Consolidated Financial Statements
(Expressed in Canadian Dollars)

AMCOMRI ENTERTAINMENT INC.

For the years ended December 31, 2022 and 2021

Independent Auditor's Report

To the Shareholders of Amcomri Entertainment Inc.:

Opinion

We have audited the consolidated financial statements of Amcomri Entertainment Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of income (loss) and other comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reverse Takeover Transaction

Key Audit Matter Description

As described in Note 1 and 4 to the consolidated financial statements, on January 7, 2022, the Company completed a reverse takeover of Trinity Pictures Distribution Limited. The transaction was completed by a plan of arrangement under the British Columbia Business Corporations Act. Management determined the transaction to be a business combination within the scope of IFRS 3 *Business Combinations*. Therefore, the identifiable assets acquired and the liabilities assumed are measured at fair value as of the acquisition date and the excess fair value of the consideration transferred over the fair value of the assets acquired and liabilities assumed is accounted for as goodwill.

We considered this to be a key audit matter due to the complexity of the plan of arrangement, which included valuation of elements of the consideration, and the valuation of the acquired intangible assets. This resulted in a high degree of auditor judgement, subjectivity and effort in performing procedures and evaluating the audit evidence related to management's estimates.

Audit Response

We responded to this matter by performing audit procedures in relation to the reverse takeover, which included, but were not limited to, the following:

- Analyzed the signed plan of arrangement to obtain an understanding of the key terms and conditions and to identify the necessary accounting considerations.
- Evaluated the fair value of the consideration transferred.
- Evaluated the reasonableness of key assumptions in management's models, including historical financial results which were used as a basis for future projections.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the acquisition in the notes to the consolidated financial statements.
- With the assistance of internal valuation specialists, evaluated the reasonableness of management's model, through assessing the appropriateness of the valuation methods utilized and the reasonableness of significant assumptions and inputs by:
  - Comparing to externally available industry and economic trends;
  - Evaluating budgets and forecasts for future operations; and,
  - Comparing against guideline companies within the same industry.

Asset Acquisitions

Key Audit Matter Description

During the year the Company entered into two acquisitions of film and television distribution rights. Management has concluded that these acquisitions do not contain substantive business processes and therefore outside of the scope of IFRS 3 *Business Combinations*. The determination of whether an acquisition meets the definition of a business requires careful examination of the acquired set and considered auditor judgement to determine whether the processes exist and whether or not they are substantive as defined by IFRS 3 *Business Combinations*.

Refer to Note 5 and 7 of the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing procedures in relation to these asset acquisitions. Our audit work in relation to this included, but was not restricted to, the following:

- Analyzed the signed purchase agreements to identify the assets, liabilities, and potential processes identified.
- Obtained an understanding of relevant processes identified to determine whether they were substantive to the operations.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the acquisition in the notes to the consolidated financial statements.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2022.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John Muffolini.

MNP LLP

Toronto, Ontario
April 14, 2023

Chartered Professional Accountants
Licensed Public Accountants

AMCOMRI ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars, except for share amounts)

As at	Note	**December 31, 2022** $	December 31, 2021 $
ASSETS			
Cash		**3,995,141**	1,906,627
Prepaid expenses		**707,595**	-
Accounts receivable and other receivables	8	**1,521,952**	1,180,717
Due from related parties	17	**16,734**	-
Inventory	9	**156,682**	252,711
Contract assets	12	**14,195,673**	9,058,305
Production loan receivable	13	**5,644,307**	-
		26,238,084	12,398,360
Property and equipment	10	**111,331**	61,576
Intangible assets	11	**24,691,778**	9,902,350
Goodwill	4,11	**160,676**	137,237
TOTAL ASSETS		**51,201,869**	22,499,523
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities	19	**24,778,706**	10,839,221
Production loan payable	15	**3,843,577**	-
Loans payable	16	**7,223,345**	1,185,920
Deferred revenue	14	**1,633,597**	472,750
		37,479,225	12,497,891
Loans payable	16	**251,409**	248,970
Deferred income tax liability	23	**177,302**	360,109
Total liabilities		**37,907,936**	13,106,970
Share capital	18	**4,654,419**	1
Share premium	18	**1,417,500**	1,417,500
Contributed surplus	18	**7,150**	-
Retained Earnings		**7,579,257**	7,939,189
Accumulated other comprehensive (loss) income		**(364,393)**	35,863
Total shareholders' equity		**13,293,933**	9,392,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**51,201,869**	22,499,523

Corporate information and going concern (Note 1)

Investment in joint venture (Note 6)

On behalf of the Board of Directors:

"Robert Price"
Director

"Larry Howard"
Director

The accompanying notes are an integral part of these consolidated financial statements

AMCOMRI ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian dollars, except for share amounts)

