



MAIN EVENT ENTERTAINMENT GROUP LIMITED

AUDITED RESULTS

FOR THE YEAR ENDED OCTOBER 31, 2020



REPORT TO STOCKHOLDERS Year Ended October 31, 2020

The Board of Directors of Main Event Entertainment Group Limited is pleased to present the Company's audited financial statements for the year ended October 31, 2020.

Performance Highlights:

	Year Ended October 31, 2020	Year Ended October 31, 2019	Year Over Year	
			\$	%
Revenues	\$ 1,046.429 M	\$ 1,799.445 M	\$ (753.016) M	-42%
Gross Profit	\$ 481.900 M	\$ 776.719 M	\$ (294.819) M	-38%
Net Profit	\$ (18.227) M	\$ 97.336 M	\$ (115.562) M	-119%
Earnings Per Share (EPS)	(6) cents	33 cents	(39) cents	-119%
Total Assets	\$ 854.120 M	\$ 1,029.688 M	\$ (175.568) M	-17%
Shareholder's Equity	\$ 533.610 M	\$ 578.838 M	\$ (45.228) M	-8%

It has been a year of extraordinary challenges.

The external factors that have impacted this year's performance are now well known. Restrictive measures implemented globally to combat the spread of the Covid-19 pandemic have had a devastating impact on many industries, with hospitality and entertainment among the most negatively impacted.

The financial performance in the second half of the year reflects the brunt of the impact. The year offered a promising start, showing good momentum with strong revenue and profit growth carrying partially through the second quarter. The Company has since been confronting with unprecedented reductions in business activity. This has had a major impact on revenues, and in turn, net earnings for the financial year.

REPORT TO STOCKHOLDERS

Year Ended October 31, 2020

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The year has closed with revenues of \$1.046 billion compared to \$1.799 billion in the prior year. This represents a 42% decline year over year; with 85% of the revenues for the year booked during our first half. We are grateful and take some solace to have achieved revenues of over \$1 billion in this current climate.

Faced with declining revenues, we took quick and effective actions to ease the impact to our cash flows and profitability. We moved aggressively to reduce operating costs, with all cost categories under continuous review. Administrative and general expenses for the year total \$484.807 million; down 27% from the \$667.050 million recorded at the end of the prior year. Total administrative and general expenses represent 46% of revenues, compared to 37% of revenues in 2019.

Our operating profit for the year of \$5.007 million compares to \$120.013 million last year; and net loss of \$18.227 million compares to net income of \$97.336 million in 2019. The income statement for the current year includes some individually significant items:

- A \$57.441 million reduction in expected credit losses, calculated in accordance with IFRS 9, has aided in easing the impact of the revenue decline over the COVID-19 period. This reversal of ECL compares to a \$16.617 million charge recorded in the prior year.
- The application of the newly effective accounting standard on leases, IFRS 16, brought changes to the classification and presentation on lease expenses, amortization costs and finance charges. In accordance with IFRS 16, an amortization charge of \$20.669 million has been recorded on Right of Use Assets (leased assets); which are now reflected in the Company's Balance Sheet. Given this new presentation requirement, depreciation, and amortization charges total \$148.336 million or 31% of the total expenses for the year. This compares to \$116.909 million or 18% of total expenses in 2019. Additionally, finance costs of \$23.472 million for the current year includes \$7.551 million re-classified (from rent) to lease related finance charges. An overall net expense of \$2.016 million has resulted from the IFRS 16 prescribed changes in classifications and presentation.

On the Balance Sheet, we have maintained a good asset base, despite suspending capital expenditure for much of the second half of the year and continuing depreciation throughout. Total assets of \$854.120 million represents a 17% decline from \$1,029.688 at the end of the 2019 year. Non-current assets now include \$54.808 million in Right of Use Assets, recognized in accordance with IFRS 16. This is associated with the increased lease liabilities, totaling \$56.903 million at reporting date.

Current assets show a 43% decline from \$380.535 million to \$218.159 million, which is indicative of the reduction in business. The receivables decline of \$198.833 million or 74% results from lower revenues in the second half; paired with strong collection efforts. With these efforts, cash and cash equivalents has increased by \$64.841 million or 96%; and cash flows from operations showed improvements for a second year; growing by 22% to \$243.614 million from \$199.800 million.

Shareholder's Equity has declined by \$45.228 million or 8% in the current year. This decrease reverses a 7% gain in the prior year; and includes a cash dividend of \$27.001 million paid to shareholders during the current fiscal year.

REPORT TO STOCKHOLDERS
Year Ended October 31, 2020

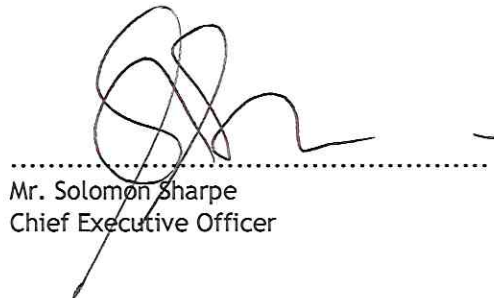
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Looking ahead, we are all committed to the journey toward recovery. We anticipate that the recovery will be gradual and slow. We will continue to operate within the constraints that we are faced with, while aiming to develop modified business models to navigate this environment. We are actively seeking to identify ways to innovate and take advantage of scarce revenue opportunities. We have already reduced our cost base significantly and will assess, evaluate, and adjust on a continuous basis. We are focused on ensuring adequate liquidity is available to meet our obligations, and in the medium to long term, maintaining a strong balance sheet and maximizing sustainable and long-term total return to shareholders.

Our results reflect a great deal of effort and support from our stakeholders. We appreciate the continuing commitment and support of you all. We send thank you to the Board and executive team for their constant attention to their duties over this difficult time. Thank you to our capable and experienced team, who continue to dedicate themselves through this most challenging period. We value the commitment and the skill you continue to bring; the flexibility and passion for learning new ways to operate, for ensuring our COVID-19 practices are delivered, and for continuing to deliver great experiences despite the challenges. Thank you to our families, partners and friends for their understanding and support. And finally, to our customers - our warmest appreciation and thank you.



Dr. Ian Blair
Chairman, Finance Committee



Mr. Solomon Sharpe
Chief Executive Officer