

CINEMAONE

IMAX GEMSTONE 4DX CINECENTRAL



ANNUAL
REPORT
2024

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CINEMAONE

IMAX GEMSTONE 4DX CINECentral 

ASPIRATION

To positively serve and inspire our communities by delivering thrilling exhilaration, rich enlightenment, deep empathy and fantastic escapism.

CORPORATE INFORMATION

Registered Office

CinemaONE Limited
One Woodbrook Place,
189 Tragarete Road,
Port of Spain
(T): 868 389 6925
(E): investors@cin1.biz
(W): www.cinemaonett.com

Auditors

PricewaterhouseCoopers Limited
11-13 Victoria Avenue
Port of Spain
Trinidad and Tobago
West Indies
(T): 868 299 0700
(F): 868 623 6025
(W): www.pwc.com/tt

Attorneys-at-Law & Legal Advisors

Pollonais, Blanc, de la Bastide & Jacelon
Attorneys-at-Law
Pembroke Court 17-19 Pembroke Street,
Port of Spain
Trinidad and Tobago
(T) (868) 623 5461
(F) (868) 625 8415

Principal Bankers

Guardian Group
Trust Limited
1 Guardian Drive
Westmoorings, Trinidad
(T): 868-226-2754
(W): www.myguardiangroup.com

First Citizens Bank Limited
One Woodbrook Place,
Port of Spain, Trinidad
(T): (868) 628-6305
(F): 623-9686
(W): www.firstcitizenstt.com

Republic Bank Limited
North Ellerslie Court
Ellerslie Plaza,
Maraval, Trinidad
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About our cover:

Rooted in Resilience, Growing with Purpose

CinemaONE began as a single IMAX screen, a cinema exhibitor determined to thrive in a competitive movie exhibition environment. With unwavering resilience and a clear purpose, we broke through the barriers, steadily growing into a robust cineplex. Before the COVID-19 pandemic, we achieved profitability, demonstrating our ability to deliver exceptional cinematic experiences and strong financial performance.

Today, we proudly operate in three significant locations. Although this year has presented financial challenges, our strategic vision and persistent efforts continue to guide us. We remain committed to overcoming obstacles and positioning CinemaONE for future success.

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



Mr Brian Jahra, Chairman

now operates three cineplex locations in One Woodbrook Place, Port of Spain, Gulf City Mall, San Fernando and Price Plaza, Chaguanas. 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!



Chairman

January 3, 2025

IMAX[®]



CHIEF EXECUTIVE OFFICER'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In Financial Year (FY) 2024 CinemaONE Limited continued its post Covid 19 recovery against a challenging year of delayed movie content and the reduced total number of movie releases. However, in a year impacted by the lagged effect of the Hollywood Screen Actors Guild (SAG) and Writers Guild Association (WGA) strikes, the simultaneous occurrence of which was unprecedented in the last 40 years, the Company still achieved its highest revenue and admissions since opening in August 2011.

Movie going audiences came out to the movies on a collective basis at the CinemaONE Group's three sites. In Q1 FY24 the second franchise of Aqua Man 2, which was released in December 2023, was



Mrs Ingrid Jahra, CEO

the dominant title. Audiences then responded to the highly anticipated second installment of Dune 2, which had been delayed from October to early March, and then big audiences gravitated to Godzilla X Kong at the end of March for the spring holiday season. Despite the limitation of a 16 years and over rating, both Bad Boys Ride or Die and Deadpool and Wolverine pushed CinemaONE's box office admissions up, marking the continued lure of theatrical releases to pull audiences out of their homes for a Big Screen movie experience.

FY 2024 also benefitted from having beloved animation movie titles that had been held back due to the pandemic such as Kung Fu Panda 4, Inside Out 2



Chief Executive Officer's Statement

and Despicable Me 4. Their appeal at the box office demonstrated that families still find moviegoing an affordable form of entertainment.

Internationally, global box office performances mirrored the big appetite for families to come out to the movies. Disney's Inside Out 2 delivered US \$1.6B while Universal's Despicable Me 4 reached a strong US \$969M. Disney's Deadpool and Wolverine also emerged as the highest earning R rated movie of all time with US \$1.4B during the period.

Against this context, CinemaONE's experienced a 44% surge in combined attendance at the Group's three sites to over 184,000 patrons highlighted by 26,000 July attendance, the best in the post Covid-19 era. In short, the inclusion of the new CINECentral site in Price Plaza, Chaguanas helped to offset the over 30% decline in "same store" admissions experienced at OWP and Gulf City Mall due to the movie content shortfall throughout the year and particularly suffered from significantly less film product in the action adventure / superhero genre.

Key FY 2024 highlights were as follows:

- Return of Major Animated Franchises: Several beloved franchises made a comeback with new movie installments, drawing large crowds and generating significant buzz. These included both long-awaited sequels and reboots of classic series
- Record-Breaking Box Office: 2024 saw several films breaking box office records, with a few surpassing the billion-dollar mark globally. This was driven by a mix of highly anticipated sequels, original blockbusters, and international hits
- Increased CINE1 Group annual Gross Revenues of TT \$20.0M versus TT \$17.9M in prior FY 2023
- CINE1 Group Gross Profit increased by 15% to TT \$12.4M (FY 2023: TT \$10.8M)

- Increased Operating Cost Environment with Direct Expenses increasing by 55% to TT \$13.8M given the first complete operating years of both CINECentral and Gulf City Mall. (FY 2023: 8.9M)
- Maintenance of positive EBITDA of \$5.3M (FY 2023 \$6.6M), despite the increased operating costs

Key challenges for FY 2023:

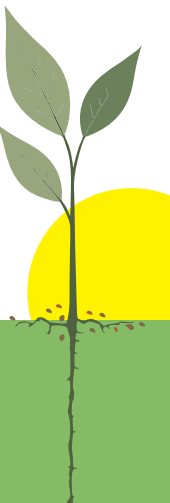
- Delayed movie content releases with highly anticipated movies such as Mission Impossible, Venom The Last Dance and Captain America being delayed until FY 2025 due to the Hollywood strikes, which only ended at the close of Q1 FY 2024 in December 2023
- Increased operating cost environment, rent and logistics associated with the management of three locations
- General macroeconomic headwinds, including food cost inflation; shrinking unemployment rates resulting in a competitive hiring environment; and continued constricted allocation of foreign exchange which slowed down theatre development projects

FINANCIAL PERFORMANCE

FY 2024 Financial Performance

FY 2024 continued a box office recovery with both blockbuster and mid tier movie titles performing commendably. Additionally, studios maintained confidence in the Big Screen by sustaining movie theatrical exclusivity periods between thirty to forty-five days.

In this climate, CinemaONE demonstrated a second year's return to "normalcy" after the extended 3 year impact of the Covid-19 pandemic. Due to expansion from one to three locations, the Company's box office rose steadily, with over 184,000 moviegoers heading to the Big Screen, an overall increase of over 44% over prior year.



Revenue

CinemaONE reported Consolidated Gross Revenue of TT \$20.0M, representing a positive increase of 12% (rounded) over the previous year's results of TT \$17.9M. The substantial increase in Gross Revenue was attributed to the robust performance of titles such as Dune 2, Bad Boys Ride or Die and Deadpool and Wolverine; all of which propelled audiences to movie theatres in a second full year without the government's pandemic restrictions. Net Revenue after sales discounts was TT \$19.0M versus TT \$17.0M in FY 2023, an increase of 11.7%.

Gross Profit

The Company's Gross Profit of TT \$12.4M was above prior year performance of TT \$10.8M by 15%. Gross Profit Margin increased to 65.5%, versus 63.4% in the prior year, as the Company continued to successfully monitor and adjust for food cost inflation.

Total Operating Expenses

Total Operating Expenses increased by 55.0% to TT \$13.8M (2023: TT \$8.9M). This increase was due to the Company's operation of three locations for a full 12 months in the reporting period whereas in FY 2023 the Group only operated OWP for a full year, its Gulf City Mall location for 9 months and the CINECentral site for 1 week. Rent Expense increased by \$1.1M or 161% to \$1.8M (2023: \$0.7M), Depreciation increased by \$2M or 42.9% to \$6.7M (2023: TT \$4.7M) and Employee Benefit Expenses increased by 36.2% to \$2.8M (2023: \$2.1M).

Operating Loss

As a result of the above cost increases which outpaced the increases in revenue and gross profit, for FY 2024 CinemaONE reported an Operating Loss of TT -\$1.4M (2023: TT\$1.8 M). Although the Company recorded its highest revenue since its inception, the growth in revenue was below the

projected target given the decline in year over year revenue from its flagship OWP location due to the aforementioned significant gaps in movie content releases during the period. In short, movie admissions, which drive total revenue are directly related to the number of widely released movies annually, a number which significantly decreased in FY 2024.

Finance Costs

The Group's finance costs grew by 93.6% to TT \$5.3M (2023: TT \$2.7M) due to the introduction of higher lease interest costs associated with CINECentral and the reversal of capitalized interest costs associated with Gulf City Mall works in compliance with IFRS standards given the suspension of construction works at that site during the period.

Net Profit

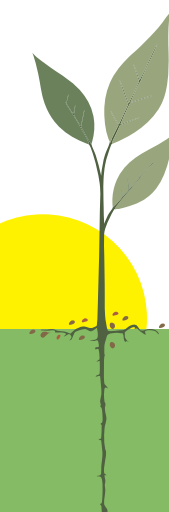
CinemaONE's Net Loss grew in FY2024 to TT -\$7.4M which represents a significant increase as compared to prior year 2023 which reported a Net Loss of TT TT-\$0.7M.

Cash Flows and Liquidity

The Company continues to recognize the importance of maintaining its diligent focus on cash and liquidity management to enable the Company to manage the industry peaks and troughs and varying macroeconomic conditions. Net Cash generated from operating activities increased by 44.9% to TT \$9.3M in 2024 (2023: TT \$6.4M).

Consistent with the Company's strategic objectives, investing activities continued, albeit at a slower pace during the period. Cash Flows from Investing Activities was \$3.3M versus Prior Year \$9.9M.

With respect to financing activities, the Company continued amortization of its long-term borrowings with both Guardian Group Trust and Republic Bank. Payments of interest and principal was \$5.2M (2023: \$5.9M). The Company benefitted from an additional \$1M Covid-19 Relief facility which was



arranged by Republic Bank and subsidized by the Government.

Overall, CinemaONE's gearing ratio, inclusive of lease liabilities, increased to 82% (2023: 78%). The Group is actively seeking in FY 2025 to raise additional capex and working capital funding to position itself to complete construction works at new sites so as to better capitalize on the enhanced movie slate earmarked for FY 2025.

Cinema Industry Outlook

Management continues to believe the outlook for the global cinema industry is positive in the long term. At the close of calendar year 2024, the global cinema industry delivered a total of US \$30.3 billion in box office receipts per Gower Street Analytics, which is 11% lower than 2023's reported global box office receipts. The percentage decrease was forecasted in early 2024 against the backdrop of the combined Hollywood Writers and Actors Strikes which triggered a delay in movie release schedules due to extended work stoppages of six-nine months.

With the most acute impact of the strikes in the rear view mirror, CinemaONE expects that its recent expansion of two new locations has positioned the Company in FY2025 to benefit from the highly anticipated releases scheduled for FY 2025. These titles include Captain America: Brave New World, Superman, Jurassic World 3D, Mission Impossible 8, Fantastic Four, Thunderbolts and John Wick Presents Ballerina.