	Note	**December 31, 2022** **$**	December 31, 2021 $
Revenue		**13,889,501**	13,820,644
Operating expenses:			
Direct operating costs	9	**2,011,561**	2,031,079
Amortization	11	**2,734,003**	1,630,594
Depreciation	10	**26,555**	20,080
Advertising and promotion		**874,610**	261,629
Bank charges		**62,659**	121,367
Production loan interest	15	**211,862**	-
Interest expense	16	**322,025**	-
Management fees		**75,668**	
Office and administrative		**534,776**	239,219
Professional fees		**2,782,405**	1,050,073
Salaries and benefits	17	**2,812,137**	1,441,081
Share-based payment	18	**416,750**	-
Bad debt expense		**228,762**	-
Travel and entertainment		**136,041**	55,852
Total operating expenses		**13,229,814**	6,850,974
Operating income		**659,687**	6,969,670
Interest income		**315,073**	-
Intangible asset impairment	5, 11	**(1,217,983)**	(1,188,977)
Share of loss from joint venture	6	**(167)**	-
Foreign exchange gain		**112,385**	-
Income (loss) before tax		**(131,005)**	5,780,693
Income tax expense	23	**(228,927)**	(1,264,135)
Net income (loss)		**(359,932)**	4,516,558
Accumulated other comprehensive income			
Cumulative translation adjustment		**(400,256)**	(50,113)
Net and Comprehensive Income (loss)		**(760,188)**	4,466,445
Earnings (loss) per share – Basic and diluted	18	**(0.01)**	0.05
Weighted average number of shares outstanding – basic and diluted	18	**72,712,780**	89,216,404

The accompanying notes are an integral part of these consolidated financial statements

AMCOMRI ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for share amounts)

	Share Capital							
	Number of shares[1]	Amount $	Share Premium $	Contributed Surplus $	Retained Earnings $	Accumulated Other Comprehensive Income (loss) $	Non-Controlling Interest $	Total $
Balance, December 31, 2020	48,237,752	1	-	-	3,422,631	85,976	1,417,500	4,926,108
Non-controlling interest acquired (Note 18 (d))	-	-	1,417,500	-	-	-	(1,417,500)	-
Cumulative translation adjustment	-		-	-	-	(50,113)	-	(50,113)
Shares returned to treasury	(425,000)	-	-	-	-	-	-	-
Issuance of shares for debt	8,695,652	-	-	-	-	-	-	-
Shares issued in private placement	32,708,000	-	-	-	-	-	-	-
Net income for the year	-	-	-	-	4,516,558	-	-	4,516,558
Balance, December 31, 2021	89,216,404	1	1,417,500	-	7,939,189	35,863	-	9,392,553
Balance, January 1, 2022	89,216,404	1	1,417,500	-	7,939,189	35,863	-	9,392,553
Shares issued to settle debt (Note 18 (a)	2,743,077	-	-	-	-	-	-	-
Share consolidation (25:1) (Note 18 (a))	(88,281,103)	-	-	-	-	-	-	-
Reverse takeover (Note 18 (a))	66,666,667	2,758,784	-	-	-	-	-	2,758,784
Shares issued to settle debt (Note 18 (a) Note 16)	1,981,379	1,486,034	-	-	-	-	-	1,486,034
Share-based payments (Note 18 (b))	1,280,000	409,600	-	7,150	-	-	-	416,750
Net loss for the year	-	-	-	-	(359,932)	-	-	(359,932)
Cumulative translation adjustment	-	-	-	-	-	(400,256)	-	(400,256)
Balance, December 31, 2022	**73,606,424**	**4,654,419**	**1,417,500**	**7,150**	**7,579,257**	**(364,393)**	**-**	**13,293,933**

1 - Number of shares restated to show historical share transactions of the Company, dollar values are historical values of Trinity (see Note 4)

The accompanying notes are an integral part of these consolidated financial statements

AMCOMRI ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars, except share amounts)

	December 31, 2022	December 31, 2021
	$	**$**
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the year	**(359,932)**	4,516,556
Items not affecting cash:		
Amortization (Note 11)	**2,734,003**	1,630,594
Depreciation (Note 10)	**26,555**	20,080
Production loan interest expense (Note 15)	**211,862**	-
Interest expense (Note 16)	**322,025**	1,866
Interest income (Note 15)	**(315,073)**	-
Unrealized foreign exchange gain	**(108,763)**	-
Share based payments (Note 18 (b))	**416,750**	-
Impairment – film distribution rights (Note 11)	**1,217,983**	1,188,977
Deferred tax liability	**(182,807)**	7,181
Bad debt expense	**228,762**	-
Changes in non-cash working capital items:		
Accounts receivable and other receivables	**(364,724)**	(4,739,863)
Prepaid expenses	**(690,432)**	-
Inventory	**82,938**	(14,102)
Contract assets	**(5,513,653)**	-
Accounts payable and accrued liabilities	**13,203,522**	2,374,667
Due from related parties	**(28,965)**	-
Deferred revenue	**1,160,939**	475,269
Net cash from operating activities	**12,040,990**	5,461,225
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment (Note 10)	**(78,179)**	(35,192)
Purchase of intangible assets (Note 11, Note 21)	**(14,809,729)**	(5,557,251)
Cash acquired in RTO (Note 4)	**5,659**	-
Net cash used in investing activities	**(14,882,249)**	(5,592,443)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Cash provided on loans receivable (Note 13)	**(153,028)**	-
Cash received on loans payable (Note 16)	**7,179,222**	408,353
Repayment of loans payable	**(2,507,835)**	(643,829)
Net cash provided by (used in) financing activities	**4,518,359**	(235,476)
Effect of exchange rate changes on cash	**411,414**	(29,243)
Change in cash during the year	**2,088,514**	(395,937)
Cash, beginning of year	**1,906,627**	2,302,564
Cash, end of year	**3,995,141**	1,906,627

