

## CHAIRMAN'S REPORT FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2024

### Overview

In FY 2024, the global cinema exhibition industry faced a regression in the Covid-19 recovery trajectory. The lagged impact of the concurrent Writers Guild Association and Screen Actors Guild Association strikes of 2023, the latter being the first in the last 40 years, significantly reduced film supply volume for the period. The aftermath of these historic, dual Hollywood strikes, led to delays in content production, resulting in fewer movie releases within the period. This reduction in film content supply directly correlated with a global decline in audience turnout.

In this challenging operating environment, the CinemaONE Group delivered mixed results for the Financial Year (FY) ended September 30, 2024. On a consolidated basis, the CinemaONE Group managed to grow its top line revenue and significantly boost its Group admissions as a result of the Group's strategic expansion initiatives. FY 2024 marked the first full year of the CinemaONE Group's geographic diversification. The CinemaONE Group now operates three cineplex locations in One Woodbrook Place, Port of Spain, Gulf City Mall, San Fernando and Price Plaza, Chaguana. However, the revenue growth from the Group's new locations, in the wake of the strike induced headwinds, did not outpace the growth in operating expenses related to theatre leases and operations, resulting in operational losses for the FY 2024 period.

There were still noteworthy standouts for global exhibition in FY 2024. The industry was very encouraged by Warner Brother's *Dune Part 2*'s box office success of **US \$714M**, outgrossing *Dune Part 1* in the first 3 weeks, and *Godzilla x Kong*'s **US \$514M** as well as the strong holiday releases of Sony's *Bad Boys Ride or Die* with **US \$404M**, Disney's *Inside Out 2* at **US \$ 1.6B** and Marvel / Disney's *DeadPool and Wolverine*, which emerged as the fastest R Rated movie title to surpass a billion at **US \$1.3B** in Global Box Office proceeds.

The success of the above referenced movies during FY 2024 demonstrated the sustained consumer enthusiasm for shared, larger-than-life theatrical experiences. Indeed, when the movies are there, the audiences are there too.

### Financial Performance

The consolidated results of the CinemaONE Group, which include CINECentral Limited as a subsidiary for the first full year of its operations, were as follows: Gross Revenue increased by 12% to TT \$20.0M (FY 2023: TT \$17.9M) which marks the CinemaONE Group's first ever attainment of \$20M in annual gross revenue. Gross Profit increased by 15% to TT \$12.4M (FY 2023: TT \$10.8M). However, given reduced film supply volume, the revenue and gross profit increases did not offset the higher operating costs associated with the management of three cineplex sites resulting in an Operating Loss of TT -\$1.4M (FY 2023: TT \$1.9M). Increased and front loaded lease interest costs associated with IFRS 16 adjustments for new leased properties, and the suspension of capitalized interest due to the phasing of certain capital expenditures, significantly increased finance costs by 74% to \$5.1M versus the prior year (FY 2023: \$2.9M).

When coupled with a tax impairment of \$.8M versus the prior year tax credit of \$.2M, the Net Loss increased to TT -\$7.4M (FY 2023: -\$0.7M).

Despite the predicted challenging operating environment in FY 2024, the CinemaONE Group maintained positive EBITDA of \$5.3M (FY 2023 \$6.6M). During the period the Group continued to satisfy its principle and interest obligations and is also proactively managing its upcoming debt obligations and seeking to secure completion financing for its capital expansion initiatives which were impacted by the Covid-19 pandemic.

### Future Outlook

With Group admissions growth increasing by 44% to a combined total of over 184,000 patrons at all 3 sites in FY 2024, the CinemaONE brand is capturing a greater share of consumer demand. This fact coupled with Hollywood's re-operationalized production and distribution capacity for 2025 and 2026 has triggered the CinemaONE Group's positive short and medium term outlook.

At the onset of FY 2025, the industry has already experienced a resurgence in film volume and box office receipts as strike delayed movies such as Sony / Marvel's *Venom 4* and Disney's *Mufasa the Lion King* were recently released to healthy audience appeal. Disney Animation's decision to bypass a straight to streaming distribution plan and to eventize *Moana 2* with a global theatrical debut has also proven to be a very successful strategy which demonstrates the health of cinema exhibition. Released in late November, *Moana 2* is rapidly approaching **US \$1B** in global box office receipts.

Indeed, film supply volume and the correlating global box office is projected to return to, or exceed, FY 2023 and even pre-Covid-19 levels in FY 2025, with the global release of multiple movie titles in the important genres of action adventure, family, comedic action, suspense and others from all major studios. We are encouraged by the preliminary results from Q1 2025 demonstrating that Group attendance is up over 20% above the Prior Year Q1 given the increase in film supply volume.

I wish to thank our Shareholders, Board of Directors, Employees, Loyal Customers and Key Stakeholders for their continued patience and collaborative approach.