We believe the announced movie slate which will increase the number of widely released movies by at least 15% over prior year 2023, is sufficiently robust to drive audience attendance growth by a similar 15-25%, particularly given the increase in live action adventure titles which resonate with CinemaONE's premium format IMAX and 4DX audiences.

We look forward to seeing you at the movies!



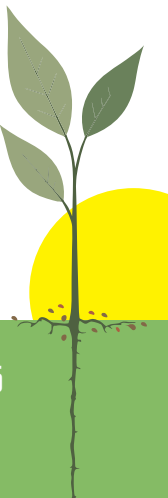
Top grossing movies for Cine1



More Voluminous 2025 Blockbuster Movie Slate



...and Compelling Movie Titles in 2026



CORPORATE SOCIAL RESPONSIBILITY

During Fiscal Year 2024, CinemaONE continued to be a socially responsible organization by providing a space for several established charities and charitable organizations to execute various initiatives. Established non-profit organisations like WAND and the Red Cross Society received sponsored prizes for fundraisers.

We continued to support the local film sector by supporting filmmakers, like experienced Owner and Executive Producer of Question Mark Entertainment and Golden Eye Productions and members of FILMCOTT and ComicCon .

We proudly continued our support of Artist's Coalition Of Trinidad & Tobago which commenced two years ago, its 'ADOPT-A-COSTUME' campaign.



Management team attends CinemaCON

This initiative has been encouraging corporate & State T&T to save select King & Queen costumes from destruction by adopting them and exhibiting them in their spaces for a year & more.

CinemaONE 's CSR pillar, to operate as a member of its community asset through the provision of our theatres and screens continued to support the constituency of Port of Spain East and Environs with a movie cheer during the Easter period. For the next Fiscal Year, and as we steadily improve admissions and collaborations post C-19 pandemic period, CinemaONE looks for-ward to reaching primary and secondary school audiences with its re-introduction of field trips.



Operations team at the 'Bob Marley' movie Premiere.



Left: Deadpool at ComicCon 2024.
Right: Attendance at CinemaCON 2024



CORPORATE SOCIAL RESPONSIBILITY



CinemaOne co sponsors ComicCon 2024



Infidelity Golden Eye Productions



Presentation at ComicCon 2024



Machel Montano at the Premiere of "Bob Marley"



THE BOARD



Mr Brian Jahra, BA, MSc
Executive Chairman
and Chief Financial Officer

Mr. Jahra is a co-founder of CinemaONE and has served as its Chairman since inception. He has been directly responsible for negotiating IMAX and 4DX Licensing Agreements, structuring and raising debt and equity capital totalling over TT \$50 million for the launch of IMAX Trinidad, Gemstone and 4DX.

From April 2006 to July 2017 he was the co-founder and CEO of Massy Communications, formerly Three Sixty Communications Limited and recently re-branded to Amplia Communications Limited, where he led teams responsible for constructing and successfully monetizing a Trinidad and Tobago nationwide fibre optic network with subsea cable links to Miami, Florida and delivered successive years of profitable growth.

In 2017 Mr. Jahra played a key role in the successful sale of Massy CommunicationstoTelecommunicationsServices of Trinidad and Tobago Limited for TT \$215,000,000. Prior to Massy Communications, Mr. Jahra was the founder of eFREENET Limited, a multimedia software development company and Internet Service Provider which developed many of Trinidad and Tobago's first corporate websites and collaborated with ABC-TV in New York for multimedia software development.

Mr. Jahra was a finalist in Ernst and Young's 1998 Entrepreneur of the Year Award for his innovation.

Mr. Jahra has a longstanding background in entertainment and media. He was a former financial analyst at Credit Suisse First Boston and Keystone Financial Advisory in Los Angeles specializing in the entertainment industry where he conducted a range of transactions including, motion picture finance, cinema exhibition start-up, cable-tv valuations and international film licensing. He holds a BA in International Economics with Honors from the University of California at Los Angeles (UCLA), a MSc in Economics from the University of the West Indies, St. Augustine, and has conducted MBA studies in finance and marketing at the Wharton School of Business in Philadelphia PA. He is fluent in Spanish and Portuguese.





Mrs Ingrid Jahra, Bsc, MBA
Chief Executive Officer and Director

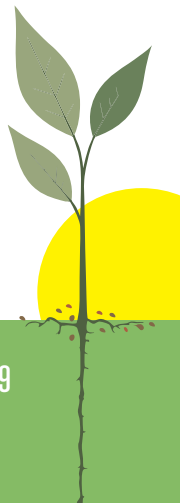
Mrs. Jahra is a co-founder of CinemaONE and has been CinemaONE's Chief Executive Officer and Director since inception.

She has been directly responsible for IMAX and Gemstone theatre construction, the building of an IMAX theatre operations team, negotiation of theatre programming agreements with all major Hollywood studios and the execution of various multiyear sponsorship agreements with large regional corporations.

She has held senior positions in the ANSA-McCal Group of Companies in the areas of public relations and new media development from 1994 to 1996 and from 2005-2007, respectively.

During the interim she was a Director of eFREENET Limited responsible for sales and marketing and played a pivotal role in the establishment of Three Sixty Communications as a joint venture with Massy Holdings in 2006.

Mrs. Jahra is currently the Chairperson of The Board of Film Censors of Trinidad and Tobago. Mrs. Jahra holds a BSc degree in Tourism Management from the University of the West Indies, Bahamas and an Executive MBA with Distinction from the Arthur Lok Jack Graduate School of Business.





Mr Christian Hadeed, BA
Director

Mr. Christian Hadeed is a Trinidadian businessman who joined CinemaONE's Board in 2014. Mr. Hadeed emerges from an insurance background having worked with Beacon Insurance Company Limited since 2005. He held several positions within the company ranging from Claims Executive, to Licensed Loss Adjuster before joining the Beacon Insurance Board of Directors in 2010 where he served as its Chairman from 2013-2015. Mr. Hadeed has been an active member of Beacon's Executive Management Team, as well as the Claims, Re-insurance, and Investment committees.

He has recently Co-founded the newly refurbished St. Christopher's Service Station and Quick Shoppe Plus located on Wrightson Road in Port of Spain, and holds an influential seat on its Board of Directors. Additionally, Mr. Hadeed is at the forefront of emerging and influential small enterprises serving as a Director of One Yoga Trinidad & Tobago as well as Float Trinidad. He holds a Bachelor's Degree in Business Administration (International Business Major) from Chapman University, California, and brings extensive retail and operational experience to CinemaONE.



Nadine Darmanie, FCCA:
Non-Executive Independent Director

Nadine Darmanie is currently the Chief Financial Officer of the Desalination Company of Trinidad and Tobago Limited (Desalcott) where she has worked since 2004. Over this period Nadine has achieved several milestones most notably, working on the negotiating and financing team for the buyout of General Electric (GE) shareholding in 2012, making the Company 100% locally owned. Shortly thereafter, she worked on financing the expansion of the plant capacity at Desalcott by nearly two thirds, thereby making it one of the largest desalination plants in the western hemisphere.

Prior to Desalcott, Nadine was with Point Lisas Industrial Port Development Corporation (PLIPDECO) from 1998 to 2003. There she held the positions of Management Accountant then that of Finance Manager. During that time she participated in transforming the Company's port operations through financing the purchase of new port equipment, and the expansion of the berthing facilities.

She started her career in 1985 in the field of auditing, where she spent several years before moving into industry. She also work with the Small Business Development Company Limited (SBDC) in charge of the Accounting Function for six years.

Nadine is a Fellow of the Association of Chartered Certified Accountants (FCCA) and member of the Institute of Chartered Accountants of Trinidad and Tobago.



Keston McQuilkin, BA, LLB:
Non-Executive Independent Director

Keston McQuilkin was called to the Bar, Trinidad & Tobago in 2008. He joined Bethany Chambers upon completing his legal studies and being admitted to the Bar. In the last decade he has proven himself to be a dynamic, thoughtful and well-prepared civil advocate. He has built up a comprehensive practice in matters concerning insurance, construction and general commercial litigation, together with property, estates, employment/industrial relations, occupational health and safety as well as judicial review and other public law matters. In addition to his court matters, he has appeared as junior counsel in several arbitrations and mediations; he has also appeared before the Equal Opportunities Commission and the Industrial Court. He is also the Vice Chairman of HDC.

Notable cases:

- ▶ Wayne Wills v Unilever Caribbean Ltd [CA No 56 of 2009]; damages, personal injuries, appeal against assessment; fresh evidence on appeal; loss of future earnings.
- ▶ Commission of Inquiry into the construction sector of Trinidad & Tobago chaired by Professor John Uff [2008-2010], acted on behalf of Education Facilities Company of Trinidad & Tobago.



Kurt Valley, MBA, BA:
Non-Executive Director

Kurt Valley has over 20 years of experience in diverse financial services institutions. He has substantial experience in a range of banking and corporate finance functions including investment banking, securities trading, investment management, market risk analysis, and treasury management. He is currently the Vice President of Operations and Strategy at Aspire Fund Management Company Limited.

Prior to Aspire, he held the position of General Manager of First Citizens Asset Management for the period January 2010 - December 2019. During this time, he oversaw the growth in assets under management by 54% from \$9.68 billion to over \$14.9 billion in September 2019; among other noteworthy accomplishments.

Kurt has also served as the Chairman of the Trinidad and Tobago Mutual Fund Association and was a director on the First Citizens Costa Rica Board.



DIRECTORS' REPORT



The Directors submit their Report and Audited consolidated Financial Statements for the year ended September 30, 2024 as follows:

Financial Results

	2024	2023
Profit Before Tax	(6,656,757)	(843,829)
Taxation	(759,908)	155,526
Profits for the Year	(7,416,665)	(688,303)
Profits Attributable to:		
- Non-Controlling Interest	127,557	81,318
- Owners of the Parent Non-Controlling Interest	(7,544,222)	(769,621)
Earnings Per Share	\$(.94)	\$(0.1)

Auditors

The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.

By Order of the Board


Ingrid Jahra, Company Secretary

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND MAJOR SHAREHOLDERS

Directors

The interests of the Directors holding office as at September 30, 2024 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra	14,809	4,678,446*
Ingrid Jahra	9,341	4,678,446*
Christian Hadeed	Nil	4,655,756**
Nadine Darmanie	Nil	Nil
Keston McQuilkin	Nil	Nil
Kurt Valley	Nil	Nil

*As at September 30, 2024, Brian Jahra and Ingrid Jahra jointly control Jahra Ventures Limited which owns 60% of Giant Screen Entertainment Holdings Limited. Both Jahra Ventures Limited and Giant Screen Entertainment Holdings Limited owned 122,690 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2024.

**As at September 30, 2024, Christian Hadeed owns 33.4% of CGH Limited, while Gerald Hadeed owns 66.6%. CGH Limited owns the majority stake in The Beacon Insurance Company Limited and similarly owns 40% of Giant Screen Entertainment Holdings Limited. Both The Beacon Insurance Company Limited and Giant Screen Entertainment Holdings Limited owned 100,000 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2024.

Senior Officers

The interests of the Senior Officers holding office at the end of September 30, 2024 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra*	14,809	4,678,446*
Ingrid Jahra*	9,341	4,678,446*
Khadin Moreno	4,506	Nil
Rasheed Meah	Nil	Nil
Chique Clarence	Nil	Nil

*As at September 30, 2024, Brian Jahra and Ingrid Jahra jointly control Jahra Ventures Limited which owns 60% of Giant Screen Entertainment Holdings Limited. Both Jahra Ventures Limited and Giant Screen Entertainment Holdings Limited owned 122,690 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2024.

