CINEMAONE
Digicel IMAX GEMSTONE 4DX

## 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 ltheatrical release dates between late August – November 2020.

CinemaONE has swiftly responed to the Covid-19 induced financial challenges. The Company implementated 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 CinemONE has worked closely wth 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 attendance given its intial 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

**CinemaONE Limited**
**Condensed Financial Statements**
**As at June 30, 2020**

| STATEMENT OF COMPREHENSIVE INCOME | AS AT JUNE. 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 JUNE. 30, 2020 (9 MONTHS) | AS AT JUN. 30, 2019 (9 MONTHS) | AS AT SEPT. 30, 2019 (12 MONTHS) |
|---|---|---|---|
| **Assets** | UNAUDITED | UNAUDITED | AUDITED |
| 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** |

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| STATEMENT OF CHANGES IN EQUITY | AS AT JUNE. 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 JUNE. 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 |
| Adjustment for non-cash items & changes in 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 cash equivalents | 3,935,834 | 1,466,226 | (508,106) |
| Cash and cash equivalents at the beginning of the period | 729,722 | 1,237,828 | 1,237,828 |
| Cash and cash equivalents at the 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 polices 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.

Ingrid Jahra
Director

Brian Jahra
Chairman