AMCOMRI ENTERTAINMENT INC.
(formerly Appreciated Media Holdings Inc.)
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2022 AND 2021

This management's discussion and analysis ("MD&A") presents an analysis of the financial position of Amcomri Entertainment Inc. (the "Company" or "Amcomri") for the three and six months ended June 30, 2022 and 2021. The following information should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and six months ended June 30, 2022 and 2021 and audited consolidated financial statements of Trinity Pictures Distribution Limited ("Trinity") for the years ended December 31, 2021 and 2020, including the notes contained therein (collectively, the "financial statements"). These financial statements are presented in Canadian currency and were prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Additional information related to the Company is available on its website at www.amcomrientertainmentinc.com. Other information related to the Company, including the Company's most recent Annual Information Form ("AIF") and financial statements referred to herein are available on the Canadian Securities Administrator's website at www.sedar.com.

DATE OF REPORT

This MD&A is dated August 15, 2022.

EXPLANATORY NOTE

This MD&A for the three and six months ended June 30, 2022 and 2021, has been prepared to assist readers in understanding the financial performance of the Company.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'projects' or similar expressions or statements that certain events or conditions "may" or "will" occur. Although the Company's management believes that the assumptions made and the expectations represented by such statement or information are reasonable, there can be no assurance that forward-looking statements or information referenced herein will prove to be accurate. Forward- looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the "Risks Factors" section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The forward-looking statement contained herein are given as of the date of this MD&A. Unless required by securities legislation, the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral, that may be made by or on the Company's behalf.

CAUTION REGARDING NON-IFRS MEASURES

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures, including "EBITDA," as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective.

The Company believes that these financial measures provide information that is useful to investors in understanding the Company's performance and facilitate comparison of quarterly and full year results from period to period. EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets. "EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) corporation tax expense; and (iii) depreciation and amortization.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Reconciliations from IFRS measures to non-IFRS measures are included throughout this MD&A.

OVERALL PERFORMANCE

The Company was acquired on January 7, 2022 by the shareholders of Trinity by way of a reverse takeover (the "RTO"). The Company continues to grow and invest in its four main business streams: global movie, documentary and TV distribution, library acquisition and exploitation, movie and TV production and production finance.

In the quarter to June 30, 2022, the Company acquired the library assets and associated rights of Flame Media, a global distributor and owner of factual and documentary TV content, for a total cash consideration of $2,678,316. The acquisition of the Flame Media assets further advances the Company's strategy of acquiring content in the movie and TV sectors. in addition to the acquisition of Amcomri Productions Limited (formerly, Silentpoint Limited) in January 2022. Acquisitions in the 6 months to June 30, 2022 has seen 300 movies and 2,300 hours of TV content added to the Group's libraries which now comprise over 3,000 movies and 4,750 hours of TV content in total.

Net income for the three and six-months ended June 30, 2022 was $1,263,174 and $2,041,449 respectively compared to $1,601,154 and $2,132,770 for the three and six months ended June 30, 2021 respectively. TV distribution and financing continues to perform very strongly with movie distribution also exceeding expectations to date. The performance in these two divisions has offset the weaker performance of movie production in the six months to June 30, 2022 caused by short production delays.

Five movies which were due to be delivered to the Company in the period to June 30, 2022 were delayed and therefore no income was recognized in the period in respect of those movies. As at the date of this MD&A three of the five movies have now been delivered and the balance of the delayed titles will be delivered during the remainder of the period ending September 30, 2022. The Company begins to account for income from individual titles when the content has been delivered in a Quality Assured state.

The Company's own production, "Left Behind – Rise of the Antichrist", is now in post-production and is scheduled to be released during Q4 2022 in line with previous expectations. This movie is expected to be delivered on schedule and in line with its US$4.8m production budget.

Highlights

- Group revenues for the six months ended June 30, 2022 were 6.0% ahead of the same comparable six month period in FY21;
- EBITDA[1] of $3,455,418 for the six months ended June 30, 2022, exceeded management budgets and fell just short of FY21 despite the impact of delays in production deliveries;
- Continued strong Gross Profit performance in Q2 FY22 of 92.6% as sales from higher margin acquisitions and new productions continue to grow;
- Further growth in the Group's TV and Movie Library with the acquisition of Flame Media assets adding approximately 540 TV titles and 2,250 hours of programming to the Group's content libraries in both the UK and Australia.
- The Company invested a total of $5,890,789 in new library titles during the six months to June 30, 2022;
- Abacus Media Rights Limited ("Abacus") (TV and documentary) and 101 Films Limited ("101 Films") (Movie Distribution) performed strongly as a result of demand from broadcasters and streaming services for their growing content offer;
- 101 Films International Limited ("101 International") (Movie Production) performance was constrained by production delays on the new release slate. The five movies subject to delay have now been delivered or are scheduled for delivery in Q3;
- Currency adjustment of ($934,086) incurred on the consolidation of Trinity assets into the Company;
- Net Income before translation adjustment of $2,041,449 for the six months ended June 30, 2022 ($2,132,779 for the six months ended June 30, 2021);
- Strong net cash generation from operations of $5,003,223 in the six months to June 30, 2022 with cash at the end of the period of $3,306,373, an increase on December 31, 2021 ($1,906,627) and March 31, 2022 ($1,406,0901); and
- Amcomri owned productions continue on-schedule and on-budget.

Notes:

1. Conversions to Canadian dollars from Pound Sterling have been calculated at a rate of £1.00 to C$1.65106.
2. Denotes a non-IFRS measure. Please see the EBITDA calculation and reconciliation below:

EBITDA	Three months ended June 30, 2022	Six months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2021
Net income	$ 1,263,174	$ 2,041,449	$ 1,601,154	$ 2,132,779
Add:				
Interest	126,812	154,248	42,220	66,263
Tax	324,327	539,895	571,478	722,603
Amortization and depreciation	521,292	719,826	447,262	681,688
Total EBITDA	$ 2,235,605	3,455,418	$ 2,662,114	$ 3,603,333

Reverse Takeover

On August 9, 2021, the Company entered into an arrangement agreement with Trinity and the shareholders of

Trinity which outlined the terms and conditions pursuant to which the Company and Trinity would complete a transaction which would result in a RTO of the Company by the shareholders of Trinity (the "Arrangement").

On January 7, 2022, the Company completed the Arrangement. Pursuant to the Arrangement, the Company effected a consolidation of all of its outstanding common shares on a 25:1 basis (the "Consolidation") and acquired all of the ordinary shares in the capital of Trinity (the "Trinity Shares") in exchange for 66,666,667 post-Consolidation common shares of the Company issued at a deemed price per post-Consolidation share of $0.75.

The Company also settled debt with Amcomri Limited Partnership and Oranmore Limited, both controlled by Paul McGowan (together the "Creditor"). The Creditor exchanged $1,486,034 of debt for 1,981,379 post-Consolidation common shares at a deemed price of $0.75 per post-Consolidation share. In connection with the Arrangement, the Company changed its name to "Amcomri Entertainment Inc.", delisted its common shares from the TSX Venture Exchange and listed its common shares on the NEO Exchange, a senior exchange based in Toronto, Canada.

SELECTED QUARTERLY INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the unaudited condensed interim consolidated financial statements for the quarters noted below. Earnings per share has been restated for periods prior to the RTO based upon a retroactive application of the RTO share exchange ratio.

	June 30, 2022 (unaudited) $	March 31, 2022 (unaudited) $	December 31, 2021 (audited) $	September 30, 2021 (unaudited) $
Revenue	3,564,563	4,165,183	3,659,654	2,810,213
Cost of goods	264,850	825,497	1,280,883	40,190
Gross margin	3,299,713	3,339,686	2,387,772	2,770,023
Operating expenses	1,906,646	2,302,369	2,759,375	276,023
Other expenses	129,893	259,043	105,785	591,110
Net profit (loss)	1,263,174	778,275	(486,478)	1,902,890
Net profit (loss) attributable to parent	1,263,174	778,275	(486,478)	1,902,890
Basic and diluted earnings (loss) per share	0.02	0.01	(0.01)	0.04

	June 30, 2021 (unaudited) $	March 31, 2021 (unaudited) $	December 31, 2020 (audited) $	September 30, 2020 (unaudited) $
Revenue	5,002,728	2,295,159	3,876,313	2,036,251
Cost of goods	825,649	711,748	2,369,687	1,373,616
Gross margin	4,177,079	1,583,411	1,506,626	662,634
Operating expenses	1,964,423	900,661	662,301	374,376
Other expenses	611,502	-	433,810	55,300
Net profit (loss)	1,601,154	682,750	410,515	232,958
Net profit (loss) attributable to parent	1,601,154	682,750	289,657	164,374
Basic and diluted earnings (loss) per share	0.03	0.01	0.01	0.01

DISCUSSION OF OPERATIONS

Total Revenue

Total revenue increased to $7,729,746 for the six months ended June 30, 2022, compared to $7,297,887 for the six months ended June 30, 2021 despite the negative impact of exchange rates. The increase in revenue has been generated by strong sales performance from movie libraries and TV programming acquired in the last 12 months and from Advertising Video On Demand ("AVOD") sales increasing allowing the Company to exploit older titles in its catalogue. Abacus, one of the key performance drivers, continues to grow strongly and has now achieved over 1,000 program sales since inception in 2021.