Substantial Interests / 10 Largest Shareholders

As at September 30, 2024 the Substantial Interests in CinemaONE Limited were as follows:

	Direct Interest	Ownership Percentage
Giant Screen Entertainment Holdings Limited	4,555,756	56.9%
Aspire Fund Management Limited	1,784,316	22.3%
The Unit Trust Corporation	300,000	3.7%
Venture Credit Union Co-Operative Society Limited	192,579	2.4%
KCL Capital Market Brokers Limited	172,149	2.1%
Jahra Ventures Limited	122,690	1.5%
Beacon Insurance Company Limited	100,000	1.2%
First Citizens Investment Services Limited	100,000	1.2%
Murphy Clark Financial Limited	56,209	.7%
David Chin Wah Kwoi	44,000	.5%



Ingrid Jahra
Corporate Secretary
CinemaONE Limited
December 29, 2024

GOVERNANCE REPORT

Board Meetings

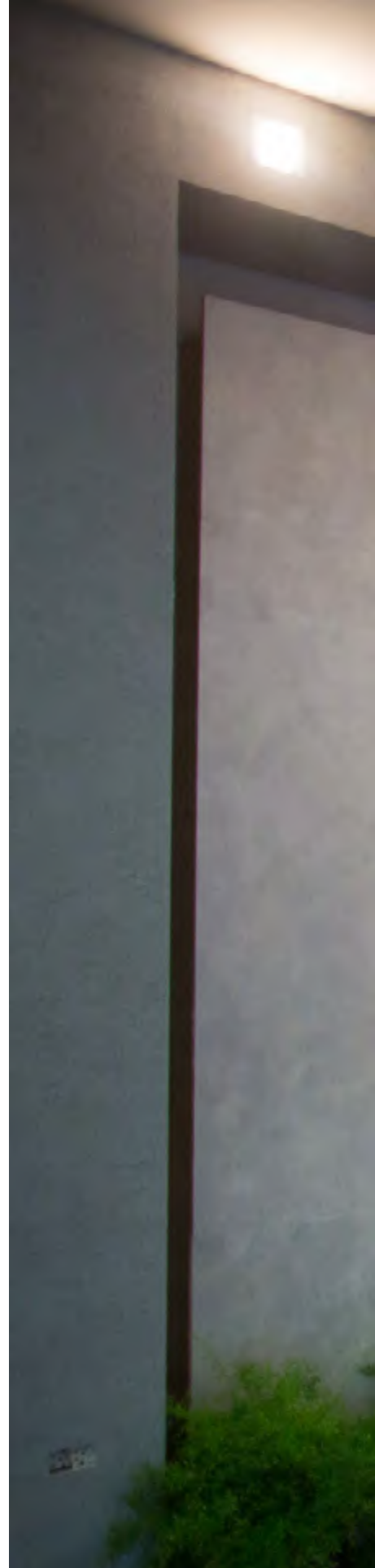
CinemaONE's Board of Directors convened on nine occasions during Financial Year 2024. Below is an attendance summary.

The follow table indicates the number of Board Meetings held and attendance of Directors during the year:

	Positions	Present	Excused	Absent
Brian Jahra	Chairman and CFO	7	0	0
Ingrid Jahra	Director and CEO	7	0	0
Nadine Darmanie	Independent Director and Audit Committee Chairperson	6	1	0
Kurt Valley	Director	7	0	0
Keston McQuilkin	Independent Director	3	3	0
Christian Hadeed	Director	3	3	0

Audit Committee

The Audit Committee, chaired by Ms. Nadine Darmanie, convened on four occasions during Financial Year 2024 and provided guidance and oversight of the PricewaterhouseCoopers' Audit engagement.





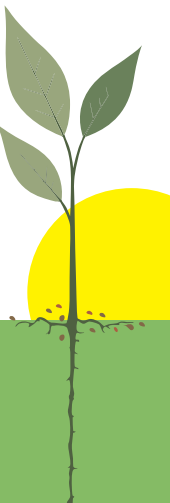




APPENDIX

Audited
Financial
Statements,
30 September 2024

(Expressed in Trinidad & Tobago Dollars)



CinemaONE Limited

Consolidated Financial Statements

30 September 2024

(Expressed in Trinidad and Tobago dollars)

CinemaONE Limited

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CinemaONE Limited

Statement of Management's Responsibilities

Management is responsible for the following:

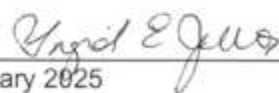
- Preparing and fairly presenting the accompanying consolidated financial statements of CinemaONE Limited and its subsidiary (the Group) which comprise the consolidated statement of financial position as at 30 September 2024 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited consolidated financial statements, management utilised IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.


3 January 2025 _____ Chairman


3 January 2025 _____ Director



Independent auditor's report

To the Shareholders of CinemaONE Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CinemaONE Limited (the Company) and its subsidiary (together 'the Group') as at 30 September 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 September 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence


We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material uncertainty related to going concern

We draw attention to Note 25 in the consolidated financial statements, which indicates that the Group incurred a net loss of \$7,416,665 during the year ended 30 September 2024 and, as of that date, the Group's current liabilities exceeded its current assets by \$10,087,298. As stated in Note 25, these events or conditions, along with other matters as set forth in Note 25, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

	<ul style="list-style-type: none"> Overall group materiality: \$199,939, which represents 5% of average loss before taxation for the past four years.
	<ul style="list-style-type: none"> Full scope audits were performed on the Company and its subsidiary
	<ul style="list-style-type: none"> Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group audit engagement team was the auditor for the Company as well as the subsidiary.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	\$199,939
How we determined it	5% of average loss before taxation for the past four years
Rationale for the materiality benchmark applied	<i>We chose loss before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds and used average loss before taxation for the past four years due to the historical volatility of earnings.</i>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$19,994, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises CinemaONE Limited's Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read CinemaONE Limited's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
7 January 2025

CinemaONE Limited

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

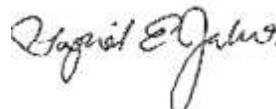
	Notes	As at 30 September	
		2024 \$	2023 \$
Assets			
<i>Non-current assets</i>			
Plant and equipment	4	71,815,132	74,091,499
Right of use assets	5	38,280,387	47,922,651
Due from parent company	6	3,226,168	3,697,812
Deferred tax asset	7	<u>12,057,314</u>	<u>4,220,844</u>
		<u>125,379,001</u>	<u>129,932,806</u>
<i>Current assets</i>			
Inventories	8	112,755	191,931
Prepayments and other receivables	9	1,635,815	1,617,398
Taxation recoverable		60,534	268,040
Cash and cash equivalents	10	<u>410,798</u>	<u>3,289,929</u>
		<u>2,219,902</u>	<u>5,367,298</u>
Total assets		<u>127,598,903</u>	<u>135,300,104</u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	11	38,213,147	38,213,147
Accumulated losses		<u>(24,964,576)</u>	<u>(16,379,331)</u>
		13,248,571	21,833,816
Non-controlling interests	12	<u>4,341,222</u>	<u>4,213,665</u>
Total equity		<u>17,589,793</u>	<u>26,047,481</u>
<i>Non-current liabilities</i>			
Deferred tax liability	7	11,495,453	2,936,521
Borrowings	13	41,302,901	39,881,446
Shareholder loans	14	187,897	489,139
Accruals and other payables	15	9,465,195	8,760,778
Lease liabilities	5	<u>35,250,464</u>	<u>47,929,343</u>
		<u>97,701,910</u>	<u>99,997,227</u>
<i>Current liabilities</i>			
Borrowings	13	1,508,189	2,589,394
Shareholder loans	14	166,968	166,968
Accruals and other payables	15	8,358,650	4,540,316
Lease liabilities	5	<u>2,273,393</u>	<u>1,958,718</u>
		<u>12,307,200</u>	<u>9,255,396</u>
Total liabilities		<u>110,009,110</u>	<u>109,252,623</u>
Total shareholders' equity and liabilities		<u>127,598,903</u>	<u>135,300,104</u>

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

These consolidated financial statements were authorised for issue by the Board of Directors on 3 January 2025.



Director



Director

CinemaONE Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2024 \$	2023 \$
Revenue	16	19,003,059	17,019,626
Cost of sales	17	<u>(6,563,227)</u>	<u>(6,222,273)</u>
Gross profit		<u>12,439,832</u>	<u>10,797,353</u>
Expenses			
Administrative expenses	17	(13,541,532)	(8,504,166)
Marketing expenses		<u>(288,615)</u>	<u>(416,056)</u>
Total expenses		<u>(13,830,147)</u>	<u>(8,920,222)</u>
Operating (loss)/profit		(1,390,315)	1,877,131
Finance costs		(5,113,447)	(2,931,618)
Other (expense)/income	18	<u>(152,995)</u>	<u>210,658</u>
Net finance costs		<u>(5,266,442)</u>	<u>(2,720,960)</u>
Loss before taxation		(6,656,757)	(843,829)
Taxation	7	<u>(759,908)</u>	<u>155,526</u>
Loss for the year		(7,416,665)	(688,303)
Other comprehensive income		--	--
Total comprehensive loss for the year		<u>(7,416,665)</u>	<u>(688,303)</u>
Total comprehensive loss for the year attributable to equity holders of the Company arises from:			
Owners of the Company		(7,544,222)	(769,621)
Non-controlling interests		<u>127,557</u>	<u>81,318</u>
Total comprehensive loss for the year		<u>(7,416,665)</u>	<u>(688,303)</u>
Loss per share for loss attributable to the equity holders of the Company	19	<u>\$ (0.94)</u>	<u>\$ (0.1)</u>

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

CinemaONE Limited

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital \$	Accumulated losses \$	Non-controlling interests \$	Shareholders' equity \$
Year ended 30 September 2024					
Balance at 1 October 2023		38,213,147	(16,379,331)	4,213,665	26,047,481
Total comprehensive loss for the year		--	(7,544,222)	127,557	(7,416,665)
Transactions with owners in their capacity as owners:					
Dividend-in-kind	11	--	(1,041,023)	--	(1,041,023)
Balance at 30 September 2024		<u>38,213,147</u>	<u>(24,964,576)</u>	<u>4,341,222</u>	<u>17,589,793</u>
Year ended 30 September 2023					
Balance at 1 October 2022		32,579,503	(11,477,363)	--	21,102,140
Total comprehensive loss for the year		--	(769,621)	81,318	(688,303)
Recognition of non-controlling interests	12	--	(4,132,347)	4,132,347	--
Transactions with owners in their capacity as owners:					
New share issue	11	6,015,480	--	--	6,015,480
New share issue expense	11	(381,836)	--	--	(381,836)
Balance at 30 September 2023		<u>38,213,147</u>	<u>(16,379,331)</u>	<u>4,213,665</u>	<u>26,047,481</u>

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

CinemaONE Limited

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2024 \$	2023
Cash flows from operating activities			
Loss before taxation		(6,656,757)	(843,829)
Adjustments for:			
Depreciation	4,5	6,735,372	4,714,161
Interest expense		<u>4,701,394</u>	<u>2,931,618</u>
		4,780,009	6,801,950
Changes in:			
Decrease/(increase) in inventories		79,176	(102,878)
(Increase)/decrease in prepayments and other receivables		(18,417)	678,966
Decrease/(increase) in due from parent company		471,644	(679,188)
Increase/(decrease) in accruals and other payables		<u>3,861,090</u>	<u>(250,636)</u>
Cash generated from operating activities		9,173,502	6,448,214
Taxation recoverable		207,506	--
Taxation paid		<u>(37,446)</u>	<u>--</u>
Net cash generated from operating activities		<u>9,343,562</u>	<u>6,448,214</u>
Cash flows from investing activities			
Purchase of plant and equipment	4	<u>(3,261,681)</u>	<u>(9,903,411)</u>
Cash flows from financing activities			
Repayment of loans and borrowings		(1,238,578)	(3,700,150)
Proceeds from loans and borrowings		1,000,000	6,681,036
Proceeds from new share issue	11	--	6,015,480
Expenses from new share issue	11	--	(381,836)
Principal lease payments	5	(4,647,541)	(1,202,902)
Interest paid		<u>(4,074,893)</u>	<u>(2,239,856)</u>
Net cash (used in)/generated from financing activities		<u>(8,961,012)</u>	<u>5,171,772</u>
(Decrease)/increase in cash and cash equivalents for the year		(2,879,131)	1,716,575
Cash and cash equivalents at beginning of year		<u>3,289,929</u>	<u>1,573,354</u>
Cash and cash equivalents at end of year	10	<u>410,798</u>	<u>3,289,929</u>

The notes on pages 10 to 44 are an integral part of these consolidated financial statements.