Happy New Year!



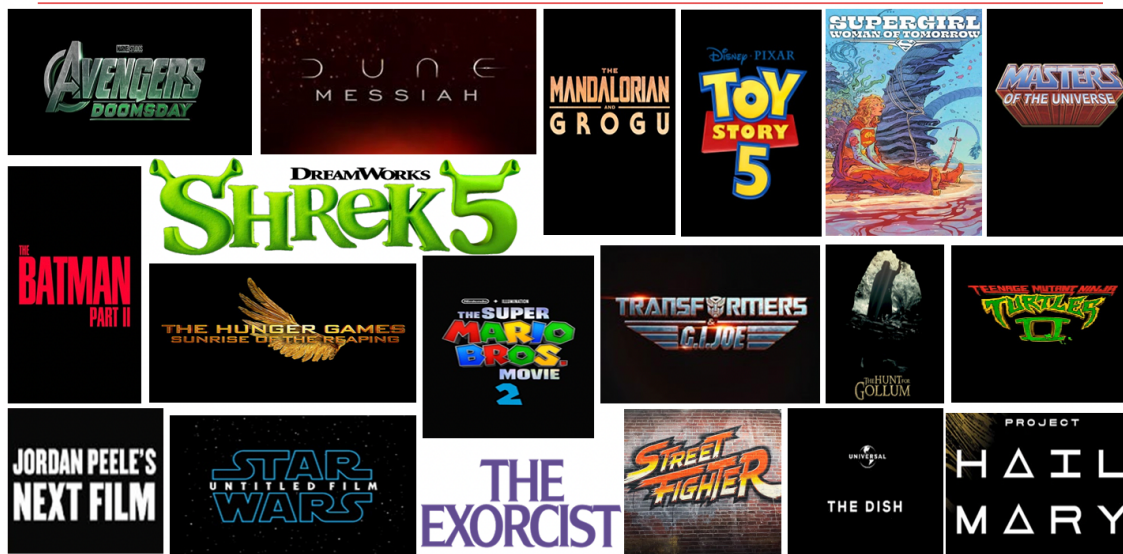
Brian Jahra

Chairman  
January 3, 2025

## More Voluminous 2025 Blockbuster Movie Slate

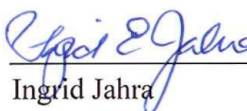


## ...and Compelling Movie Titles in 2026



| SUMMARY CONSOLIDATED<br>STATEMENT OF FINANCIAL<br>POSITION | 12 MONTHS<br>ENDED<br>SEPT. 30, 2024 | 12 MONTHS<br>ENDED<br>SEPT. 30, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Assets</b>  | <b>AUDITED</b>                       | <b>AUDITED</b>                       |
| <b>Non-current assets</b>                                  |                                      |                                      |
| Property Plant and Equipment                               | 71,815,132                           | 74,091,499                           |
| Right-of-Use Assets  | 38,280,387                           | 47,922,651                           |
| Deferred Tax Asset   | 12,057,314                           | 3,697,812                            |
| Due from related parties                                   | 3,226,168                            | 4,220,844                            |
| <b>Total Non-current Assets</b>                            | <b>125,379,001</b>                   | <b>129,932,806</b>                   |
| <b>Current assets</b>                                      |                                      |                                      |
| Cash and cash equivalents                                  | 120,734                              | 1,485,954                            |
| Cash and cash equivalents-restricted                       | 290,064                              | 1,803,975                            |
| Other Current Assets                                       | 1,809,104                            | 2,077,369                            |
| <b>Total Current Assets</b>                                | <b>2,219,902</b>                     | <b>5,367,298</b>                     |
| <b>Total Assets</b>  | <b>127,598,903</b>                   | <b>135,300,104</b>                   |
| <b>Equity &amp; Liabilities</b>                            |                                      |                                      |
| Paid/Issued Share Capital                                  | 38,213,147                           | 38,213,147                           |
| Retained earnings  | (20,623,354)                         | (12,165,666)                         |
| <b>Total Equity</b>  | <b>17,589,793</b>                    | <b>26,047,481</b>                    |
| <b>Liabilities</b>   |                                      |                                      |
| <b>Non-current Liabilities</b>                             |                                      |                                      |
| Borrowings   | 41,490,798                           | 40,370,585                           |
| Lease Liability  | 35,250,464                           | 47,929,343                           |
| Deferred Tax Liability                                     | 11,495,453                           | 2,936,521                            |
| Accruals and Other Liabilities                             | 9,465,195                            | 8,760,778                            |
| <b>Total Non-current Liabilities</b>                       | <b>97,701,910</b>                    | <b>99,997,227</b>                    |
| <b>Current Liabilities</b>                                 |                                      |                                      |
| Borrowings   | 1,675,157                            | 2,756,362                            |
| Lease Liability  | 2,273,393                            | 1,958,718                            |
| Accruals and Other Liabilities                             | 8,358,650                            | 4,540,316                            |
| <b>Total Current liabilities</b>                           | <b>12,307,200</b>                    | <b>9,255,396</b>                     |
| <b>Total Equity &amp; Liabilities</b>                      | <b>127,598,903</b>                   | <b>135,300,104</b>                   |