For the three months ended June 30, 2022, revenues were $3,564,563, a decrease when compared to $5,002,728 for the three months ended June 30, 2021, and $4,165,183 for the three months ended March 31, 2022. This decrease arose mainly as a result of delays in the delivery to the Company of five productions in 101 International in particular have held back revenue in the first half of the year but three of the five delayed titles have now been delivered to the Company and management expects that the balance will be delivered during the second half of 2022 when the income from pre-sales of these titles can be recognized.

Cost of goods

Cost of goods sold decreased to $1,090,347 for the six months ended June 30, 2022, compared to $1,537,397 for the six months ended June 30, 2021. The relative decrease in cost of goods sold is a result of the on-going acquisition of libraries and other rights from new projects in the TV division both of which have tended to achieve stronger margins in the global markets.

Advertising and promotion

Advertising and promotion increased to $271,259 for the six months ended June 30, 2022 compared to $nil for the six months ended June 30, 2021. For the three months ended June 30, 2022, $233,307 was incurred compared to $nil for the three months ended June 30, 2021. The increased activity includes the creation of new corporate branding following the renaming of the Company, title specific promotion, advertising in relation to tentpole titles as well as movie and tv markets being attended in person once more following the COVID-19 global pandemic. In particular, the Company had a strong presence at the Cannes Film Festival during May 2022 when it launched a number of new titles and announced new production partnerships.

Management fees

Management fees were $148,819 for the three and six months ended June 30, 2022, compared to $nil for the three and six months ended June 30, 2021. The management fees incurred during the six months ended June 30, 2022 were incurred by paying management salaries to the CEO and CFO and paying a consultancy fee to the Company's Non-Executive Chairman.

Office and administrative

Office and administrative expenses increased to $182,261 for the three months ended June 31, 2022 compared to $43,335 for the three months to June 31, 2021. The main factor in this increase is the Company acquiring director and officer insurance (annual premium in 2022 - $240,000, 2021 - nil) as a pre-requisite of listing on the NEO Exchange.

Salaries and benefits

Salaries and benefits expenses increased to $650,763 and $1,159,684 for the three and six months ended June 30, 2022 compared to $347,297 and $689,583 for the three and six months to June 30, 2021. The increase is a result of significant growth resulting in six additional personnel joining the Company in June 2022 with four of the new hires added as a result of the Flame Media assets acquisition, bringing the total number of people employed across the Amcomri group to 20.

Professional fees

Professional fees increased to $1,311,714 for the six months ended June 30, 2022 compared to $480,921 for the six months ended June 30, 2021. For the three months ended June 30, 2022 professional fees were $177,733, a decrease from $277,927 for the three months ended June 30, 2021. The overall increase in activity for the six months ended June 30, 2022 relates to the additional professional fees associated with the RTO, and the initial costs of establishing the NEO Exchange listing. $490,000 of the increase in costs are not expected to recur in future years.

FINANCIAL CONDITION AND LIQUIDITY

As at June 30, 2022, the Company had a cash balance of $3,306,373 and working capital deficit of $6,001,990 (December 31, 2021 – cash of $1,906,627 and working capital deficit of $99,531). The increase in working capital deficit was due to payments for an increasing number of acquisitions of titles and libraries being funded through working capital.

In addition to the cash balances, the Company has also been provided with a $1m working capital facility by Oranmore Limited.

During the six months ended June 30, 2022, the Company generated $5,003,223 in cash from operating activities, used $5,890,789 for investing activities in the acquisition of film libraries, and received approximately $3,096,729 from financing activities. This resulted in a net cash inflow of $1,399,746 leaving a cash on hand balance of $3,306,373 on June 30, 2022 after the impacts of currency translation of $806,417. Foreign Exchange exposure mitigation is currently being reviewed by the board of directors of the Company (the “Board”).

Cash provided by (used in)	Six months ended June 30 2022	Six months ended June 30 2021
Operating activities	$ 5,000,223	$ 355,935
Investing activities	(5,890,789)	(2,400,590)
Financing activities	3,096,729	1,500,498
Total	$ 1,399,746	$ (571,191)

During the six months ended June 30, 2022 operating and investing activities were funded by:

- the Company’s internal resources and
- third-party debt.

Management plans to continue financing the Company through its operations and the issuance of additional equity securities or debt instruments. With the support of the Company’s primary lender, Oranmore Limited, the Company is confident that enough financing will be available to meet the cash requirements involved in achieving the Company’s objectives for the next 12 months. The ability to achieve the projected future operating results is based on several assumptions which involve significant judgments and estimates, which cannot be assured. If the Company is unable to achieve the projected financing, liquidity will be adversely impacted and the Company will have to seek additional sources of financing. Operating results could adversely affect the Company’s ability to raise additional capital to fund its operations and there is no assurance that sufficient debt or equity financing will be available, on acceptable terms, or on a timely basis.

The composition of the Company’s accounts payable and accrued liabilities was as follows:

	June 30, 2022	December 31, 2021
	$	$
Trade payables	4,208,287	909,722
Accrued liabilities	14,149,858	8,471,923
VAT payable	692,277	354,441
Income tax payable	1,090,447	1,006,858
Other payables	97,732	96,277
	20,238,601	10,839,221

The increase of $5,677,935 in accrued liabilities at June 30, 2022 when compared to December 31, 2021 is due to additional royalties payable to producers in the future as a result of increased sales of both tv series and movies of $4,026,303. In addition to royalties payable, an increase in minimum guarantees payable to productions for newly acquired titles of $1,089,437 and the inclusion of amounts accrued in the Company's accounts at June 30, 2022 of $562,195 when not included in the comparative period which was prior to the RTO.

The Company also has the following gross contractual obligations as at June 30, 2022, which are expected to be payable in the following respective periods:

		Total	≤ 1 year	Over 1 year - 3 years
Accounts payable and accrued liabilities	$	20,238,601	20,238,601	-
Production loan payable		3,620,540	3,620,540	-
Loans payable		6,116,970	5,820,459	296,511
	$	29,976,111	29,679,600	296,511

CAPITAL RESOURCES

The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. Organic growth and funding through short term individual title specific debt has been the primary source of capital to date. Debt and/or equity financing may be pursued in the future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on debt to fund acquisitions or sell assets to reduce debt.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There were no contingent liabilities as at June 30, 2022 or June 30, 2021.

BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related parties include key management personnel, Board members, shareholders with a significant ownership interest in the Company and the Company's key management personnel. The transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at June 30, 2022, applicable related parties consist of the following individuals and entities:

Michael Walker, Director
Martin Andrew Lyon, Director Robert Price, CEO
Larry Howard, CFO
Amcomri GP BVI Limited, controlled by Paul McGowan
Oranmore Limited, controlled by Paul McGowan
Amcomri Productions Limited (formerly, Silentpoint Limited), controlled by Paul McGowan
Bow River Pictures Ltd., controlled by Michael Walker

(a) Balances with related parties:

	June 30, 2022	June 30, 2021
	$	$
Due to related party	52,802	-
Short term loans	713,014	63,472
Production loan receivable	5,270,728	-
Production loan payable	3,620,540	-
Total	9,657,084	63,472

(b) Transactions during the period with companies related through common significant shareholder or key management personnel:

	June 30, 2022	June 30, 2021
	$	$
Salaries and benefits	131,878	129,624
Consulting fees	335,892	132,787
Interest on loans	117,409	-
	585,179	262,411

CRITICAL ACCOUNTING ESTIMATES

As of the date hereof, the Company has not been required to make any critical accounting estimates based on assumptions that are highly uncertain at the time the accounting estimate was made and that would have a material impact on the Company's financial condition or financial performance.