CinemaONE Limited

Notes to the Consolidated Financial Statements

30 September 2024

(Expressed in Trinidad and Tobago dollars)

1 General information

CinemaONE Limited (“CinemaONE” or “the Company”), was incorporated in the Republic of Trinidad and Tobago on December 11, 2009. The registered office of the Company is situated at One Woodbrook Place, 189 Tragarete Road, Port of Spain. CinemaONE is a subsidiary of Giant Screen Entertainment Holdings Limited (“GSEHL”), the Parent Company, GSEHL is registered in Trinidad and Tobago.

The Group consists of CinemaONE together with its subsidiary, CINECentral Limited (“the Group”). CINECentral Limited was incorporated in the Republic of Trinidad and Tobago on 30 August 2023. The registered office of CINECentral Limited is situated at Unit A, Price Plaza Shopping Center North, Narsaloo Ramaya Road, Chaguanas. The Group has a 49% ownership in CINECentral Limited.

The Group offers differentiated and innovative digital cinema entertainment in multiple movie formats at three locations in Trinidad and Tobago: One Woodbrook Place, Port of Spain, Gulf City Mall, San Fernando and Price Plaza Shopping Center North, Chaguanas.

The Group’s ordinary shares have since November 2018 been publicly traded on the Small and Medium Enterprise (SME) tier of the Trinidad and Tobago Stock Exchange under the symbol “CINE1”.

2 Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new and amended standards as set out in Note 2 (x).

a. *Basis of preparation*

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

See Note 25 Use of the going concern assumption, for further details.

b. *Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis.

c. *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Trinidad and Tobago dollars which is the Group’s functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within net finance costs.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

c. *Functional and presentation currency (continued)*

Foreign currency differences arising on retranslation are recognised in the consolidated statement of profit or loss and other comprehensive income.

d. *Use of estimates and judgements*

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the Note 2 (y) Critical Accounting Estimates and Judgments in applying policies.

The Group has applied the accounting policies as set out below to the consolidated financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

e. *Plant and equipment*

(i) *Recognition*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, project and construction management and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing plant and equipment are recognised in profit or loss as incurred.

The Group has no dismantlement costs regarding the operation of its fixed assets. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

e. *Plant and equipment (continued)*

(ii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated for the following items using the reducing balance basis over the estimated useful lives of each item of plant and equipment at the following rates:

Computers	- 33.3%
Concession equipment	- 25%
Theatre equipment	- 25%
Furniture and fixtures	- 15%

Depreciation is calculated for the following items using the straight-line basis for the remaining life of the lease agreement:

Leasehold improvements	- Life of lease – 15-40 years (2023: 15-40 years)
Theatre systems and equipment	- Life of the agreement – 15-17 years (2023: 15-17 years)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iii) *Disposals*

The gain or loss on disposal of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment and is recognised net within other income/other expenses in the consolidated statement of profit or loss and other comprehensive income.

f. *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

g. *Financial instruments*

(i) *Classification*

The Group classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

g. Financial instruments (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The following is the measurement category into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3 (a) (ii) for further details.

h. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 3 (a) (ii).

i. Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

j. Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indicator of impairment. If such an indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

j. *Impairment of non-financial assets (continued)*

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k. *Borrowings*

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss within net finance costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, is capitalised.

l. *Trade and other payables*

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 Material accounting policies (continued)

m. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

n. Leases

Measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

Payment allocation

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In accordance with the IFRS 16 standard, the Group has separated the lease components from non-lease components for each of the lease contracts. In general, activities that do not transfer a good or service to the lessee are not components in the respective lease contracts.

The variable lease payments for all of the Group's leases are not based on an index or rate. Instead, they are linked to a percentage of the Group's sales, meaning that these payments are derived from the lessee's performance from the underlying asset and therefore not considered to be components of the lease.

The Group's lease agreements for the Gemstone and 4DX theatre spaces at One Woodbrook Place and CINECentral theatre space at Price Plaza include common area maintenance (CAM) costs, under which the Group is charged for its proportionate share of CAM within the multi-unit real estate development of One Woodbrook Place and Price Plaza respectively. Such CAM costs are inclusive of security and real estate cleaning; hence the variability does not arise from an index and therefore charges are expensed to the consolidated statement of profit or loss and other comprehensive income in the period to which they relate due to both their variability in nature and because they represent a non-lease component that transfers a good or service other than the right of use to the demised premises.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

n. Leases (continued)

Payment allocation (continued)

The IFRS 16 standard defines initial direct costs as incremental costs that would not have been incurred if a lease had not been obtained. The Group has included all initial direct costs, such as legal fees and stamp duty fees directly attributable to lease execution, in the initial measurement of the right-of-use asset.

The Group has considered the lease term for each of its lease contracts to be:

- the non-cancellable period of the lease, together with
- optional renewable periods if the tenant is reasonably certain to extend; and
- periods after an optional termination date if the tenant is reasonably certain not to terminate early.

In considering the determination of its respective lease terms, the Group has considered all relevant facts and circumstances that create an economic incentive to exercise options to renew.

As a practical expediency given variations in dates such as:

- the date on which respective landlords have made underlying assets fully available for use, albeit to initiate a rent-free, significant tenant outfitting period
- the execution dates of leases (which in the case of One Woodbrook Place, were subsequent to the opening date of the respective theatres)
- the Opening Date from when rent payments would commence.

The Group has determined the commencement date of each lease to uniformly be the opening date of each of its respective cinema sites, which is also when payment obligations commence for the lessees.

In accordance with the IFRS 16 standard, the tenant discounts its future lease payments using the interest rate implicit in the leases if this can be readily determined. Otherwise, the tenant uses its incremental borrowing rate. Due to the lack of information that is required to assess the implicit interest rate in its leases such as the fair value of the underlying assets and any initial direct costs incurred by the landlord, CinemaONE Limited has judged that the Group is unable to determine the interest rate implicit in its leases. Therefore, the Group has used its incremental borrowing rates at the time of execution of its various leases. Such borrowing rates range from 6.95% to 9% for its leasehold properties at One Woodbrook Place, a borrowing rate of 8.44% for the Company's Gulf City Mall leasehold property and borrowing rate of 8% for the Price Plaza Shopping Center leasehold property.

The incremental borrowing rates can be defined as the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

o. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

p. *Revenue recognition*

The following specific recognition criteria must also be met before revenue is recognised:

- *Film revenue*

Revenue is generated from sales of box office tickets purchased at the theatre for the exhibition of movies from film studios. Revenue is recognised on sale of box office tickets.

The performance obligation is satisfied by showing the movie to customers when they obtain control via the purchase of a ticket.

- *Food and beverage revenue*

Revenue is also received from the delivery of food and beverages, including alcoholic beverages for consumption on site. Revenue is recognised on sale of food and beverage items.

- *Advertising revenue*

Advertising revenue is recognised for the sale and exhibition of on-screen and in-lobby advertising and promotional campaigns to third parties. Advertising revenue is contractual and is recognised over the contractual period as the service is rendered. An advertising contract may extend up to period of 12 months.

- *Gift certificates revenue*

Gift certificates are purchased to be used as box office tickets and/or food and beverages. Revenue is recognised on the redemption of the gift certificates.

No significant element of financing is deemed present as the majority of the Group's revenue is generated without credit terms which is consistent with market practice. Only sponsorship, advertising and event sales are made with credit terms up to 30 days.

q. *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

q. *Taxation (continued)*

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

r. *Employee benefits*

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position. The Group has no pension plan and there are no other employee benefits provided.

s. *Dividend policy*

Provision is made for the amount of any dividend declared, whether cash or in-kind, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

t. *Earnings/(loss) per share*

Basic earnings/(loss) per share is calculated by dividing: the profit/(loss) attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the financial year.

u. *Comparative information*

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

v. *Consolidation*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

v. Consolidation (continued)

- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

w. *Operating segments*

Operating segments, relate to the individual companies of CinemaONE and CINECentral. These segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, has been identified as the Group Executive Chairman and Chief Financial Officer and the Group Chief Executive Officer.

x. *New revised and amended standards and interpretations adopted*

The following standards and interpretations have been adopted by the Group for the first time for the financial year beginning on or after 1 October 2023.

- Disclosure of Accounting Policies – Amendments at IAS 1 and IFRS Practice Statement 2.
- Definition of Accounting Estimates – Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12.

The amendments listed above did not have any impact to the Group.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 30 September 2024 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

y. *Critical accounting estimates and judgements in applying policies*

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these consolidated financial statements are set out below:

Consolidation of Subsidiary

The Group elected on 9 September 2023 to pursue an expansion opportunity for a multiplex cinema in Price Plaza Shopping Center North via a newly formed special purpose vehicle or structured entity named CINECentral Limited.

In establishing CINECentral Limited, the Group adhered to the definition outlined in IFRS 12 Appendix A, in which CINECentral is set out as a Special Purpose Vehicle (SPV) or structured entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

The Group has determined that in accordance with IFRS 10, the Group has adhered to the principle that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. CINECentral has therefore been consolidated and its financials are highlighted in Note 12.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

2 Material accounting policies (continued)

y. *Critical accounting estimates and judgements in applying policies (continued)*

Deferred tax asset

The deferred tax assets relate to carried-forward tax losses of the Group. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to generate taxable income from 2025 onwards. The losses can be carried forward indefinitely and have no expiry date. Given the recent trend of losses, which commenced with the Covid-19 pandemic in 2020, the Group has restricted the recognition of additional deferred tax assets in 2024.

Impairment

The Group tests, when there are impairment indicators, whether any non-financial assets/cash generating units have suffered impairment. For the purposes of the impairment test, the cash-generating unit was determined to be at the individual company level. The recoverable amount of the cash-generating unit has been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions and sensitivity analysis are disclosed in Note 25.

Going Concern

In assessing the appropriateness of applying the Going Concern basis in the preparation of its 2024 financial statements, the Group has firstly monitored and evaluated the global rebound of the cinema exhibition industry following the cessation of global Covid-19 pandemic induced restrictions and the end to the Hollywood strikes which curtailed and delayed a number of blockbuster movie production and release schedules from all major studios in FY 2024. Management has also considered the sequential years of net losses which increased to a loss of (\$7.4M) in 2024 as well as the Group's constrained liquidity position in 2024, highlighted by a negative working capital position of (\$10M). However, the Group has outlined a range of mitigating market indicators as well as risk mitigating business strategies which it is assiduously implementing. The significant assumptions and details of which are disclosed in Note 25. In this context, the Group has thus prepared the 2024 Financial Statements on a going concern basis as in Management's judgement the Group is viewed as an entity which will continue in business for the foreseeable future.

