limited
August 11, 2020

STATEMENT OF COMPREHENSIVE INCOME	AS AT JUN. 30, 2020 (9 MONTHS)	AS AT JUN. 30, 2019 (9 MONTHS)	AS AT SEPT. 30, 2019 (12 MONTHS)
	UNAUDITED	UNAUDITED	AUDITED
Gross Revenue	6,182,987	14,590,913	19,014,163
Cost of Sales	(2,245,974)	(6,057,899)	(8,210,041)
Gross Profit	3,937,013	8,533,015	10,804,122
Operating expenses	(4,588,690)	(6,525,132)	(8,373,301)
Operating profit	(651,677)	2,007,883	2,430,821
Interest expense	(1,276,984)	(896,484)	(1,313,653)
Profit/(Loss) before Tax	(1,928,661)	1,111,399	1,117,168
Tax	87,209	(111,140)	(182,118)
Profit/(Loss) after Tax	(1,841,452)	1,000,259	935,050

STATEMENT OF FINANCIAL POSITION	AS AT JUN. 30, 2020 (9 MONTHS)	AS AT JUN. 30, 2019 (9 MONTHS)	AS AT SEPT. 30, 2019 (12 MONTHS)
	UNAUDITED	UNAUDITED	AUDITED
Assets			
Property Plant and Equipment	66,065,684	54,728,768	53,882,890
Right-of-Use Assets	7,517,025	-	-
Total Non-current Assets	73,582,709	54,728,768	53,882,890
Current assets			
Cash and cash equivalents	4,665,556	2,704,054	729,722
Other Current Assets	6,805,023	4,952,736	4,991,928
Total Current Assets	11,470,580	7,656,790	5,721,650
Total Assets	85,053,289	62,385,558	59,604,540
Equity & Liabilities			
Paid/Issued Share Capital	32,579,503	32,662,879	32,579,503
Retained earnings	489,846	3,640,622	3,575,413
Total Equity	33,069,348	36,303,501	36,154,916
Liabilities			
Non-current Liabilities			
Borrowings	39,609,667	17,752,532	16,121,233
Lease Liability	7,455,275	-	-
Other	1,310,960	1,153,858	1,310,960
Total Non-current Liabilities	48,375,902	18,906,390	17,432,193
Current Liabilities			
Borrowings	146,352	4,373,665	4,104,685
Lease Liability	904,347	-	-
Other	2,557,340	2,802,002	1,912,746
Total Current liabilities	3,608,039	7,175,667	6,017,431
Total Equity & Liabilities	85,053,289	62,385,558	59,604,540

STATEMENT OF CHANGES IN EQUITY	AS AT JUN. 30, 2020 (9 MONTHS)	AS AT JUN. 30, 2019 (9 MONTHS)	AS AT SEPT. 30, 2019 (12 MONTHS)
	UNAUDITED	UNAUDITED	AUDITED
Ordinary Shares	19,026,432	19,116,263	19,026,432
New share issue	14,441,680	-	-
Retained Earnings	3,575,413	2,640,363	2,640,363
New share issue expense	(888,609)	(89,831)	-
Total Opening Balance	36,154,916	21,666,795	21,666,795
IFRS 16 Accumulated Restatement	(1,244,115)	-	-
New share issue	-	14,441,680	14,441,680
New share issue expense	-	(776,233)	(888,609)
Total Comprehensive Income	(1,841,452)	1,000,259	935,050
Balance as at End of Period	33,069,348	36,332,501	36,154,916

STATEMENT OF CASH FLOWS	AS AT JUN. 30, 2020 (9 MONTHS)	AS AT JUN. 30, 2019 (9 MONTHS)	AS AT SEPT. 30, 2019 (12 MONTHS)
	UNAUDITED	UNAUDITED	AUDITED
Profit/(loss) before taxation	(1,928,661)	1,111,398	1,117,168
Adj. for non-cash items and working capital	2,589,223	1,125,291	2,077,253
Cash generated from operations	660,561	2,236,689	3,194,421
Taxation paid	198,192	(52,461)	(223,791)
Net cash generated from operating activities	858,753	2,184,228	2,970,630
Net cash used in investing activities	(14,409,386)	(3,698,548)	(3,894,535)
Proceeds from loans	40,200,000	-	-
Proceeds from IPO financing	-	14,441,680	14,441,680
Debt amortization	(21,426,253)	(10,615,317)	(12,066,954)
Interest paid	(1,287,280)	(845,817)	(1,153,298)
Net share issue expenses	-	-	(805,629)
Net cash used in financing activities	17,486,467	2,980,546	415,799
Net (decrease) / increase in cash and equivalents	3,935,834	1,466,226	(508,106)
Cash and equivalents at the beginning of period	729,722	1,237,828	1,237,828
Cash and equivalents at end of the period	4,665,556	2,704,055	729,722

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE NINE (9) MONTH PERIOD ENDED JUNE 30, 2020

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, 2019.

3) IFRS 16
CinemaONE has adopted IFRS 16 in Fiscal 2020 using the retrospective approach on transition, recognising leases at the carried forward value had the leases been treated as such from inception, without restatement of comparative figures. On adoption of IFRS 16, CinemaONE recognised right-of-use assets and lease liabilities in relation to its cinema venues. These had previously been classified as operating leases. The difference between the right-of-use assets and lease liabilities on transition is an adjustment to retained earnings.

Brian Jahra
Ungrid Jaffa
Director

Brian Jahra
Brian Jahra
Chairman