OUTSTANDING SECURITIES

As at June 30, 2022, the Company's common shares traded on the NEO Exchange under the symbol "AMEN". The following table summarizes the outstanding common shares, options, warrants of the Company as at June 30, 2022. From June 30, 2022 to the date of this MD&A the Company issued an aggregate of 768,000 common shares. Other than this, there has been no change in the outstanding securities of the Company.

Outstanding	
Shares	73,094,424
Warrants	35,923
Options	100,000

SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2022, the Company incorporated Positivor Limited ("Positivor"), a new Irish-registered company that is 60% owned by the Company's wholly owned subsidiary Amcomri Productions Limited, and 40% owned by a third party, Bohemia Media Limited ("Bohemia"). On July 11, 2022, Positivor acquired perpetual rights to several library assets from Screen Media Ventures LLC for distribution in the United Kingdom and Republic of Ireland. Following the acquisition, the assets comprising the library will be distributed by 101 Films in those territories. To fund the transaction, Positivor entered into a loan arrangement with Head Gear Films FN Ltd. ("Head Gear") in the amount of $3,000,000 for a term of 36 months with an annual interest rate of 7.79%. As a condition of the loan, Trinity was required to provide security to Head Gear in respect of certain proceeds of sales derived from the acquired libraries.

On August 9, 2022, the Company issued an aggregate of 768,000 shares to certain directors and officers of the Company in settlement of $576,000 owing to certain director and officers.

SIGNIFICANT ACCOUNTING POLICIES

The financial information for the period ended June 30, 2022 reflects the same accounting policies and methods of application as the Company's audited consolidated financial statements for the year ended December 31, 2021.

NEW ACCOUNTING STANDARDS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

FINANCIAL INSTRUMENTS

As at June 30, 2022 and 2021, the carrying amounts for cash, accounts receivables, accrued income, accounts payable and accrued liabilities, short term loans, production loans and due to related party approximate their fair value due to their immediate or short-term nature.

DIVIDENDS

There are no restrictions that could prevent the Company from paying dividends on its common shares. The Company has not paid any dividends on its common shares and it is not contemplated that the Company will pay any dividends in the immediate or foreseeable future. It is the Company's intention to use all available cash flows to fund its growth and acquisition strategy.

RISK FACTORS

The following risk factors relate to the business of the Company. Additionally, readers are encouraged to review the risk factors set forth in the Company's annual information form dated March 23, 2022, which are incorporated by reference herein. A copy of the annual information form is available under the Company's profile on SEDAR at www.sedar.com.

Amcomri's Working Capital and Funding

Amcomri's working capital and funding needs may vary significantly depending upon a number of factors including, but not limited to:

-
- progress of Amcomri's production, financing, and distribution activities;
- collaborative license agreements with third parties;
- opportunities to in-license beneficial productions or potential acquisitions;

- potential milestone or other payments that Amcomri may make to licensors or corporate partners;
- technological and market consumption and distribution models or alternative forms of entertainment delivery that affect Amcomri's potential revenue levels or competitive position in the marketplace;
- the level of sales and gross profit;
- costs associated with production, labour and services costs, and Amcomri's ability to realize operation and production efficiencies;
- fluctuations in certain working capital items, including library assets, short-term loans, and accounts receivable, that may be necessary to support the growth of Amcomri's business;
- expenses associated with litigation; and
- management of debt and repayment of such debt.

Risks Related to the Nature of the Entertainment Industry

The entertainment industry involves a substantial degree of risk. Audience acceptance of entertainment programming is a factor not only of the response to the production's artistic components, but also to the quality and acceptance of other competing forms of entertainment programming released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly and most of which are beyond the Company's control. A lack of audience acceptance for the entertainment programming produced or distributed by the Company could have a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

In addition, the Company is subject to various operating risks that are common to the production and distribution industry, many of which are beyond its control, including, among others, (i) competition from other businesses, in particular, larger and more established companies, in the markets in which the Company operates; (ii) reduction in broadcaster and other platform programming budgets in the markets in which the Company operates, which may adversely affect its new production and revenues; (iii) strong dependency on local government tax credits and subsidies as well as pre-sales to fund the production budgets; (iv) the requirement for continuous investment of capital into new production annually; (v) management's estimates of projected revenues and expenses being insufficient to cover the costs of production and causing substantial loss on new production; (vi) difficulties protecting IP and defending against IP infringements and claims; (vii) exposure to key broadcast customers and/or key distribution customers, based on business relationships that might be changed or terminated or that may not survive over the long term; and (viii) risks generally associated with the ownership of a business in the production and distribution industry. The occurrence of any of the foregoing could materially and adversely affect the Company's business and there can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any particular production.

Risks Related to Television and Film Industries

The Company's results of operations will depend, in part, on the experience and judgment of management to select and develop new investment and production opportunities. The Company cannot make assurances that its films and television programs will obtain favorable reviews or ratings or that broadcasters or other customers will license the rights to broadcast any of the Company's film and television programs in development or renew licenses to broadcast film and television programs in its library. The failure to achieve any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition. Licensed distributors' decisions regarding the timing of release and promotional support of the Company's films, television programs and related products are important in determining the success of these films, programs and related products. The Company does not control the timing and manner in which its licensed distributors distribute its films, television programs or related products. Any decision by those distributors not to distribute or promote one of the Company's films, television programs or related products or to promote competitors' films, programs or related products to a greater extent than they promote the Company's products could have a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

Entertainment Industry Trends

The entertainment industry is constantly undergoing change with respect to the formats through which movies, television programming and recorded music are ultimately delivered to the consumer. Management believes that the changes in consumer preferences will continue to be felt across the Company's businesses and that the impact of these changes can be very difficult to predict. A failure by the Company to adequately foresee, assess and capitalize upon such changes could result in a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

The entertainment industry continues to undergo significant changes driven by technological developments. The Company cannot accurately predict the overall effect that technological growth or the availability of alternative forms of entertainment may have on the potential revenue from, and profitability of, the entertainment content produced or distributed by the Company. In particular, the conversion of content into digital formats may make it easier for consumers to create, transmit and "share" high quality unauthorized copies of motion pictures or television programs. As a result, consumers may be able to download and distribute unauthorized or "pirated" copies of such programming over the internet, thereby adversely impacting revenues to distributors and producers. Significant growth in these consumer practices could have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

External Factors in the Content Industry

The Company's success will depend on the commercial success of content, which is unpredictable. Operating in this industry involves risk. It is difficult to predict how the audience will receive a production. The audience reaction and reviews and ratings of the production are determining factors in the commercial success of a production. The availability and access to different forms of entertainment and leisure activities, general economic conditions and other factors may change and the Company may have limited or no control over the outcome.

The Company is also dependent on the public's continued demand for subscriptions of cable television and services provided by subscription video on demand ("SVOD") companies. The Company's customers rely on funds generated through cable and/or SVOD subscriptions to fund the acquisition of new content. If customers decide to cancel their subscriptions to cable and/or SVOD, it could have an impact on the number of networks and broadcasters with whom the Company could do business. Such external factors could have a material adverse effect on the Company's business, operating results and financial condition.

Merchandising

Success of merchandising brands depends on consumers' tastes and preferences which can change in unpredictable ways. The Company depends on the acceptance by consumers of its merchandising offerings, therefore, success depends on the ability to predict and take advantage of consumer tastes in Canada and around the world. In addition, the Company derives royalties from the sale of licensed merchandise by third parties. The Company is dependent on the success of those third parties. Factors that negatively impact those third parties could adversely affect the Company's business prospects, financial condition, results of operations and cash flows.

Early Stage

The Company is an early stage company and as such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company's prospects must be considered speculative in light of the risks, expenses, and difficulties frequently encountered by companies in their early stages of operations, particularly in the highly competitive and rapidly evolving markets in which the Company operates. To attempt to address these risks, the Company must, among other things, successfully implement its business plan, marketing, and commercialization strategies, respond to competitive developments, and attract, retain, and motivate qualified personnel. A substantial risk is involved in investing in the Company because, as a smaller commercial enterprise that has fewer resources than an established company, the Company's management may be more likely to make mistakes, and the Company may be more vulnerable operationally and financially to any mistakes that may be made, as well as to external factors beyond the Company's control.