  
Brian Jahra

  
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| <b>SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> | <b>12 MONTHS ENDED SEPT. 30, 2024</b> | <b>12 MONTHS ENDED SEPT. 30, 2023</b> |
|---|---------------------------------------|---------------------------------------|
|   | <b>AUDITED</b>                        | <b>AUDITED</b>                        |
| <b>Gross Revenue</b>  | 20,033,244                            | 17,942,909                            |
| Cost of Sales   | (7,593,412)                           | (7,145,556)                           |
| <b>Gross Profit</b>   | <b>12,439,832</b>                     | <b>10,797,353</b>                     |
| Operating expenses  | (13,830,147)                          | (8,920,222)                           |
| <b>Operating profit</b>                                       | <b>(1,390,315)</b>                    | <b>1,877,131</b>                      |
| Finance cost  | (5,113,447)                           | (2,931,618)                           |
| Other (Expense)/Income  | (152,995)                             | 210,658                               |
| <b>Profit/(Loss) before Tax</b>                               | <b>(6,656,757)</b>                    | <b>(843,829)</b>                      |
| Tax   | (759,908)                             | 155,526                               |
| <b>Profit/(Loss) after Tax</b>                                | <b>(7,416,665)</b>                    | <b>(688,303)</b>                      |
| <b>EBITDA</b>   | <b>5,345,057</b>                      | <b>6,591,292</b>                      |

| <b>SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> | <b>12 MONTHS ENDED SEPT. 30, 2024</b> | <b>12 MONTHS ENDED SEPT. 30, 2023</b> |
|--|---------------------------------------|---------------------------------------|
|  | <b>AUDITED</b>                        | <b>AUDITED</b>                        |
| Shareholders Equity  | 26,047,481                            | 21,102,140                            |
| New share issue  | -                                     | 6,015,480                             |
| Total Comprehensive Income/(loss)                          | (7,416,665)                           | (688,303)                             |
| New share issue-expenses                                   | -                                     | (381,836)                             |
| Dividend in kind   | (1,041,023)                           |                                       |
| <b>Balance as at End of Period</b>                         | <b>17,589,793</b>                     | <b>26,047,481</b>                     |



| SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS                    | 12 MONTHS ENDED SEPT. 30, 2024 | 12 MONTHS ENDED SEPT. 30, 2023 |
|---|--------------------------------|--------------------------------|
|   | AUDITED                        | AUDITED                        |
| <b>Profit/(loss) before taxation</b>                            | (6,656,757)                    | (843,829)                      |
| <b>Adjustments for:</b>   |                                |                                |
| Depreciation-Fixed Assets                                       | 6,735,372                      | 4,714,161                      |
| Interest expense  | 4,701,394                      | 2,931,618                      |
| Other changes in working capital                                | 4,393,493                      | (353,736)                      |
| <b>Cash generated from operations</b>                           | <b>9,173,502</b>               | <b>6,448,214</b>               |
| Taxation recoverable  | 207,506                        |                                |
| Taxation paid   | (37,446)                       | -                              |
| <b>Net cash generated from operations</b>                       | <b>9,343,562</b>               | <b>6,448,214</b>               |
| <b>Net cash used in investing activities</b>                    | <b>(3,261,681)</b>             | <b>(9,903,411)</b>             |
| Proceeds from loans   | 1,000,000                      | 6,681,036                      |
| Proceeds from new share Issue                                   | -                              | 6,015,480                      |
| Expenses from new share Issue                                   | -                              | (381,836)                      |
| Repayment of loans and borrowings                               | (1,238,578)                    | (3,700,150)                    |
| Interest paid   | (4,074,893)                    | (2,239,856)                    |
| Leases  | (4,647,541)                    | (1,202,902)                    |
| <b>Net cash used in financing activities</b>                    | <b>(8,961,012)</b>             | <b>5,171,772</b>               |
| <b>Net (decrease) / increase in cash</b>                        | <b>(2,879,131)</b>             | <b>1,716,575</b>               |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>3,289,929</b>               | <b>1,573,354</b>               |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>410,798</b>                 | <b>3,289,929</b>               |

## NOTES TO THE SUMMARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD ENDED SEPTEMBER 30, 2024

### NOTES:

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

**1) Basis of Accounting:** These summary 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, 2024 which can be accessed online at [www.cinemaonett.com/investors](http://www.cinemaonett.com/investors).