3 Financial risk management

a. *Financial risk management objectives*

The Group's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk, and the investment of excess liquidity.

(i) *Market risk*

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

(a) *Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Financial risk management objectives (continued)

(i) Market risk

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

(a) Foreign exchange risk (continued)

The Group currently holds a USD Loan and a USD Monthly Income Fund with Guardian Group Trust Limited. If the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, the loss for the year would have been \$99,640 (2023: \$86,890).

The Group actively manages this risk by matching receipts and payments in the sale currency and monitoring movements in exchange rates. The Group has also negotiated TT dollar partial settlements with lenders such as Guardian Group Trust Limited and key operational and construction vendors. The Group seeks to purchase US dollars, when made available, from its bankers. Such policies to manage foreign currency are the same as for prior year.

(b) Price risk

The Group's exposure to securities price risk arising from investments is nil.

(c) Interest rate risk

The Group had no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Interest rate risk arises on interest-bearing financial instruments recognised in the consolidated statement of financial position.

The Group's exposure to changes in market interest rates relates primarily to the long-term debt obligation, with the interest rate being TT Dollar prime minus 1.90% with a floor between 7% and 9%. The exposure to interest rate risk on cash held on deposit is not significant. Non-interest bearing borrowings were on 2% of borrowings in 2024 (2023: 2%) and the balance of borrowings were secured at fixed rates.

The exposure of the Group's borrowings to interest rate changes are as follows:

	2024 \$	2023 \$
Less than one year	1,509,009	2,590,214
Between 1 - 5 years	<u>14,359,710</u>	<u>14,359,710</u>
	<u>15,868,719</u>	<u>16,949,924</u>

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The main financial risks of the Group relate to the availability of funds to meet business needs and the risk of default by counterparties to financial transactions. The Group monitors the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The Group's principal financial liabilities comprise bank loans (Note 13). There have been no changes to the way the Group manages this exposure compared to the prior year.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Financial risk management objectives (continued)

(ii) Credit risk management

Credit risk arises from deposits into bank as well as credit exposures for receivables related to sponsorship arrangements and special events. The Group has policies in place to ensure that the delivery of sponsorship services and events are made to customers with an appropriate credit history. Credit exposures arise from the delivery of services to customers, including outstanding receivables. Deposits are only made to reputable commercial banks.

The due from parent company balance arises mainly from administrative services provided by the Group.

In assessing credit losses associated with receivables, such as sponsorship arrangements and special events, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties.

There have been no changes to the way the Group manages this exposure compared to the prior year.

Maximum exposure to credit risk

The accounting policies for financial instruments have been applied to the line items below:

	2024	2023
	\$	\$
Other receivables (Note 9)	215,331	123,300
Due from parent company (Note 6)	3,226,168	3,697,812
Cash at bank and on hand (Note 10)	<u>410,798</u>	<u>3,289,929</u>
	<u>3,852,297</u>	<u>7,111,041</u>

Collateral is not held for any balances exposed to credit risk, with the exception of an offsetting payable balance held for the due from parent company balance, which can be found in Note 6.

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for Trade and other receivables. The simplified approach eliminates the need to calculate 12-month Expected Credit Loss and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors.

The general approach

The Group applies the IFRS 9 general approach to measuring expected credit losses for intercompany loans to its parent company. The Group considers such parent company loans as low credit risks given past performance but still maintains offsetting payable balances as credit enhancements to assist in managing expected credit loss.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Financial risk management objectives (continued)

(ii) Credit risk management (continued)

Incorporation of forward-looking information

Historical loss rates for trade and other receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group uses indicators such as, concentration risk and macroeconomic fundamentals of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group's 2024 loss rates under the simplified approach are based on historical rates and are outlined below:

	Up to 60 days past due	Up to 120 days past due	>120 days past due
Trade receivables	0%	5%	10%
Advertising receivables	0%	5%	10%

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated statement of profit or loss and other comprehensive income.

Summary of ECL calculations

a) *The simplified approach (trade and other receivables)*

A summary of the assumptions underpinning the Group's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Group's internal grading system

Trade and other receivables assessed for specific provisions are identified based on certain default triggers (e.g., customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Financial risk management objectives (continued)

(ii) Credit risk management (continued)

Summary of ECL calculations (continued)

a) The simplified approach (trade and other receivables) (continued)

The following is a summary of the ECL on trade and other receivables from specific provisions:

Aging Bucket	Average ECL rate %	Estimated EAD \$	Expected credit loss \$
3-12 months due	--	215,331	--

There were no expected credit losses for the period given that the Group did not generate sponsorship income for the financial year. In excess of 99% of the Group's revenue for the financial year was directly attributed to ticket, food and beverage and related purchases which are not offered by the Group on credit terms. For any large receivables held by the Group there are offsetting, larger payable balances which are considered credit enhancements.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed lines of credit to meet its obligations. In order to manage liquidity and mitigate the effects of the Covid-19 global pandemic as well as the 2024 impact of the Hollywood strikes, the Group deferred payments and entered into extended payment agreements with key vendors and particularly its senior lender in 2024. In May 2024 the Group successfully completed a deferral of its Tranche A 2024 and 2025 Bond obligations. The Group also continues to seek the conversion of Covid-19 related short term payables into long term obligations through direct negotiation with strategic vendors and landlords and / or by accessing facilities such as the Government of the Republic of Trinidad and Tobago's Covid-19 SME Relief Loan program.

On 1 March 2024, the Group entered a Government of the Republic of Trinidad and Tobago (GORTT) Phase 3 loan programme for SME's arranged by Republic Bank Limited. In the context of the Covid-19 pandemic the GORTT SME loan program is designed to provide financial relief for businesses impacted by the Covid-19 pandemic. The loan is 80% guaranteed by GORTT for principal and interest and affords a GORTT subsidized interest rate of 4.2875%. The tenor is 7 years with a two-year moratorium on principal payments. Brian and Ingrid Jahra are guarantors for 20% of this loan.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Financial risk management objectives (continued)

(iii) Liquidity risk (continued)

Despite the consistent rebound in the Group's revenue following the removal of government imposed Covid-19 restrictions in Q3 of financial year 2022, the Group experienced ongoing short term liquidity challenges in 2024, highlighted by an (\$10M) negative working capital position, largely due to the reduction in film supply volume resulting from the Hollywood strikes. In response, the Group specifically plans to reduce its current liabilities in 2025 by (i) raising incremental, medium or long term debt and / or equity capital to fund short working capital obligations (ii) extending lease and vendor contract obligations through lease contract modifications, particularly for obligations incurred during the Covid-19 pandemic (iii) extending due dates on bank obligations to provide additional liquidity (iv) generating and applying increased operating cash flow to settle obligations.

Furthermore, the Group also continues to prudently manage costs and maintain many Covid-19 induced operating cost reductions in order to minimise financial risk and maximise liquidity. Such cost reduction strategies include dynamic scheduling of the theatre operations workforce around weekly and at times daily movie programming performance along with the maintenance of 25% Covid-19 reduced compensation levels for senior management.

The table below analyses the Group's financial liabilities based on the remaining period at the financial position date to the contractual maturity date.

Financial liabilities

	Carrying amount	Contractual cash flow	Less than 1 year	Between 2 to 5 years	Over 5 years
	\$	\$	\$	\$	\$
At 30 September 2024					
Borrowings	42,811,090	70,883,983	1,508,189	12,182,648	57,193,147
Leases	37,523,857	91,403,293	2,273,393	17,158,628	71,971,273
Shareholder loans	354,865	389,634	166,968	222,666	--
Accruals and other payables (excluding statutory liabilities)	17,823,845	17,823,845	8,358,650	9,465,195	--
Total	98,513,657	180,500,755	12,307,200	39,029,137	129,164,419
At 30 September 2023					
Borrowings	42,470,840	75,780,271	4,280,100	10,564,230	60,935,941
Leases	49,888,061	57,401,322	267,782	16,161,046	40,972,494
Shareholder loans	656,107	891,510	166,968	724,542	--
Accruals and other payables (excluding statutory liabilities)	12,848,306	12,848,306	4,316,648	8,531,658	--
Total	105,863,314	146,921,409	9,031,498	35,981,476	101,908,435

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

b. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes compared to the financial year ended 30 September 2023.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Group is subjected to, and with which it was in compliance for the year ended 30 September 2024 and 30 September 2023.

The gearing ratios as at 30 September 2024 and 30 September 2023 were as follows:

	2024	2023
	\$	\$
Borrowings (Note 13)	42,811,090	42,470,840
Lease liabilities (Note 5)	37,523,857	49,888,061
Shareholder loans (Note 14)	354,865	656,107
Less: cash on hand and at bank (Note 10)	<u>(410,798)</u>	<u>(3,289,929)</u>
Net debt (Note 20)	80,279,014	89,725,079
Total equity	<u>17,589,793</u>	<u>26,047,481</u>
Total capital	<u>97,868,807</u>	<u>115,772,560</u>
Gearing ratio	<u>82%</u>	<u>78%</u>

The Group's gearing ratio remained high as it secured incremental debt to fund its expansion into Price Plaza via a newly formed subsidiary, CINECentral Limited.

c. Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The standard requires disclosure of fair value measurement by level using the following fair value measurement hierarchy:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Due to the short-term nature of prepayments and other receivables and accruals and other payables, their carrying amounts are considered to be the same as their fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All of the Group's financial assets and liabilities are carried at amortised cost.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

4 Plant and equipment

	Leasehold improvements \$	Theatre system and equipment \$	Computers \$	Concession equipment \$	Furniture and fixtures \$	Work in progress \$	Total \$
Year ended 30 September 2024							
Cost							
Balance at 1 October 2023	67,529,877	27,019,741	393,681	1,982,724	918,994	8,408,262	106,253,279
Additions	133,220	429,791	--	--	--	2,698,670	3,261,681
Transfers/adjustments	(1,228,832)	(966,921)	(24,804)	(199,028)	--	2,419,585	--
Balance at 30 September 2024	<u>66,434,265</u>	<u>26,482,611</u>	<u>368,877</u>	<u>1,783,696</u>	<u>918,994</u>	<u>13,526,517</u>	<u>109,514,960</u>
Accumulated depreciation							
Balance at 1 October 2023	(18,223,457)	(12,290,746)	(222,053)	(1,287,593)	(137,931)	--	(32,161,780)
Charge for the year	(2,996,970)	(2,212,119)	(55,336)	(157,038)	(116,585)	--	(5,538,048)
Balance at 30 September 2024	<u>(21,220,427)</u>	<u>(14,502,865)</u>	<u>(277,389)</u>	<u>(1,444,631)</u>	<u>(254,516)</u>	<u>--</u>	<u>(37,699,828)</u>
Year ended 30 September 2023							
Cost							
Balance at 1 October 2022	45,314,891	21,682,678	220,801	1,394,689	121,288	27,108,595	95,842,942
Additions	7,356,475	1,814,259	124,527	163,957	289,659	154,534	9,903,411
Transfers	14,858,511	3,522,804	48,353	301,676	508,047	(19,239,391)	--
Transfer from prepayments	--	--	--	122,402	--	384,524	506,926
Balance at 30 September 2023	<u>67,529,877</u>	<u>27,019,741</u>	<u>393,681</u>	<u>1,982,724</u>	<u>918,994</u>	<u>8,408,262</u>	<u>106,253,279</u>
Accumulated depreciation							
Balance at 1 October 2022	(15,684,455)	(10,881,202)	(203,608)	(1,195,048)	(79,861)	--	(28,044,174)
Charge for the year	(2,539,002)	(1,409,544)	(18,445)	(92,545)	(58,070)	--	(4,117,606)
Balance at 30 September 2023	<u>(18,223,457)</u>	<u>(12,290,746)</u>	<u>(222,053)</u>	<u>(1,287,593)</u>	<u>(137,931)</u>	<u>--</u>	<u>(32,161,780)</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