The Company May Not be Able to Successfully Execute its Business Plan

The execution of the Company's business plan poses many challenges and is based on a number of assumptions. The Company may not be able to successfully execute its business plan. If the Company experiences significant cost overruns, or if its business plan is more costly than it anticipates, certain activities may be delayed or eliminated, resulting in changes or delays to its current plans, or the Company may be compelled to secure additional funding (which may or may not be available) to execute its business plan. The Company cannot predict with certainty its future revenues or results from its operations. If the assumptions on which its revenues or expenditures forecasts are based change, the benefits of the Company's business plan may change as well. In addition, the Company may consider expanding its business beyond what is currently contemplated in its business plan. Depending on the financing requirements of a potential business expansion, the Company may be required to raise additional capital through the issuance of equity or debt. If the Company is unable to raise additional capital on acceptable terms, it may be unable to pursue a potential business expansion.

The Company Faces Substantial Capital Requirements and Financial Risks

The business requires a substantial investment of capital. The production, acquisition, and distribution of motion picture and television content requires substantial capital. A significant amount of time may elapse between the Company's expenditure of funds and the receipt of revenues after release or distribution of such content. This may require a significant portion of funds from equity, credit, and other financing sources to fund the business. Although the risks of production exposure are reduced through tax credit programs, government and industry programs, other studios and co-financiers and other sources, there can be no assurance that these arrangements will continue to be successfully implemented or will not be subject to substantial financial risks relating to the production, acquisition, and distribution of future indie film and television content. In addition, if the production slate or the production budgets increase through internal growth or acquisition, there may be an increase to overhead and/or larger up-front payments for talent acquisition and, consequently, these increases bear greater financial risks. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, operating results, liquidity, and prospects.

Additional Capital Requirements

The Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issuances of equity or convertible debt securities, the Company's existing shareholders could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences, and privileges superior to those of holders of the Company's shares. Any debt financing secured by the Company in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which might make it more difficult for it to obtain additional capital and to pursue business opportunities.

The Company can provide no assurance that sufficient debt or equity financing will be available on reasonable terms or at all to support its business growth and to respond to business challenges and failure to obtain sufficient debt or equity financing when required could have a material adverse effect on its business, prospects, financial condition, results of operations, and cash flows.

The Company expects to incur short-term losses and generate negative cash flow until it can produce sufficient revenues to cover its costs. The Company may never become profitable. Even if it does achieve profitability, the

Company may be unable to sustain or increase its profitability in the future. For the reasons discussed in more detail below, there are substantial uncertainties associated with the Company achieving and sustaining profitability. The Company expects its cash reserves will be reduced due to future operating losses and working capital requirements, and it cannot provide certainty as to how long its cash reserves will last or that it will be able to access additional capital if and when necessary.

The Company May Need to Raise Additional Capital in the Future to Fund its Operations

The Company may require substantial additional capital resources to further its production-packaging business model. Future cash requirements may vary materially from those expected if the Company elects to produce indie films, acquire indie films or experiences operational production delays or unexpected increases in costs related to the maintenance, defense, and enforcement of proprietary intellectual properties and tax credit refunds. Sources of additional funding include collaborations and licensing arrangements, public or private equity, or debt financing.

If the Company's commercialization activities do not show positive results, or if capital market conditions in general, or with respect to entertainment motion picture companies in particular, are unfavorable, the Company may be unable to raise funds when needed or on acceptable terms.

Any Additional Equity Financings May Be Dilutive to the Company's Existing Shareholders

If sufficient capital is not available, the Company may be required to delay, reduce the scope of, eliminate or divest one or more of its library assets or productions or suspend operations, any of which could have a material adverse effect on the Company's business, financial condition, prospects, or results of operations.

The Company Has Broad Discretion Over the Use of Net Proceeds

The Company will have broad discretion over the use of the net proceeds from any future capital raises. Due to the number and variability of factors that will determine the Company's use of such proceeds, the ultimate use might vary substantially from the planned use. Investors may not agree with how the Company allocates or spends the proceeds from future capital raises. The Company may pursue collaborations that ultimately do not result in an increase in the market value of the Common Shares and that instead increase the Company's losses.

Budget Overruns and other Production Risks May Adversely Affect the Company's Business

While the Company's business model requires efficiency in the production of films and television content, actual production costs may exceed their budgets. The production, completion, and distribution of such content can be subject to a number of uncertainties, including delays and increased expenditures due to disruptions or events beyond the Company's control. As a result, if each production incurs substantial budget overruns, additional financing may need tobe sourced. There are no assurances regarding the availability of such additional financing or on mutually acceptable terms, or that such costs will be recouped. Budget overruns could also prevent a picture from being completed or released, thereby having a material adverse effect on the business, financial condition, operating results, liquidity and prospects of the Company.

Unforeseen events such as labour disputes, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to film negatives, master tapes and recordings, or adverse weather conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production.

The Company's Results of Operations are Difficult to Predict and Depend on a Variety of Factors

Results may fluctuate due to the timing, mix, number, and availability of indie films produced or acquired and home entertainment releases, as well as license periods for content. The operating results may increase or decrease during a particular period or fiscal year due to differences in the number and/or mix of films released compared to the corresponding period in the prior fiscal year. Moreover, the results of operations may be impacted by the commercial success of all of the Company's indie films and televisions productions. There is no assurance that the production, acquisition, and distribution of all current and future motion pictures will be managed successfully to receive critical acclaim or perform well commercially. Any inability to achieve such commercial success could have a material adverse effect on the Company's business, financial condition, operating results, liquidity, and prospects. Operating results also fluctuate due to accounting practices which may recognize the acquisition and sale of indie films in different periods than the recognition of related revenues, which may occur in later periods. In addition, the comparability of results may be affected by changes in accounting guidance or changes in the Company's ownership of certain assets. Accordingly, the results of operations from year to year may not be directly comparable to prior reporting periods. As a result of the foregoing and other factors, the results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future period.

Many Production or Co-Financing Partners Do Not Have Long-Term Arrangements

The Company typically does not enter into long-term production contracts with the creative producers of motion picture and television content that it produces, acquires or distributes. Moreover, the Company generally has certain derivative rights that provide for distribution rights to, for example, prequels, sequels, and remakes of certain content that the Company may produce, acquire or distribute. However, there is no guarantee that the Company will produce, acquire or distribute future content by any creative producer or co-financing partner, and a failure to do so could adversely affect the business, financial condition, operating results, liquidity, and prospects of the Company.

There are No Long-Term Agreements with Retailers

There is no assurance that favorable relationships with retailers and distributors will develop or, if developed, will be maintained or that they will not be adversely affected by economic conditions. If any retailer or distributor reduces or cancels a significant order or becomes bankrupt, it could have a material adverse effect on the business, financial condition, operating results, liquidity and prospects of the Company.

The Company's Success Depends on the Commercial Success of Motion Pictures and Television Programming, Which is Unpredictable

Generally, the popularity of the Company's programs depends on many factors, including the critical acclaim they receive, the format of their initial release, their talent, their genre and their specific subject matter, audience reaction, the quality and acceptance of motion pictures or television content that the Company's competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions, and other tangible and intangible factors, many of which the Company does not control and all of which may change.

The Company cannot predict the future effects of these factors with certainty. In addition, because a performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams. The Company's success will depend on the experience and judgment of its management to select and develop new investment and production opportunities. The Company cannot assure that its motion pictures and television programming will obtain favorable reviews or ratings, that its motion pictures will perform well at the box office or in ancillary markets, or that broadcasters will license the rights to broadcast any of its television programs in the development or renewal of licenses to broadcast programs in its library. Additionally, the Company cannot assure that any original programming content will appeal to its distributors and subscribers.

The Company's Business Involves Risks of Liability Claims for Content of Material, Which Could Adversely Affect its Business, Results of Operations, and Financial Condition

As a distributor of media content, the Company may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement, and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on the Company's business, financial condition, operating results, liquidity, and prospects.

Piracy of Films and Television Programs Could Adversely Affect the Company's Business Over Time

Piracy is extensive in many parts of the world and is made easier by the availability of digital copies of content and technological advances allowing conversion of films and television content into digital formats. This trend facilitates the creation, transmission, and sharing of high quality unauthorized copies of motion pictures and television content. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on the Company's business, because these products reduce the revenue it receives from its products. In order to contain this problem, the Company may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue.

