

Dear Shareholders,

Peace, mercy, and blessings of Allah,

We are 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 2022, and to discuss together some other matters that were included on the agenda.

The company relies in the process of generating revenues on several sources to avoid the risk of relying on income from a single source to ensure continuity and sustainability in its operations. Revenues emanate from the following four sources:

(1) The main sector for the Operation and Management of Cinemas: -

Presently the company has three theaters, including two in lively commercial complexes, in addition to a distinguished theatre in Katara Cultural District, which was operational during the third quarter of the year 2022. Cinemas revenue represents of 23% of total revenues. As the company has achieved high rates in the operational performance of its theaters by 86% during the year 2022 comparison to the same period in 2021, due to the restart of the entertainment sector after the closure due to the Corona pandemic.

(2) Real Estate Sector: -

The company owns a group of distinctive real estate assets, some leased to Qatar Airways and others leased to other parties. Rental income represents the largest share at 67% of total revenues.

(3) Investment portfolio in the stock market: -

The company has 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 in case it needs any investment liquidity. Dividend income for the year 2022 amounted to 7% of total revenues.

(4) Other Revenues:

It is a miscellaneous income other than the above-mentioned revenues that contributed 3% of the total revenues.

The net profit for the financial year ended 31 December 2022 was QR 2,776,872/- compared to QAR 2,155,794/- for the same period of the previous year. Net profit for the year 2022 increased by approximately 29% compared to the year 2021.

The net profit achieved for the year 2022 was negatively affected by the increase in miscellaneous expenses, represented by the company's adoption of accounting standard No. (16) for lease contracts, pertain to Katara Cinema lease, in addition to some direct expenses related to the Katara Cinema project, which began operations in August 2022.

The company's investments amount to approximately QAR 110 million distributed between 30% for equity investments and 70% for real estate investments. Investment activities achieved 74% of total revenues. The company relies on loans to finance its assets, as the company repaid the full

value of the loan during the first half of the year 2022. The company now finances its assets through equity and other liabilities.

The Company's liquidity at the end of December 2022 decreased by QAR 349,578/- by approximately 2% compared to the end of December 2021 where the cash balance at the end of December 2022 amounted to QAR 17,789,246/-.

As we mentioned above, the company's main activities are to operate cinemas in various locations in Qatar. The films sector has been clearly affected by the spread of the Covid-19 pandemic, which has significantly affected the global films industry.

Based on the financial results achieved for this year, the Board of Directors is pleased to submit within the agenda of the company's Annual General Meeting a recommendation to distribute a cash dividend at the rate of 6%, i.e. (0.06) Qatari Riyals per share.

The company management has started the official procedures related to the rehabilitation of the Gulf Cinema building. In addition to that some offers submitted to the company's management by the owners of commercial complexes are now being studied to agree on the operation of cinemas in these complexes.

The company's management aims to restart the Gulf Cinema and add new cinemas to increase its revenues, which helps in raising the contribution of the main activity to the company's income.

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, Katara Cultural Village, 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

Ahmed Abdel Rahman Fakhro