4 Plant and equipment (continued)

	Leasehold improvements \$	Theatre equipment \$	Computers \$	Concession equipment \$	Furniture and fixtures \$	Work in progress \$	Total \$
Net book amount							
Balance at 30 September 2024	45,213,838	11,979,746	91,488	339,065	664,478	13,526,517	71,815,132
Balance at 30 September 2023	49,306,420	14,728,995	171,628	695,131	781,063	8,408,262	74,091,499
Balance at 30 September 2022	29,630,436	10,801,476	17,193	199,641	41,427	27,108,595	67,798,768

Work-in-progress (WIP) as at 30 September 2023 and 2024 represents capital expenditure for the completion of construction activity associated with construction and outfitting of new movie theatre multiplex sites in both Gulf City Mall, San Fernando and Price Plaza Shopping Center North, Chaguanas. Work in progress is being methodically transferred to plant and equipment and recovered with the completion of movie theatre spaces at both expansion locations. In 2024 one new theatre auditorium was completed at the Group's Price Plaza Shopping Center site while the Group's new alcoholic beverage storage facility was completed in its Gulf City Mall location in addition to the completion of architectural redesign works for the planned reconfiguration initiatives at the same Gulf City Mall location. WIP of \$13.5M is expected to be transferred to PPE as the Group completes its theatre construction projects over 2025 and 2026.

Interest on borrowings in the amount of \$403,485 (2023: \$2,597,621) was capitalised during the year.

See Note 13 for the assets pledged as security for borrowings.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

5 Leases	2024	2023
	\$	\$
Right of use assets		
Buildings	<u>38,280,387</u>	<u>47,922,651</u>
Lease liabilities		
Current	2,273,393	1,958,718
Non-current	<u>35,250,464</u>	<u>47,929,343</u>
Total lease liabilities	<u>37,523,857</u>	<u>49,888,061</u>

During the current financial year, the CINECentral Limited lease term was reassessed under the IFRS 16 guidance on *requirements in determining lease term*. The financial effect of revising the lease term was a decrease in recognised lease liabilities of \$9,990,632 and right-of-use assets of \$8,444,940.

- (i) The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation	1,197,324	596,555
Expense (included in finance costs)	1,625,845	1,143,674
Total cashflow for leases	(4,647,541)	(1,202,902)

6 Related party transactions

- (i) *Due from parent company*

Giant Screen Entertainment Holdings Limited	<u>3,226,168</u>	<u>3,697,812</u>
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This balance relates to transactions paid by the Group for satisfaction of parent company obligations. Such obligations include financing, legal and other professional service fees, foreign travel and general business expenses. The receivable was converted to a loan with effect from 2 January 2020. This loan bears interest at 4% per annum and the balance decreased during financial year 2024 following payments and the offsetting against dividend-in-kind obligations due from the Group. The principal repayment is due at maturity on 2 January 2028.

- (ii) *Due to parent company*

Giant Screen Entertainment Holdings Limited		
Dividend-in-kind	<u>213,716</u>	<u>--</u>

- (ii) *Key management personnel*

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits.

Key management personnel received compensation of \$971,142 (2023: \$909,347) for the year.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

7 Taxation

(i) *Composition of deferred tax asset and liability*

The analysis of deferred tax asset and liability is as follows:

	Accumulated tax losses \$	Lease liabilities \$	Total \$
Deferred tax asset			
At 1 October 2023	3,961,904	258,940	4,220,844
(Charge)/credit to profit or loss	<u>(1,127,292)</u>	<u>8,963,762</u>	<u>7,836,470</u>
At 30 September 2024	<u>2,834,612</u>	<u>9,222,702</u>	<u>12,057,314</u>
At 1 October 2022	3,412,451	185,244	3,597,695
Credit to profit or loss	<u>549,453</u>	<u>73,696</u>	<u>623,149</u>
At 30 September 2023	<u>3,961,904</u>	<u>258,940</u>	<u>4,220,844</u>
	Accelerated tax depreciation \$	Right of use assets \$	Total \$
Deferred tax liability			
At 1 October 2023	(2,936,521)	--	(2,936,521)
Charge to profit or loss	<u>715,806</u>	<u>(9,274,738)</u>	<u>(8,558,932)</u>
At 30 September 2024	<u>(2,220,715)</u>	<u>(9,274,738)</u>	<u>(11,495,453)</u>
At 1 October 2022	(2,468,898)	--	--
Charge to profit or loss	<u>(467,623)</u>	<u>--</u>	<u>--</u>
At 30 September 2023	<u>(2,936,521)</u>	<u>--</u>	<u>--</u>

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2023: 15%).

	2024 \$	2023 \$
(ii) <i>Taxation</i>		
Business levy charge	37,446	--
Deferred tax charge/(credit)	<u>722,462</u>	<u>(155,526)</u>
Total	<u>759,908</u>	<u>(155,526)</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

7 Taxation (continued)

(iii) Reconciliation of effective tax rate	2024 \$	2023 \$
Loss before taxation	<u>(6,656,756)</u>	<u>(843,829)</u>
Tax at the statutory tax rate – 15% (2023: 15%)	(998,513)	(126,574)
Tax losses not recognised	1,720,975	--
Business levy charge	37,446	--
Effect of expenses not allowed	<u>--</u>	<u>(28,952)</u>
	<u>759,908</u>	<u>(155,526)</u>

For the year ended 30 September 2024, the Group was not liable to corporation tax as a result of accumulated tax losses of \$29,888,548 (2023: \$26,388,929).

As a result of the Group being listed on the Small and Medium Enterprise (SME) Tier of the Trinidad and Tobago Stock Exchange in November of 2018, the Group benefits from a tax rate of 0% for the first 5 years from listing and 15% for a subsequent five year period. In addition, the Group is exempt from Business Levy and Green Fund Levy for the first five years from listing and is obligated to pay 50% of the Business Levy and Green Fund Levy rates for the second five year period from listing.

8 Inventories

Food and beverage	<u>112,755</u>	<u>191,931</u>
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The cost of inventories recognised as an expense and included in cost of sales amounted to \$2,080,400 (2023: \$2,278,264). Refer to Note 17.

9 Prepayments and other receivables

Prepayments	728,540	802,154
Value Added Tax recoverable	691,944	691,944
Other receivables	<u>215,331</u>	<u>123,300</u>
	<u>1,635,815</u>	<u>1,617,398</u>

As at 30 September 2024, there was no impairment of other receivable balances (2023: \$0).

Given the nature of operations, goods and services are paid immediately (see Revenue Recognition Accounting Policy Note). Other receivables balances are related to sponsorship agreements that have not been impaired, therefore the expected lifetime credit loss is deemed to be nil.

Details about the Group's classification and the calculation of the loss allowance are provided in Note 3. Information about the impairment of prepayments and other receivables and the Group's exposure to credit risk, market risk and liquidity risk can be found in Note 3.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

10 Cash and cash equivalents

	2024	2023
	\$	\$
Cash on hand and at bank	120,306	1,289,914
Cash on hand and at bank - restricted	290,064	791,975
Short-term deposit	<u>428</u>	<u>1,208,040</u>
	<u>410,798</u>	<u>3,289,929</u>

The short-term deposit represents USD and TTD Monthly Income Funds held at Guardian Asset Management Limited.

The restricted cash is related to a Debt Service Account held at Republic Bank Limited which equalled one loan payment of principal and interest and a contingency fund for construction overruns related to CINECentral.

11 Share capital

Authorised capital

Unlimited ordinary shares of no par value

Issued and fully paid capital

8,007,869 (2023: 8,007,869) ordinary shares of no par value 38,213,147 38,213,147

Analysis of ordinary shares movement is as follows:

	2024		2023	
	No. of Shares	Amount \$	No. of Shares	Amount \$
Balance at start of year	8,007,869	38,213,147	6,406,295	32,579,503
Issuance of new shares	--	--	1,601,574	6,015,480
New share issue expense	--	--	--	(381,836)
Balance at end of year	<u>8,007,869</u>	<u>38,213,147</u>	<u>8,007,869</u>	<u>38,213,147</u>

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends at the Group's discretion and are entitled to one vote per share at meetings of the Group.

On 20 January 2023, the Group consummated an Additional Public Offering of 1,601,574 ordinary shares for the gross proceeds of \$6.0M which increased the Group's share capital to \$38.2M. The newly issued ordinary shares were purchased by existing shareholders and are similarly traded on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market.

On June 27, 2024, CinemaONE's Board of Directors approved a non-cash dividend-in-kind / CINE1 Starz Shareholder Loyalty Program of TTD 1,041,023. The dividend-in-kind offer to all shareholders on record as of 12 July 2024 entails the distribution of vouchers which are redeemable for movie tickets and / or the Company's food and beverage services at any of the CinemaONE Group's three locations. Institutional investors were additionally offered on-screen advertising and use of the Group's facilities for corporate events.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

12	Non-controlling interests	2024 \$	2023 \$
	CINECentral Limited results are as follows:		
	Assets		
	Current assets	3,724,483	1,166,473
	Current liabilities	<u>(4,890,254)</u>	<u>(2,119,940)</u>
	Current net liability	<u>(1,165,771)</u>	<u>(953,467)</u>
	Liabilities		
	Non-current assets	44,371,851	46,631,515
	Non-current liabilities	<u>(34,693,880)</u>	<u>(37,415,960)</u>
	Non-current net assets	<u>9,677,971</u>	<u>9,215,555</u>
	Net assets	<u>8,512,200</u>	<u>8,262,088</u>
	51% non-controlling interests	<u>4,341,222</u>	<u>4,213,665</u>
	Summarised statement of profit or loss and other comprehensive income		
	Revenue	<u>8,204,759</u>	<u>253,251</u>
	Total comprehensive income	<u>250,112</u>	<u>159,447</u>
	51% profit allocated to non-controlling interests	<u>127,557</u>	<u>81,318</u>
	Summarised statement of cashflows		
	Cash flows from operating activities	2,747,909	20,200
	Cash flows from investing activities	(1,614,854)	(8,147,598)
	Cash flows from financing activities	<u>(1,608,239)</u>	<u>8,921,693</u>
	Net increase in cash and cash equivalents	<u>(475,184)</u>	<u>794,295</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

13 Borrowings	2024 \$	2023 \$
Guardian Group Trust Limited - TTD	25,686,956	26,249,804
Guardian Group Trust Limited - USD	10,111,050	10,000,000
Republic Bank Limited	5,513,084	5,721,036
Government of T&T SME Loan for Covid-19 Relief Phase 1	500,000	500,000
Government of T&T SME Loan for Covid-19 Relief Phase 3	<u>1,000,000</u>	<u>--</u>
Total borrowings	42,811,090	42,470,840
Less current portion	<u>(1,508,189)</u>	<u>(2,589,394)</u>
Long term portion	<u>41,302,901</u>	<u>39,881,446</u>

The Guardian Group Trust Limited Loan agreement was executed on 31 October 2019 and comprises Tranche A of \$30,000,000 and Tranche B of USD1,500,000. The proceeds were used to refinance facilities at First Caribbean International Bank (Trinidad and Tobago) Limited (CIBC) and to finance construction costs of new theatre development at Gulf City Mall.