There is No Assurance that Even the Highest Levels of Security and Anti-Piracy Measures Will Prevent Piracy

In particular, unauthorized copying and piracy are prevalent in countries outside of the United States, Canada, and Western Europe, whose legal systems may make it difficult for the Company to enforce its intellectual property rights. While the United States government has publicly considered implementing trade sanctions against specific countries that, in its opinion, do not make appropriate efforts to prevent copyright infringements of United States-produced motion pictures and television content, there can be no assurance that any such sanctions will be enacted or, if enacted, will be effective. In addition, if enacted, such sanctions could impact the amount of revenue that the Company realizes from the international exploitation of its content.

Protecting and Defending Against Intellectual Property Claims May Have a Material Adverse Effect on the Company's Business

The Company's ability to compete depends, in part, upon successful protection of its intellectual property. The Company attempt to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries where the Company distributes its products. As a result, it may be possible for unauthorized third parties to copy and distribute the Company's productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

Litigation may also be necessary to enforce the Company's intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation, infringement or invalidity claims could result in substantial costs and the diversion of resources and could have a material adverse effect on the Company's business, financial condition, operating results, liquidity, and prospects.

The Company's more successful and popular film or television products or franchises may experience higher levels of infringing activity, particularly around key release dates. Alleged infringers have claimed and may claim that their products are permitted under fair use or similar doctrines, that they are entitled to compensatory or punitive damages because the Company's efforts to protect its intellectual property rights are illegal or improper, and that its key trademarks or other significant intellectual property are invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. The Company will vigorously defend its copyrights and trademarks from infringing products and activity, which can result in litigation. The Company may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurance that a favorable final outcome will be obtained in all cases. Additionally, one of the risks of the film and television production business is the possibility that others may claim that the Company's productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and televisions series, stories, characters, other entertainment or intellectual property. Regardless of the validity or the success of the assertion of any such claims, the Company could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on its business, financial condition, operating results, liquidity, and prospects.

Limited Ability to Exploit Filmed and Television Content Library

The Company depends on a limited number of titles for the majority of the revenues generated by its film and television content library. If the Company cannot acquire new products and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, it could have a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

Changes in Regulatory Environment

The Company's operations may be negatively affected in varying degrees by future adverse changes in the regulatory environment that currently governs the film and television industry. Any change in the regulatory environment could have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

Litigation

Governmental, legal or arbitration proceedings may be brought or threatened against the Company in the future. Regardless of their merit, any such claims could be time consuming and expensive to evaluate and defend, divert management's attention and focus away from the business and subject the Company to potentially significant liabilities.

Risks of Liability Claims for Content

As a distributor and producer of content, the Company may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

Technological Change

The television and film industries are characterized by technological change and evolving trends. Technological change can have positive effects, but may also have a material adverse effect on the Company's business prospects, results of operations and financial condition. For example, in recent years, content consumers have spent an increasing amount of time on the internet and on mobile devices and increasingly seek to download and/or view content on a time-delayed or on-demand basis, via televisions and on handheld or portable devices, which has caused significant changes to the retail distribution of content. Additionally, the emergence of new production or computer generated imagery technologies, or a new digital television broadcasting standard, may diminish the value of the Company's existing equipment and content.

Although the Company is committed to adapting new production technologies, there can be no assurance that it will be able to incorporate other new production and postproduction technologies which may become de facto industry standards. In particular, the advent of new broadcast standards, which may result in television programming being presented with greater resolution and on a wider screen than is currently the case, may diminish the evergreen value of the Company's programming library because such productions may not be able to take full advantage of such features. There can be no assurance that the Company will be successful in adapting to these changes on a timely basis.

Labour Relations

Many individuals associated with the Company's projects are members of guilds or unions which bargain collectively with producers on an industry-wide basis from time to time. While the Company has positive relationships with the guilds and unions in the industry, a strike by, labour protest, or a lockout of, one or more of the guilds or unions that provide personnel essential to the production by the Company or its content partners of entertainment programming could delay or halt the delivery of such programming. Such a halt or delay, depending on the length of time and the number of productions affected, could have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

Concentration Risk

Revenue may originate from disproportionately few broadcasters and internet "over the top" platform customers. The value of the Company's may be substantially adversely affected should it lose the revenue generated by any such broadcasters or customers.

Fluctuation of Financial Results

The results of operations for any period are largely dependent on the number, timing and commercial success of television and other programs as well as related music, merchandise and other ancillary revenue sources, realized during that period, none of which can be predicted with certainty or are entirely within the Company's control. Consequently, the Company's results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods.

Competition

Substantially all of the Company's revenues are derived from the production and distribution of television and film programs. The Company faces competition from other companies in both its production and distribution operations. Some of the Company's competitors have substantially greater marketing, production and financial resources than the Company, which means they may be able to compete aggressively on pricing and other aspects of future production and distribution opportunities. The Company competes with other television and film production companies for ideas and storylines created by third parties as well as for actors, directors, and other personnel required for production. Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available time slots for programs produced by third-party production companies, even though the total number of outlets for programming has increased. There can be no assurances that the Company will be able to compete successfully in the future or that it will continue to produce or acquire rights to additional successful programming or enter into agreements for the financing, production, distribution or licensing of programming on terms favorable to them. There continues to be intense competition for the most attractive time slots offered by various broadcasting services. There can be no assurances the Company will be able to increase or maintain penetration of broadcast schedules. Such competition may result in the Company losing access to future opportunities, which would have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

Dependence on Management and Key Personnel

The Company's success depends largely upon the continued services of its executive officers and other key employees. From time to time, there may be changes in The Company's executive management team resulting from the hiring or departure of executives, which could disrupt its business. If the Company is unable to attract and retain top talents, its ability to compete may be harmed. The Company's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified personnel. Competition for highly skilled entertainment executives and other employees is high in the Company's industry, and the Company may not be successful in attracting and retaining such personnel. Failure to attract and retain qualified executive officers and other key employees could have a material adverse effect on its business, prospects, financial condition, results of operations, and cash flows.

Protection of Intellectual Property

The Company's ability to compete depends, in part, upon successful protection of its intellectual property. From time to time, various third parties may contest or infringe upon the Company's intellectual property rights. There can be no assurance that the Company's actions to establish and protect copyright, trademarks and other proprietary rights will be adequate to prevent imitation by others of entertainment programming produced and/or distributed by the Company or to prevent third parties from seeking to block its distribution and exploitation of contract rights as a violation of its trademarks and proprietary rights.

Any successful claims to the ownership of these intangible assets could hinder the Company's ability to exploit these rights. The Company does not have the financial resources to protect its rights to the same extent as its competitors. The Company attempts to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws in a number of jurisdictions and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries in which the Company may distribute its products and in other jurisdictions no assurance can be given that challenges will not be made to the Company's copyright and trademarks. In addition, technological advances and conversion of motion pictures into digital format have made it easier to create, transmit and share unauthorized copies of motion pictures, DVDs and television shows. Users may be able to download and distribute unauthorized or "pirated" copies of copyrighted material over the internet. As long as pirated content is available to download digitally, some consumers may choose to digitally download material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute the Company's productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business prospects, results of operations or financial condition. Litigation may also be necessary in the future to enforce the Company's intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on the Company's business prospects, results of operations or financial condition. The Company cannot provide assurances that infringement or invalidity claims will not materially adversely affect its business prospects, results of operations or financial condition. Regardless of the validity or the success of the assertion of these claims, the Company could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

Investment Strategy

There can be no certainty that the Company will be able to implement successfully its business or investment strategy. The Company's ability to implement its strategy in a competitive market requires effective planning and management control systems. The Company's future growth will depend on its ability to expand and improve operational, financial and management information and control systems in line with its growth. Failure to do so could have a material adverse effect on the Company's business prospects, financial condition, results of operations and cash flows.

Changes in the Company's Business Strategy, Plans for Growth or Restructuring of Its Businesses May Increase Its

Costs or Otherwise Affect the Profitability of Its Businesses

As changes in the Company’s business environment occur, it may adjust its business strategies to meet these changes, which may include growing a particular area of business or restructuring a particular business or asset. In addition, external events including changing technology, changing consumer patterns, acceptance of the Company’s theatrical and television offerings and changes in macroeconomic condition, including the volatility and uncertainty in financial markets as a result of the ongoing COVID-19 global pandemic and its effects, may impair the value of the Company’s assets. When these changes or events occur, the Company may incur costs to change its business strategy and may need to write down the value of assets. the Company may also make investments in existing or new businesses, including investments in the international expansion of the Company’s business and in new business lines. Such investments have and continue to be made through the Company’s ·acquisition of further libraries to feed the growing subscription video on demand market and the Company’s direct-to-consumer and licensed offerings. Some of these investments may have short-term returns that are negative or low and the ultimate prospects of the businesses may be uncertain, or, in international markets, may not develop at a rate that supports the Company’s level of investment. In any of these events, the Company’s costs may increase, it may have significant charges associated with the write-down of assets, or returns on new investments may be lower than prior to the change in strategy, plans for growth or restructuring.

