

Dear Shareholders,

Peace, mercy and blessings of Alla,

I am pleased and honored, on my own behalf and on behalf of the members of Qatar Cinema's Board of Directors, to present to you the annual report, which includes a brief presentation of the most important performance indicators and financial results during 2021, and to discuss together some other matters that were included on the agenda.

In the revenue generation process, the company relies on several sources to ensure continuity and sustainability in its operations. Given the circumstances the world is going through as a result of the crisis of the spread of COVID-19 pandemic, the flexible strategy adopted by the company has proven its success in facing the changes that may suddenly occur in the world. The company relies on four sources to generate revenue, as follows:

(1) The Main Sector for Operation and Management of Cinemas

The company has three cinemas in commercial complexes that are characterized by vitality in addition to a distinguished theater in Katara Cultural Village, whose opening date will be announced soon. The company achieved revenues from cinematic operations by 12% of total revenues. The decrease in cinema operation revenues led to an increase in the operating performance loss for its cinemas by 69% compared to 2020.

The decrease in revenues is mainly due to the decision of the Supreme Administrative Crisis Management Committee to operate cinemas with a capacity of 20% to 30%, with the application of precautionary measures. This negatively affected the operating profits of the company, in addition to closing theaters from April 09, 2021 to May 27, 2021

(2) Real Estate Sector:

The company owns a group of distinguished real estate assets, some of which are leased to Qatar Airways and others are leased to other parties. Rental income represents the largest share of 80% of the total revenue. Despite the challenges facing the real estate sector now, the company managed to generate revenues from its rental properties in a sustainable manner that enhances the company's financial performance during 2021. However, it is worth noting that the decrease in rental income by 14% compared to 2020 is due to the decrease in the value of lease contracts.

(3) Investment Portfolio in the Capital Market:

The company owns a portfolio of securities on the Qatar Stock Exchange, which is a diversified portfolio that can be liquidated, which makes the company have the financial ability to seize quick opportunities if it needs any investment liquidity. Dividend income during the year 2021 amounted to 6% of the total revenue.

(4) Other Revenues:

These are miscellaneous revenues other than the revenues mentioned above that contributed with 2% of total revenues. The net profit for the fiscal year ending on December 31, 2021, reached 2,155,794 Qatari riyals compared to 4,952,159 Qatari riyals for the same period in the previous year. The net profit decreased by approximately 57% compared to the same period in 2020, due to the following reasons:

- 1) The outbreak of COVID-19 pandemic forced the Supreme Administrative Committee for Crisis Management to take a set of precautionary measures and measures, including closing cinemas during the months of April and May 2021. Then the theaters resumed their work based on reducing the capacity by between 20% and 30% of the theaters capacity.
- 2) Increasing the newly created expenses represented in the company's adoption of Accounting Standard No. (16) related to lease contracts, which is represented in Katara cinema lease contract, in addition to some direct expenses related to Katara Cinema, which have not started operations yet.
- 3) The decrease in rental income, which constitutes the largest share of the company's total income, at a rate of approximately 14% as a result of reducing the value of lease contracts.

The company's investments amount to approximately QR 117 million, distributed between 34% of equity investments and 66% of real estate investments. The investment activities achieved 86% of the total revenues. The company relies to a limited extent on loans to finance its assets, and the value of the loan at the end of the year 2021 is 3.5 million Qatari riyals

The company's liquidity decreased by the end of December 2021 by 5,308,323 Qatari riyals, a rate of approximately 23% compared to the end of December 2020, where the cash balance at the end of December 2020 amounted to 23,447,147 Qatari riyals. This is due to the payment of 50% of the value of the real estate loan, in addition to the long-term investments represented in Katara Cinema project, which will generate more future returns and help increase the company's revenues.

The handover of Katara Cinema building is underway by an engineering office. In the next few days, the opening date of the cinema, located in the Cultural Village (Katara), will be announced. It was built with high international specifications to be a high-end entertainment interface that provides a distinct viewing experience of a modern nature based on a high level of audio and visual display technologies.

Dear Shareholders,

The sudden spread of the COVID-19 pandemic had a clear impact on cinemas as it greatly affected the global film industry, halting film

production and closing cinemas. The main activities of the company are to operate cinemas in various locations in the State of Qatar. However, the measures taken by State of Qatar's Government to limit the spread of COVID-19 have led to the closure of cinemas during some months in 2020 and 2021. This situation severely affected the operating results of the company, as its revenues from the main activity decreased, and indeed, no revenues were realized during certain months. Therefore, as a result of the low prevalence in the country, the government of the State of Qatar allowed cinemas to reopen with certain conditions. As a result, the company managed to operate the cinemas

The company has developed some strategic plans to mitigate the risks of the effects of COVID-19

- A) Controlling fixed overheads and systematically reducing them.
- B) Diversification in the company's business activities by leasing investment properties and investing in equity instruments.

The Board of Directors has been holding continuous meetings with the aim of starting to take emergency measures for the company represented in the preparation of a strategy for the next five years that includes defining the company's vision, mission, value and strategic objectives, as well as building a financial plan that includes modernizing and increasing the cinemas owned and operated by the company for the purpose of being able to compete with other cinema companies that began to be active in the past years and will be disclosed during the third quarter of this year.

Dear Shareholders,

Based on the financial results achieved for this year, the Board of Directors is pleased to present within the agenda of your esteemed assembly a recommendation to distribute cash dividends at the rate of 6%, i.e. at the rate of (QR 0.06) per share.

In conclusion, we cannot but extend our deepest thanks, appreciation, and gratitude to the sponsor of the renaissance of this blessed country, His Highness Sheikh Tamim bin Hamad bin Khalifa Al Thani, Emir of the country, may God protect him. We also extend our thanks and appreciation to His Excellency the Prime Minister, His Excellency Minister of Commerce and Industry, Minister of Culture and Sports, as well as the Corporate Affairs Department of the Ministry of Commerce and Industry, Qatar Media Corporation and all the ministries, various government agencies and departments and local newspapers that provided us with support and assistance during this year.

Yours sincerely,



Chairman of the Board

Ahmed Abdel Rahman Nasser Fakhro