Interest: Tranche A: Each series will compound interest annually at their respective interest rate, (the overall weighted interest rate of this facility is fixed at 8.438% per annum but adjusted to reflect issue costs resulted in an effective interest rate (EIR) of 9%.

Tranche B: Fixed at 7% per annum (2023: 7%).

Repayment: Tranche A Series 2 principal and interest will be paid monthly in increments of \$196,219 until 1 April 2025. Series 3-14 principal and interest payments are then due on maturity commencing 31 October 2025 and ending on 31 October 2038. Interest will be similarly due from 31 October 2025. Tranche B principal is due at maturity on 30 January 2026, and interest due commenced from 30 January 2023 after the extended Covid-19 moratorium period ended.

The security for these loans is noted below.

- (i) Debenture over the fixed and floating assets of the Company.
- (ii) Assignment of all insurance(s) over the fixed and floating assets of the Company.
- (iii) First demand mortgage over leasehold properties located at One Woodbrook Place and Gulf City Mall.
- (iv) Deed of assignment over IMAX and 4DX trademark licenses.
- (v) Deed of charge over 4,704,646 ordinary shares of CinemaONE Limited held by Giant Screen Entertainment Holdings Limited.
- (vi) Assignment of key man insurance over Brian and/or Ingrid Jahra for a minimum of TT\$6,000,000 each. Guardian Life of the Caribbean to be given first preference to provide.

Covenants:

- (i) A minimum debt service coverage ratio of 1.2x must be maintained throughout the entire tenor of the facility.
- (ii) A maximum leverage ratio of 70%. Such ratio to be calculated as the sum of all interest-bearing debt divided by total assets.

Guardian Group Trust Limited also amended the loan agreement to additionally allow the facilities to be used for the Group's operational expenses and working capital in support of the Covid-19 pandemic and more recently in response to the movie supply chain impact of the Hollywood writers and actors strikes in financial year 2024.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

13 Borrowings (continued)

The Republic Bank Limited Loan agreement was executed on 17 May 2023. The proceeds were used to finance the establishment of the Group's subsidiary, CINECentral Limited, and the construction costs of the acquisition of theatre equipment and furniture and the leasehold outfitting of the cinema facilities at Price Plaza Shopping Plaza North, Chaguanas. The tenor on the Republic Bank loan is 7 years with a one-year moratorium on principal and interest payments.

The security for the Republic Bank loan is noted below.

- (i) Debenture over the fixed and floating assets of CINECentral Limited.
- (ii) Assignment of all insurance(s) over the fixed and floating assets of CINECentral Limited.
- (iii) First demand mortgage over leasehold properties located at Price Plaza Shopping Center North, Chaguanas.
- (iv) Deed of charge over 1,000 ordinary shares of CINECentral Limited of which 510 are held by Giant Screen Entertainment Holdings Limited and 490 are held by CinemaONE Limited.
- (v) Corporate Guarantee from Giant Screen Entertainment Holdings Limited.

On 30 December 2023, the Group entered a Government of the Republic of Trinidad and Tobago (GORTT) Phase 1 loan programme for SME's arranged by First Citizens Bank Limited. In the context of the Covid-19 pandemic the GORTT SME loan program is designed to provide financial relief for businesses impacted by the Covid-19 pandemic. The loan is 100% guaranteed by GORTT and 100% of the interest is similarly paid by GORTT. The tenor is 7 years with a two-year moratorium on principal and interest payments. The Group provides no security for this loan.

On 1 March 2024, the Group entered a Government of the Republic of Trinidad and Tobago (GORTT) Phase 3 loan programme for SME's arranged by Republic Bank Limited. In the context of the Covid-19 pandemic the GORTT SME loan program is designed to provide financial relief for businesses impacted by the Covid-19 pandemic. The loan is 80% guaranteed by GORTT for principal and interest and affords a GORTT subsidized interest rate of 4.2875%. The tenor is 7 years with a two-year moratorium on principal payments. Brian and Ingrid Jahra are guarantors for 20% of this loan.

The Group was in compliance with its debt covenants as at 30 September 2024 and 30 September 2023.

14 Shareholder loans	2024 \$	2023 \$
Due to Jahra Ventures Limited	354,865	656,107
Less current portion	<u>(166,968)</u>	<u>(166,968)</u>
Net long-term debt	<u>187,897</u>	<u>489,139</u>

The amount due to Jahra Ventures Limited in the amount of \$354,865 is repayable on a monthly basis, inclusive of interest of 4.9% and matures on 31 October 2026. The shareholder loan does not carry any security.

CinemaONE Limited

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30 September 2024

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15	Accruals and other payables	2024 \$	2023 \$
	Current portion		
	Accruals and other payables	7,136,825	3,070,753
	Interest payable	560,164	1,245,895
	Dividend-in-kind payable	661,661	--
	Statutory payable	<u>--</u>	<u>223,668</u>
		<u>8,358,650</u>	<u>4,540,316</u>
	Non-current portion		
	Interest payable	9,465,195	8,531,658
	Statutory payable	<u>--</u>	<u>229,120</u>
		<u>9,465,195</u>	<u>8,760,778</u>

The non-current portion of the interest payable represents the interest due on the Guardian Group Trust Limited loan. See Note 13.

The total amount of the statutory payable as at 30 September 2024 was nil due to the Group's full settlement of its obligation to the National Insurance Board during the period. The total amount of the statutory payable as at 30 September 2023 was \$452,788.

From the total dividend in kind of \$1,041,023 (Note 11), \$378,531 (Note 6) was used to offset the parent company (GSEHL) loan receivable.

16	Revenue		
	Movie admissions	10,639,978	10,328,623
	Food and beverage	8,388,737	6,932,581
	Advertising, events and other	<u>1,004,529</u>	<u>681,705</u>
	Gross revenue	20,033,244	17,942,909
	Discounts	<u>(1,030,185)</u>	<u>(923,283)</u>
	Net revenue	<u>19,003,059</u>	<u>17,019,626</u>

Discounts are related to complimentary tickets and food and beverage.

17	Expenses by nature		
	<i>Cost of sales</i>		
	Movies	3,810,309	3,138,751
	Food and beverage (Note 8)	2,080,400	2,278,264
	Other	<u>672,518</u>	<u>805,258</u>
		<u>6,563,227</u>	<u>6,222,273</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

17 Expenses by nature (continued)	2024 \$	2023 \$
<i>Administrative expenses</i>		
Depreciation – plant and equipment (Note 4)	5,538,048	4,117,606
Employee benefit expense (Note 21)	2,871,050	2,108,045
Rent	1,808,268	692,712
Depreciation – right of use asset (Note 5)	1,197,324	596,555
Repairs and maintenance	962,888	305,532
Audit fees	248,483	209,550
Professional fees	101,240	26,361
Insurance	99,171	114,126
Communications costs	142,492	101,561
Miscellaneous	61,037	47,809
Cleaning	79,321	38,684
Operating supplies	33,853	35,528
Legal fees, regulatory fees and licenses	44,390	31,501
Vehicle expense	77,430	31,480
Utilities	229,320	27,977
Office expenses	47,217	19,139
	<u>13,541,532</u>	<u>8,504,166</u>
18 Other (expenses)/income		
Interest income	121,002	121,002
USD income fund interest income	17,667	89,656
Loss on foreign exchange	(111,050)	--
Impairment of related party loan receivable	(180,614)	--
	<u>(152,995)</u>	<u>210,658</u>

The interest income is a result of interest earned on the related party loan (Note 6). The gain on foreign exchange refers to USD transactions made during the 2023 financial period which resulted in gains once translated into the local currency. The USD interest income is a result of interest received at 1.75% in the USD Monthly Income Fund held at Guardian Group Trust Limited.

19 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There are no dilutive shares and hence a diluted loss per share calculation is not applicable.

	2024 \$	2023 \$
Loss attributable to equity holders of the Company	(7,544,222)	(769,621)
Non-controlling interest (NCI)	<u>127,557</u>	<u>81,318</u>
Total comprehensive loss for the year	<u>(7,416,665)</u>	<u>(688,303)</u>
Weighted average number of ordinary shares in issue	<u>8,007,869</u>	<u>8,007,869</u>
Basic loss per share	<u>\$(0.94)</u>	<u>\$(0.1)</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

20 Net change in borrowings

(i)	Cash and cash equivalents \$	Commercial loans \$	Shareholder loans \$	Lease liabilities \$	Total \$
Balance at					
1 October 2023	3,289,929	(42,470,840)	(656,107)	(49,888,061)	(89,725,079)
Acquisitions	--	(1,277,586)			(1,277,586)
Disposals/reclass cashflows	(2,879,131)	937,336	301,242	7,716,663 4,647,541	7,716,663 3,006,988
Balance at 30 September 2024	<u>410,798</u>	<u>(42,811,090)</u>	<u>(354,865)</u>	<u>(37,523,857)</u>	<u>(80,279,014)</u>
Balance at					
1 October 2022	1,573,354	(38,926,693)	(1,164,355)	(7,010,935)	(45,528,629)
Acquisitions	--	(6,276,049)	(460,000)	(44,080,028)	(50,816,077)
Disposal/reclass cashflows	1,716,575	2,731,902	968,248	1,202,902	6,619,627
Balance at 30 September 2023	<u>3,289,929</u>	<u>(42,470,840)</u>	<u>(656,107)</u>	<u>(49,888,061)</u>	<u>(89,725,079)</u>

(ii) Net debt reconciliation

	2024 \$	2023 \$
Cash on hand and at bank (Note 10)	410,798	3,289,929
Shareholder loans – repayable within one year (Note 14)	(166,968)	(166,968)
Lease liabilities – repayable within one year (Note 5)	(2,273,393)	(1,958,718)
Shareholder loans – repayable after one year (Note 14)	(187,897)	(489,139)
Borrowings – repayable after one year (Note 13)	(41,302,901)	(39,881,446)
Borrowings – repayable within one year (Note 13)	(1,508,189)	(2,589,394)
Lease liabilities – repayable after one year (Note 5)	<u>(35,250,464)</u>	<u>(47,929,343)</u>
Net debt	<u>(80,279,014)</u>	<u>(89,725,079)</u>

21 Employee benefit expense

Salaries	2,971,867	1,861,058
National insurance	<u>(100,817)</u>	<u>246,987</u>
	<u>2,871,050</u>	<u>2,108,045</u>

Employee benefits of \$966,885 directly attributable to bringing assets to the theatre location and to a condition necessary for assets to be capable of operating in the manner intended by Management were capitalised to Property Plant and Equipment in accordance with IFRS 16.16(b), 16.17(a)(d)(e) and (f).

22 Contingencies and commitments

The Group leases various properties expiring within 6 and 20 years plus renewal periods. The leases have varying terms and renewal rights. On renewal, the terms either automatically renew on similar terms or the leases can be renegotiated. From 1 October 2019, the Group has recognised right of use assets for these leases.

(i) Not included in the above commitments (as well as Note 5) are contingent rental payments which are based on a percentage of the revenue earned as per the various lease agreements.

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

22 Contingencies and commitments (continued)

- (ii) The Group currently has no material contingencies impacting the consolidated financial statements. (2023: Nil).
- (iii) Significant capital expenditure contracted for at the end of the reporting period but not recognised as plant and equipment and liabilities in relation to the theatre expansion at Gulf City and Price Plaza is \$688,347 (2023: \$1,729,207).
- (iv) The Property Tax Act of 2009 (PTA) was enacted into law by the Government of the Republic of Trinidad and Tobago (GORTT), effective from 1 January 2010. There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on 30 September 2017. As of present date there have been no further changes to the legislation or extension of the waivers previously granted by the GORTT. The PTA has not yet been enforced primarily due to non-completion of property valuations by the statutory authority and assessments not being sent to taxpayers. While a present obligation exists, taxpayers are unable to reliably estimate the liability as the basis for fair value at this time has not been clarified.