Acquisitions

The Company has made, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand its business. Any indebtedness incurred or assumed in any such transaction may or may not increase the Company’s leverage relative to its earnings before interest, provisions for income taxes, amortization, minority interests, gain on dilution of investment in subsidiary and discount operations, or earnings before interest, taxes, depreciation and amortization, or relative to the Company’s equity capitalization, and any equity issued may or may not be at prices dilutive to its then existing shareholders. the Company may encounter difficulties in integrating acquired assets with its operations. Furthermore, the Company may not realize the benefits it anticipated when it entered into these transactions. In addition, the negotiation of potential acquisitions, business combinations or joint ventures as well as the integration of an acquired business could require the Company to incur significant costs and cause diversion of management’s time and resources. Future acquisitions could also result in an impairment of goodwill and other intangibles, development project impairments and other acquisition-related expenses.

Any of the foregoing could have a material adverse effect on the Company’s business prospects, financial condition, results of operations and cash flows.

The Company’s Revenues and Results of Operations Are Vulnerable to Currency Fluctuations and Inflation

The Company reports its revenues and results of operations in Canadian dollars, but the majority of the Company’s revenue is earned in the United Kingdom in the form of British pounds sterling. The Company’s currency exposure is primarily between Canadian dollars, British pound sterling, Euros and U.S. dollars. The Company cannot accurately predict the impact of future exchange rate fluctuations on revenues and operating margins. Moreover, the Company may experience currency exposure on distribution and production revenues and expenses from foreign countries. This could have a material adverse effect on the Company’s business, financial condition, operating results, liquidity and prospects.

The Company's results may be affected by an increase in expenses incurred in connection with the operation of the Company’s business. The Company’s expenses may fluctuate based on a number of factors beyond the Company's control and outside of the Company’s business, including: oil prices and other energy related costs, changes in supply and demand, general economic conditions, labour costs, competition, import duties, tariffs, currency exchange rates and government regulation. The Company may not be able to adjust the prices of its contracts, especially in the short-term, to recover these cost increases form the Company’s customers. A continual rise in costs could adversely affect consumer demand for the Company's titles and increase its operating costs, both of which could have a material adverse effect on the Company's financial condition and results of operations.

The Impact of Any Changes in Interest Rates

The Company does not presently actively make use of derivative financial instruments to mitigate the impact of changes in interest rates. Any movements in the applicable interest rate on the Company's debt could adversely impact its financial condition.

Changes to Taxation Legislation

The Company operates in a number of different tax jurisdictions. In any of the jurisdictions, the tax rules and their interpretation may change. Any change in taxation legislation or regulation or its interpretation could affect the value of the Company's assets, its ability to provide returns to shareholders or otherwise have an adverse effect on the Company's business prospects, financial condition, results of operations and cash flows. Further, any reliefs from taxation that may be available to the Company in the future may not be in accordance with the assumptions made by the Company as to its future performance (these assumptions being based on the current legislative position and any known future changes). If the assumptions made by the Company as to such taxation reliefs available do not prove correct, its ability to provide returns to shareholders may be affected and there may be a material adverse effect on its business prospects, financial condition, results of operations and cash flows.

Income Taxes and Audits From Tax Authorities

In preparing the Company's financial statements, it is required to estimate production tax credits receivable in each of the jurisdictions in which it operates, taking into consideration tax laws, regulations and interpretations that pertain to its activities. In addition, the Company is subject to audits from these tax authorities on an ongoing basis and the outcome of such audits could materially affect the amount of tax credits receivable recorded on the Company's consolidated balance sheets and the income tax expense recorded on its consolidated statements of earnings. Any cash payment or receipt resulting from such audits would have an impact on the Company's cash resources available for its operations and its overall results of operations.

Dependence on Management Information Systems

The Company's ability to conduct its business, including maintaining financial controls, is based in part on the efficient and uninterrupted operation of its computer systems, including management information systems and access to the internet. If any of the Company's financial, rights management, personnel, email, other information technology systems, internet access or other systems or processes were to stop operating properly for any significant period of time for any reason (including, for example, hardware or software malfunctions, computer viruses, internet problems or sabotage), it could suffer a disruption to its business, loss of data, regulatory intervention or reputational damage.

Risks Related to Privacy and Information Security

The protection of customer, employee and company data is important to the Company's business. The Company uses and stores personally identifiable and other sensitive information of its customers and employees. The collection and use of personally identifiable information is governed by laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the Company's operating costs and adversely affect its ability to market products and services. Information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents, including, ransom of data, such as, without limitation, customer and/or employee information, due to employee error, malfeasance, or other vulnerabilities. Any such incident could compromise the Company's networks and the information it stores could be accessed, misused, publicly disclosed, corrupted, lost, or stolen, resulting in fraud, including wire fraud related to the Company's assets, or other harm. If a data security incident or breach affects the Company's systems or results in the unauthorized release of personally identifiable information, the Company's reputation and brand could be materially damaged and it may be exposed to a risk of loss or litigation and possible liability, which could result in a material adverse effect on its business, results of operations and financial condition.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, and in the future the Company may expend additional resources to continue to enhance its information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that the Company will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on the Company's systems, or that any such incident will be discovered in a timely manner. Any such incident could affect the Company's business and, among other things, result in the loss of revenue, the loss or unauthorized access to confidential information or other assets, the loss of or damage to trade secrets, damage to the Company's reputation, litigation, regulatory enforcement actions, violation of privacy, security or other laws and regulations and remediation costs.

Future Financing

The Company may deliver growth through further material acquisitions and/or investments, for which additional sources of financing may be required. There can be no assurance that should the Company seek to deliver such growth it will be able to raise those funds, whether on acceptable terms or at all. If further financing is obtained by issuing convertible notes, the existing shareholdings may be diluted and the new shares may carry rights, privileges and preferences superior to the existing issued shares. If the Company was to seek to deliver such growth through debt financing, it may incur significant borrowing costs.

Conflicts of Interest

Certain of the directors and officers of the Company are or may become directors of other entertainment companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions of the Board. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The corporate laws of England and Wales require the directors to act in a way most likely to promote the success of the Company for the benefit of its members as a whole. However, in conflict of interest situations, the Company's directors may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. There is no assurance that the interests of the Company will receive priority in all cases.

Holding Company Structure

Substantially all of the Company's business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

Credit Risk

In the normal course of business, the Company is exposed to credit risk from its accounts receivable from customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

Claims Against a Seller for Claims Against the Company Relating to Any Acquisition or Business Combination That

<u>the</u> <u>Seller May Not Indemnify for or That May Exceed the Seller's Indemnification Obligations</u>

There may be liabilities assumed in any acquisition or business combination that the Company did not discover or that it underestimated in the course of performing the Company's due diligence. Although a seller generally will have indemnification obligations to the Company under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as deductibles and maximum recovery amounts, as well as time limitations. The Company cannot assure you that its right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any undiscovered or underestimated liabilities that it may incur. Any such liabilities could have a material adverse effect on the Company's business, financial condition, operating results, liquidity and prospects.

<u>The Company May Not Be Able to Obtain Additional Funding to Meet Its Requirements</u>

The Company's ability to grow through acquisitions, business combinations and joint ventures, to maintain and expand its development, production and distribution of motion pictures and television content, and to fund the Company's operating expenses depends upon its ability to obtain funds through debt financing (including credit facilities) or the sale or syndication of some or all of the Company's interests in certain projects or other assets or businesses. If the Company does not have access to such financing arrangements, and if other funds do not become available on terms acceptable to the Company, there could be a material adverse effect on its business, financial condition, operating results, liquidity and prospects. Further, concerns over the COVID-19 global pandemic has caused extreme volatility in financial and other capital markets and impacted the ability to access capital on favorable terms. As a result of the impacts of the COVID- 19 global pandemic, the Company may be required to raise additional capital and such additional debt financing may not be available on commercially reasonable terms, if at all.

<u>The Company's Dispositions May Not Aid Future Growth</u>

If the Company determines to sell individual properties, libraries or other assets or businesses, it will benefit from the net proceeds realized from such sales. However, the Company's revenues may suffer in the long term due to the disposition of a revenue generating asset, or the timing of such dispositions may be poor, causing the Company to fail to realize the full value of the disposed asset, all of which may diminish its ability to service its indebtedness and repay its notes and its other indebtedness at maturity. Furthermore, the Company's future growth may be inhibited if the disposed asset contributed in a significant way to the diversification of its business platform.

<u>Global Economic Turmoil and Regional Economic Conditions in the U.S. Could Adversely Affect the Company's Business</u>

Global economic turmoil, such as that being created by the ongoing COVID-19 global pandemic and its effects, as well as the effect of the Russo - Ukrainian war may cause a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, varying degrees of intervention from governments, decreased consumer confidence, overall slower economic activity and extreme volatility in credit, equity and fixed income markets as well as an increase in cybersecurity attacks. A decrease in economic activity in the U.S. or in other regions of the world in which the Company does business could adversely affect demand for its content, thus reducing its revenues and earnings. A decline in economic conditions could reduce performance of the Company's theatrical, television and home entertainment releases. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment the Company offers, which could also adversely affect its revenues and, at the same time, increase its costs. For instance, lower household income and decreases in U.S. consumer discretionary spending, which is sensitive to general economic conditions, may affect cable television and other video service subscriptions, in particular with respect to digital programming packages on which the Company's networks are typically carried and premium video programming packages and premium a la carte services on which the Company's networks are typically carried. A reduction in spending may cause a decrease in subscribers to its networks, which could have a materially adverse impact on the Company's business, financial condition, operating results, liquidity and prospects. Moreover, financial institution failures may cause the Company to incur increased expenses or make it more difficult to finance any future acquisitions, or engage in other financing activities. It is likely that the current outbreak or continued spread of COVID-19 will cause a global recession, which will further adversely affect its business, and such adverse effects may be material. In addition, the magnitude, duration and speed of the global pandemic is uncertain. The Company cannot guarantee that it will recover as rapidly as other industries, or that it will recover as rapidly as others within the industry. As a consequence, the Company cannot estimate the impact on its business, financial condition or near or longer-term financial or operational results with certainty.

The Company is dependent on information technology systems, which are subject to certain risks, including cybersecurity risks and data leakage risk associated with implementation and integration

The Company depend upon information technology systems in a variety of ways throughout its operations. Any significant breakdown of those systems, whether through virus, cyber-attack, security breach, theft, or other destruction, invasion or interruption, or unauthorized access to our systems, by employees, others with authorized access to our systems or unauthorized persons, could negatively impact our business and operations. These threats are increasing in number and severity and broadening in type of risk, including most recently with the Russian invasion of Ukraine and cyber attacks ongoing in that context, which may broaden.

Business Interruptions Could Adversely Affect the Company's Operations

The Company's operations are vulnerable to outages and interruptions due to fire, floods, power loss, telecommunications failures, pandemics such as COVID-19 and similar events beyond its control. There can be no assurance that they will be effective in the event of a specific disaster. In the event of a short-term power outage, the Company has installed uninterrupted power source equipment designed to protect its equipment. A long-term power outage, however, could disrupt the Company's operations. The Company has also experienced a disruption to its business as a result of the COVID-19 global pandemic which has suspended production of its programming. Although the Company currently carries business interruption insurance for potential losses (including earthquake-related losses), there can be no assurance that such insurance will be sufficient to compensate the Company for losses that may occur or that such insurance may continue to be available on affordable terms. Any losses or damages incurred by the Company could have a material adverse effect on its business, financial condition, operating results, liquidity and prospects.

The Company Faces Economic, Political, Regulatory, and Other Risks From Doing Business Internationally

The Company distributes content in the U.K. and derives revenues from international sources. As a result, the Company's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks may include: difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions; the loss of one or more of the major global partners that the Company relies upon to distribute its programming internationally; laws and policies adversely affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws; the impact of trade disputes; anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose strict requirements on how the Company conducts its foreign operations and changes in these laws and regulations; changes in local regulatory requirements including regulations designed to stimulate local productions, promote and preserve local culture and economic activity (including local content quotas, investment obligations, local ownership requirements, and levies to support local film funds); or censorship requirements that may cause the Company to remove or edit popular content, leading to consumer disappointment, brand tarnishment or consumer dissatisfaction; regulatory requirements or government action against the Company's service, whether in response to enforcement of actual or purported legal and regulatory requirements or otherwise, that results in disruption or non-availability of the Company's service or particular content in the applicable jurisdiction; inability to adapt the Company's offerings successfully to differing languages, cultural tastes, and preferences in international markets; international jurisdictions where laws are less protective of intellectual property and varying attitudes towards the piracy of intellectual property; laws and policies relating to data privacy and security such as the European Union General Data Protection Regulation; establishing and protecting a new brand identity in competitive markets; financial instability and increased market concentration of buyers in foreign television markets, including in European pay television markets; the instability of foreign economies and governments; currency exchange restrictions, export controls and currency devaluation risks in some foreign countries; the spread of communicable diseases (such as COVID-19), which may impact business in such jurisdictions; and war and acts of terrorism.

Additionally, with respect to the Company's direct-to-consumer offerings, these risks may include: differing technical architectural and payment processing systems and costs as well as consumer use and acceptance of electronic payment methods, such as credit cards; availability of reliable broadband connectivity and wide area networks in targeted areas for expansion; low usage and/or penetration of internet-connected consumer electronic devices; new and different sources of competition; and laws and policies relating to consumer protection.

Events or developments related to these and other risks associated with international trade could adversely affect the Company's revenues from international sources, which could have a material adverse effect on the Company's business, financial condition, operating results, liquidity and prospects. The Company is managing and adjusting its international business to address varied content offerings, consumer customs and practices, in particular those dealing with e-commerce and streaming video, as well as differing and changing legal and regulatory environments. As online streaming grows in international markets, governments may look to introduce new or extend legacy regulations to these services, in particular those related to broadcast media, consumer privacy and tax. While the Company believes its legal and regulatory positions are consistent with the laws and regulations in the jurisdictions in which it conducts its business, it is possible that it will be required to comply with new regulations or legislation or new interpretations of existing regulations or legislation. In such an event, increased jurisdictional legal or regulatory oversight and/or action could cause the Company to incur additional expenses or alter the Company's business model.

The Company Is Subject to Payment Processing Risk

The Company's subscribers pay for its services using a variety of different payment methods, including credit and debit cards. The Company relies on internal systems as well as those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules and regulations, including additional authentication requirements for certain payment methods, and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payments, loss of payment partners and/or disruptions or failures in the Company's payment processing systems, partner systems or payment products, including products it uses to update payment information, its revenue, operating expenses and results of operation could be adversely impacted. In certain instances, the Company leverages third parties such as its cable and other partners to bill subscribers on its behalf. If these third parties become unwilling or unable to continue processing payments on the Company's behalf, it would have to transition subscribers or otherwise find alternative methods of collecting payments, which could adversely impact subscriber acquisition and retention. In addition, from time to time, the Company encounters fraudulent use of payment methods, which could impact its results of operations and if not adequately controlled and managed could create negative consumer perceptions of its service. If the Company is unable to maintain its fraud and chargeback rate at acceptable levels, card networks may impose fines, its card approval rate may be impacted and it may be subject to additional card authentication requirements. The termination of the Company's ability to process payments on any major payment method would significantly impair its ability to operate its business.

Economic Conditions and Regulatory Changes Leading up to and Following the United Kingdom's Likely Exit From the European Union Could Have a Material Adverse Effect on the Company's Business and Results of Operations

On January 31, 2020, the United Kingdom formally withdrew from the European Union, and the U.K. government has commenced the legal process of leaving the European Union, typically referred to as Brexit. While the full effects of Brexit will not be known for some time, Brexit could cause disruptions to, and create uncertainty surrounding, the Company's business and results of operations. The most immediate effect has been significant volatility in global equity and debt markets and currency exchange rate fluctuations. Ongoing global market volatility and a deterioration in economic conditions due to uncertainty surrounding Brexit could disrupt the markets in which the Company operates and lead its customers to closely monitor their costs and delay financial spending decisions. The effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets, either during a transitional period or more permanently. The measures could potentially disrupt the markets Trinity serves and may cause it to lose customers and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Any of these effects of Brexit could materially adversely affect through Trinity and the Subsidiaries, the Company's business, results of operations and financial condition.