23 Dividends

The Board of Directors offered a dividend-in-kind benefit to shareholders at a value of thirteen (13) cents per share comprising vouchers for service, on screen advertising, in-theatre advertising and use of the Group's theatre facilities. The dividend-in-kind issued for the year was \$1,041,023 (2023: Nil) for the financial year.

24 Segment information

The segment results for the year ended 30 September 2024, relating to continuing operations are as follows:

	CinemaONE Limited	CINECentral Limited	Total
	\$	\$	\$
Revenue	11,757,004	8,276,240	20,033,244
Discounts	(958,704)	(71,481)	(1,030,185)
	<u>10,798,300</u>	<u>8,204,759</u>	<u>19,003,059</u>
Operating (loss)/profit before finance costs	(2,519,037)	1,128,722	(1,390,315)
Finance costs-net	(3,825,971)	(1,440,471)	(5,266,442)
	<u>(6,345,008)</u>	<u>(311,749)</u>	<u>(6,656,757)</u>
Loss before income tax	(6,345,008)	(311,749)	(6,656,757)
Taxation	(1,321,769)	561,861	(759,908)
	<u>(7,666,777)</u>	<u>250,112</u>	<u>(7,416,665)</u>

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

24 Segment information (continued)

The segment assets and liabilities at 30 September 2024 and capital expenditure for the year then ended are as follows:

	CinemaONE Limited \$	CINECentral Limited \$	Total \$
Total assets	82,369,198	45,229,705	127,598,903
Total liabilities	68,601,806	41,407,304	110,009,110
Depreciation	4,727,431	2,007,941	6,735,372

25 Use of the going concern assumption

CinemaONE's Management has adopted the assumption that the Group is a going concern as an underlying assumption in Management's preparation of CinemaONE's 2024 Financial Statements. This Management judgement is in the context of sequential years of net losses which increased to a loss of (\$7.4M) in 2024, the volatile supply of film volume from the major production studios since the onset of the Covid-19 pandemic and in the wake of the 2023 Hollywood strikes as well as the Group's constrained liquidity position in 2024 which was highlighted by negative working capital of (\$10M).

The above factors have engendered material uncertainties with respect to:

- market conditions, and particularly supply chain uncertainties, that could result in lower than expected revenues.
- the Group's ability to successfully refinance existing borrowings.
- the Group's access to new borrowings and / or new equity.

However, Management has concluded that this material uncertainty has been mitigated by *inter alia*:

- Increasing demand for the Group's products and services as evidenced by a 44% increase in total admissions to the Group's theatre facilities in 2024 versus the prior year and an increase in total Group revenue.
- Announcements by all major studios of a significant increase in theatrical movie supply releases in 2025, 2026 and beyond, following the cessation of a key event, namely the Hollywood actors and writers strikes of 2023, which postponed numerous major releases in 2023 and 2024.
- Phased capex and opex reductions to preserve liquidity.
- Ongoing capital raising plans and initiatives, both debt and equity, which resulted in incremental bank financing in 2023 and 2024 and which Management has commenced and expects to conclude in 2025. Management is actively and specifically engaged in debt refinancing discussions which will additionally supply capex and working capital financing in the range of TT\$4-5M.
- The Group's 69.7% ratio of funded debt/funded debt plus equity is not considered over-leveraged and enables the capacity for additional debt funding. In 2024, the Group paid bank principal and interest in the amount of \$3.5M.
- The Group's position as a listed entity affords additional options for financing via the capital markets, as evidenced by the Group's successful \$6M Rights Issue in 2023.

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

25 Use of the going concern assumption (continued)

As a result of the above, Management is of the view that CinemaONE has neither the intention, nor the need, to liquidate or curtail materially the scale of its operations. Indeed, for the first time since the end of the Covid-19 pandemic the CinemaONE Group has delivered attendance volume and revenue which has surpassed the pre-Covid 2019 results.

Given the total absence of Covid-19 restrictions in FY 2024 coupled with the continued and demonstrated pattern of movie-going in FY 2024, CinemaONE's Management has prepared the Group's 2024 Financial Statements on a going concern basis as CinemaONE is viewed as an entity which will continue in business for the foreseeable future. In this context, CinemaONE's Management has employed the term 'foreseeable future' as defined in IAS 1, *Presentation of Financial Statements* which deems the foreseeable future to be a period of 12 months from the approval of the financial statements for issue.

Impairment review

During FY 2024 CinemaONE enjoyed a second year of operation without any government imposed Covid-19 operating constraints which had materially hampered business operations in the interest of public health and safety since the onset of the Covid-19 pandemic in March 2020. In addition, the major movie studios reverted to pre-Covid-19 release schedules in which all major movie titles enjoyed exclusive periods in movie theatres only, prior to being released to streaming platforms.

As a result of CinemaONE's first full year of operation in Gulf City Mall and the Group's opening of its CINECentral branded location at Price Plaza, Chaguanas, the CinemaONE Group achieved a few noteworthy milestones:

- FY 2024 gross revenue increased by 12% over the prior year 2023 to TT\$20M exceeding 2019 for the first time.
- FY 2024 food and beverage revenue was up 21% over the prior year period, the Group's best performance on record.
- FY 2024 attendance surged by 44% to 184,535, marking the Group's highest achievement ever led by a strong 26,000 July attendance, the best in the post Covid-19 era.
- FY 2024 Gross Profit increased by 15% to \$12.4M (FY 2023: \$10.8M).

While some indicators were indeed positive in FY 2024, the continued financial losses suggest a temporary regression in the Covid-19 recovery trajectory, which has similarly been experienced throughout the global cinema exhibition industry in 2024. In particular, the Group's growth in operating costs outpaced the growth in revenue at the new expansion locations during FY 2024. As such, the Group generated an operating loss of \$1.3M (2023: operating profit of \$1.8M) and total comprehensive loss of (\$7.4M) (2023: \$0.7M). The continued financial losses also triggered the Group's update of its detailed impairment testing in FY 2024.

To measure impairment, IAS 36 stipulates that the recoverable amount of an asset or cash generation unit (CGU) is compared to the asset's (or the CGU's) carrying value amount. The recoverable amount of the asset is the higher of: Fair value less costs of disposal (FVLCD); and Value in Use (VIU).

Consistent with IAS 36, for the Group's FY 2024 impairment testing, Management elected to analyse the aggregate whole Group as a singular or whole cash generation unit (CGU) for its impairment testing. To determine the Value in Use of the CGU, Management performed detailed Discounted Cash Flow Analyses (DCF). Key assumptions for the Group's conservative case scenario are outlined below:

CinemaONE Limited

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

25 Use of the going concern assumption (continued)

Revenue and income statement projections

The Group's revenue projections are derived from the two major elements of the business, namely ticket sales or movie admissions and food and beverage revenue, both of which are generated by overall attendance and the associated per patron sales. The Group's conservative case attendance projections are based on a modest overall recovery from the lagged effect of the Hollywood strikes experienced in 2024 as film supply volume is expected to return to pre-strike levels achieved in 2023 over an initial 2 year period.

- Year 1 - 2025: attendance at the Group's One Woodbrook Place (OWP) location moderately recovers from the recent strikes but is still maintained at -16% below the prior year 2023 period while Gulf City Mall fully recovers with a 6% increase over 2023 and CINECentral incrementally increases by 5% above 2023. Overall admissions growth is 18% over 2024.
- Year 2 – 2026: Total admissions growth is a blended 15% above 2025, in part due to the additional screen counts projected in CINECentral and Gulf City as well as the expected strong final quarter of calendar year 2025 which will fall into the Group's FY 2026 with movie titles such as *Avatar 3*.
- Year 3 – 2027: Total admissions growth of 12% across all sites. OWP reaches its pre-Covid19 average.
- Years 4 – 2028: Total admissions growth reduces to 10% while average spend per patron is only 5% higher than 2025 at \$105.
- Year 5 – 2029: Total admissions growth reduces to 5%.

CinemaONE's total revenue growth over the forecast period results in a conservative Cumulative Average Growth Rate (CAGR) of 2.4%, increasing Net Revenue to \$27.7M in Year 5.

CinemaONE has maintained relative consistency in both its per patron spend patterns by theatre format and in the Group's overall gross profit and operating expense margins throughout the 5 Year DCF time horizon. In particular, Cost of Sales grows by a 1.3% (CAGR) over the forecast period to \$9.2M in Year 5 with only a marginal improvement in gross profit margins from 65% to 67% due to some economies of scale benefits. Total Operating Expenses increases by a 1.7% CAGR over the forecast period to \$16.5M.

In addition, capex of \$2.4M to complete theatre construction works and maintenance capex of \$.3M were included in the projection period. Although IAS 36 stipulates a 5 Year analysis, a case could be made for a 10 Year time horizon given the Group's long-term leases and long term debt financing. A 10 Year DCF would be accretive.

Summary of Key Financial Assumptions

Weighted Average Cost of Capital (WACC)

	Low	High
Pre-tax Cost of Debt (Adjusted for the Actual TTD and US Rates)	8.21%	8.21%
SME Tax Rate (GORTT Revised in 2024)	15.00%	15.00%
After Tax Cost of Debt	6.98%	6.98%
Debt Ratio	64.69%	64.69%
WACC Debt Contribution	4.52%	4.52%
After-tax cost of Equity	20.26%	22.26%
Equity Ratio	35.31%	32.88%
WACC Equity Contribution	7.2%	7.2%
Total WACC	11.7%	12.4%

Notes to the Consolidated Financial Statements (continued)

30 September 2024

(Expressed in Trinidad and Tobago dollars)

25 Use of the going concern assumption (continued)

Value in Use

To establish the maintainable after-tax free cash flow level of the Group during the years subsequent to the 5 year forecast period, referred to as the "Value in Use", particularly given the Group's long term (20 year) lease agreements and long term (15 year) loan agreements, the Group has considered the historical financials and future cash flows. More specifically, to estimate the maintainable free cash flow for the Value in Use of the Group, the Group has assumed EBITDA will grow by 1.5% (3.4% in EBITDA growth was delivered from inception in 2012 through 2019).

Impairment analysis conclusion

The result of Management's Discounted Cash Flow financial analysis using the assumptions outlined above along with the additional financial sensitivities performed yields a Value in Use range which exceeds both the Carrying Value of the Group's assets and the Group's Current Market Capitalisation. With respect to the sensitivity of the impairment assessment, the average spend per patron for tickets, food and beverages across all three locations would have to fall by more than 25% from \$100 per patron to less than \$75 per patron over the entire 5 Year DCF time horizon for there to be an impairment, the total attendance would need to remain suppressed at more than 27% below pre-Covid-19 averages for OWP whilst the new locations remain at 2024 levels with no growth for there to be an impairment, or the pre-tax WACC would need to rise to 17.5% for there to be an impairment.

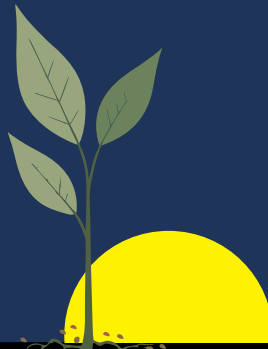
On this basis, the Group has not impaired its assets as of 30 September 2024.

26 Subsequent events

There were no material subsequent events.

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CINEMAONE

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