Any Potential Government Crisis Relief Assistance in Response to COVID-19 Could Impose Limitations on the Company's Corporate Activities, May Dilute Its Stockholders and May Not Be on Terms Favorable to the Company Numerous government-sponsored crisis relief programs have been implemented and others are being considered in response to the COVID-19 outbreak. If any government agrees to provide crisis relief assistance that the Company accepts, it may impose certain requirements on the recipients of the aid including restrictions on executive officer compensation, share buybacks, dividends, prepayment of debt, limitations on debt, and other similar restrictions that will apply for a period of time after the aid is repaid or redeemed in full. The Company cannot assure you that any such government crisis relief assistance will not limit its corporate activities or be on terms that are favorable to the Company. Such restrictions and terms could adversely impact the Company's business and operations.

The Company's Leverage Could Affect Its Ability to Obtain Financing, Restrict Operational Flexibility, Restrict Payment of Dividends, Divert Cash Flow to Interest Payments, and Make It More Vulnerable to Competitors and Economic Downturns

The Company incurred a significant amount of indebtedness in connection with previous acquisitions. The Company's degree of current and future leverage, particularly if increased to complete potential acquisitions, could materially and adversely affect the Company in several ways, including:

- limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes;
- restricting the Company's flexibility and discretion to operate its business;
- limiting the ability of the Company to complete acquisitions or enter into other strategic transactions;
- limiting the Company's ability to declare dividends on its shares; having to dedicate a portion of the Company's cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures, and future business opportunities;
- exposing the Company to increased interest expense on borrowings at variable rates;
- limiting the Company's flexibility to plan for, or react to, changes in its business or market conditions;
- placing the Company at a competitive disadvantage compared to its competitors that have less debt;
- making the Company vulnerable to the impact of adverse economic, industry and the Company-specific conditions; and
- making the Company unable to make capital expenditures that are important to its growth and strategies.

In addition, the Company may not be able to generate sufficient cash flows from operations to service its indebtedness, in which case it may be required to sell assets, reduce capital expenditures, reduce spending on new production, refinance all or a portion of its existing indebtedness or obtain additional financing, any of which would materially adversely affect the Company's operations and ability to implement its business strategy.

The Company Manages Liquidity Carefully to Address Fluctuating Quarterly Revenues. Any Failure of the Company to Adequately Manage Such Liquidity Could Adversely Affect Its Business and Results of Operations

The Company's production revenues for any period are dependent on the number and timing of programs delivered, which cannot be predicted with certainty. The Company's distribution revenues vary significantly from quarter to quarter driven by contracted deliveries with television and other services. Distribution revenues are contract and demand driven and can fluctuate significantly from period to period. The Company manages liquidity by forecasting and monitoring operating cash flows and through the use of capital leases and maintenance of credit facilities. Any failure to adequately manage liquidity could adversely affect the Company's business and results of operations, including by limiting the Company's ability to meet its working capital needs, make necessary or desirable capital expenditures, satisfy its debt service requirements, make acquisitions, and declare dividends on its shares. There can be no assurance that the Company will continue to have access to sufficient short and long -term capital resources, on acceptable terms or at all, to meet its liquidity requirements.

Changes in the methodologies, policies, or contractual terms applicable to YouTube or other AVOD platforms, changes in laws or regulations applicable to such platforms, or a governmental or third-party claim against YouTube or other AVOD platforms or in respect of the Company's use of such platforms could have a material adverse effect on the growth and revenues of the Company

A portion of the Company's revenue from digital distribution is derived from advertising revenue from YouTube. YouTube or other AVOD platforms, or the Company directly, may be subject to claims or proceedings initiated by a third party, including claims or proceedings relating to advertising to children, whether instituted by a governmental entity or otherwise. In any such case or even independent of any such claims or proceedings, YouTube or other AVOD platforms may, among other things, cease providing content with advertising to children, change their approach to providing content with advertising to children, including amending or otherwise modifying methodologies, policies and/or contractual terms applicable to the platform and use thereof, or remove content. In any of such instances, the Company's revenue from digital distribution and the growth of such business (including the Company) may be materially adversely impacted.

In the event that laws or regulations are changed or instituted which impact the ability of YouTube to generate advertising revenue through its service and pass a portion of such revenue on to the copyright owners of content distributed via any such platforms, the Company's revenue from digital distribution and the growth of such business (including the Company) may be materially adversely impacted.

Market for Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. An active public market for the Common Shares might not develop or be sustained now or in the future. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited, and the share price may decline.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favorable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value and the price of the Common Shares could continue to be adversely affected.

Currency Fluctuations

Due to the Company's present operations, the Company's proposed operations and intention is to have future operations in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and other currencies may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, expand operations globally so it may be subject to additional gains and losses against additional currencies.
The Company does not currently have a foreign exchange hedging program in place. In the future, the Company may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Risks Related to Privacy and Information Security

The protection of customer, employee and company data is important to the Company's business. The Company uses and stores personally identifiable and other sensitive information of its customers and employees. The collection and use of personally identifiable information is governed by laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the Company's operating costs and adversely affect its ability to market products and services. Information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents, including, ransom of data, such as, without limitation, customer and/or employee information, due to employee error, malfeasance, or other vulnerabilities. Any such incident could compromise the Company's networks and the information it stores could be accessed, misused, publicly disclosed, corrupted, lost, or stolen, resulting in fraud, including wire fraud related to the Company's assets, or other harm. If a data security incident or breach affects the Company's systems or results in the unauthorized release of personally identifiable information, the Company's reputation and brand could be materially damaged and it may be exposed to a risk of loss or litigation and possible liability, which could result in a material adverse effect on its business, results of operations and financial condition.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, and in the future the Company may expend additional resources to continue to enhance its information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that the Company will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on the Company's systems, or that any such incident will be discovered in a timely manner. Any such incident could affect the Company's business and, among other things, result in the loss of revenue, the loss or unauthorized access to confidential information or other assets, the loss of or damage to trade secrets, damage to the Company's reputation, litigation, regulatory enforcement actions, violation of privacy, security or other laws and regulations and remediation costs.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Since December 31, 2021, the Company has commenced several measures to ensure the design and implementation of adequate internal controls over financial reporting including the hiring of qualified employees and the implementation of various financial systems and processes. Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures during the first half of 2022.

Based on the foregoing evaluation, our Chief Executive Officer and our Chief Financial Officer, concluded that due to the RTO of the Company by the shareholders of Trinity , the level of resources, disclosure controls and procedures were not fully effective for public reporting issuer satisfaction. An ongoing initiative has been under way to improve our internal controls over financial reporting due to weaknesses related to limited segregation of duties and insufficient systems and processes. Management has determined that this control deficiency constitutes a material weakness which could result in material misstatements of significant accounts and disclosures that would result in a material misstatement to our interim or annual financial statements that would not be prevented or detected. The Company is currently in the process of improving its disclosure controls and procedures by implementing new policies and guidelines for internal controls and governance, implementing new and additional financial systems, and increasing the number qualified staff in order to document and apply transactional and periodic controls procedures, permit a better review and approval process and improve the quality of financial reporting.

Regardless of how well the disclosure controls and procedures and internal controls over financial reporting are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to errors or fraud, if any. The Company maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis.

Enhancing the Company's control environment is a key priority for management. As such, during the upcoming quarters, management, under the direction and supervision of the Company's Chief Executive Officer and Chief Financial Officer, will be reviewing and updating its internal controls over financial reporting certification documentation including, but not limited to, scoping documentation, process documentation, risk assessment and testing working papers. The Company has engaged a third party and a gap assessment between the Company's identified control matrix and the principles detailed in the COSO framework has been conducted.

CORPORATE INFORMATION

Amcomri Entertainment Inc.
Larry Howard –Chief Financial Officer
1800 - 510 West Georgia Street
Vancouver, British Columbia, Canada, V6B 0M3
T: +1 416 879 9425
E: larry.howard@amcomri.com

TRANSFER AGENT

Odyssey Trust Company
United Kingdom Building
#323 – 409 Granville Street
Vancouver, British Columbia Canada, V6C 1T2
T: 1-587-885-0960

AUDITOR

Dale Matheson Carr-Hilton Labonte LLP
Chartered Professional Accountant
1500 – 1140 West Pender Street
Vancouver, British Columbia, Canada, V6E 4G1
T: 1-604-687-4747

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.