Supplemental disclosure with respect to cash flows (Note 21)

The accompanying notes are an integral part of these consolidated financial statements

1. Corporate information and going concern

Amcomri Entertainment Inc. (the “Company”) trades under the symbol “AMEN” on the NEO Stock Exchange (the “NEO”). The Company, through its subsidiaries, finances, produces, sells, and distributes feature films, feature documentaries, and scripted and unscripted TV series on a global basis.

The Company was formed under the *Business Corporations Act* (British Columbia) (the “BCBCA”) through the amalgamation of Nine Tailed Films Inc. (incorporated under the BCBCA on January 10, 2014) and The Wonderfilm Media Corporation (incorporated under the BCBCA on May 30, 2017), which then amalgamated with 1141596 B.C. Ltd. on March 26, 2018. The resulting entity was then amalgamated with Westshire Capital II Corp. on March 27, 2018 as part of the Company’s qualifying transaction. On April 1, 2020, the Company changed its name from The Wonderfilm Media Corporation to Appreciated Media Holdings Inc..

The Company’s head office and registered records office is located at 1800-510 West Georgia Street, Vancouver, BC V6B 0M3.

Reverse Takeover
On January 7, 2022, the Company completed the acquisition of all the issued and outstanding ordinary shares of Trinity Pictures Distribution Limited (“Trinity”), by way of a reverse takeover (the “RTO” or the “Transaction”) and concurrently changed its name to Amcomri Entertainment Inc. After the completion of the RTO transaction, Trinity became a wholly owned subsidiary of the Company.

The RTO was effected by way of a plan of arrangement under the BCBCA following the receipt of a final order of the British Columbia Supreme Court on January 4, 2022, pursuant to the Arrangement Agreement. In connection with the closing of the RTO, the Company‘s common shares were voluntarily delisted from the TSX Venture Exchange (the “TSXV”) and the Company fulfilled the conditions to the listing of the Company’s common shares on the NEO, where it began trading on January 13, 2022 under the trading symbol “AMEN”.

As a result of the RTO, the former shareholders of Trinity acquired control of the Company and accordingly, Trinity was determined to be the acquirer for accounting purposes, and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. The Company’s operations are considered to be a continuance of the business and operations of Trinity. The Company’s results of operations are those of Trinity, with the Company’s operations being included from January 7, 2022, the closing date of the RTO, onwards (Note 4).

2. Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were authorized for issue by the Board of Directors on April 14, 2023.

(b) Basis of measurement

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, or as otherwise noted. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below.

(Expressed in Canadian dollars, except share and amounts)

2. Summary of significant accounting policies (continued)

(c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

The subsidiaries of the Company on December 31, 2022 and 2021 include the following:

				Percentage owned	
Entity	Operating/ Inactive	Jurisdiction of incorporation	Control Acquired During the Year	December 31, 2022	December 31, 2021
Trinity Pictures Distribution Limited (i)	Operating	United Kingdom	No	100%	-
101 Films Limited. (i)	Operating	United Kingdom	No	100%	-
101 Films International Limited. (i)	Operating	United Kingdom	No	100%	-
Abacus Media Rights Limited	Operating	United Kingdom	No	100%	-
Amcomri (i)Productions Limited (formerly Silentpoint Limited)	Operating	Republic of Ireland	Yes	100%	-
Elwood Plains Limited(i)	Inactive	United Kingdom	No	100%	-
Hollywood Classics International Limited (i)	Operating	United Kingdom	No	100%	-
Devil Lies Beneath Limited (i)	Inactive	United Kingdom	No	100%	-
Agatha Media Corp.	Inactive	Canada	No	100%	100%
Impossible Dream Entertainment Inc.	Inactive	Canada	No	100%	100%
Appreciated Media Global Limited	Inactive	British Virgin Islands	No	100%	50.1%
Amcomri Canada Sales Limited	Operating	Canada	Yes	100%	-

(i) These entities were part of Trinity Pictures Distribution Limited group which was legally acquired in the RTO Transaction described in Note 4.

2. Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

During the year, the Company acquired control of the following Subsidiaries:

Entity	Date of Control	Jurisdiction of incorporation	Primary Purpose	Additional Information
Amcomri Productions Limited	January 25, 2022	Republic of Ireland	Film rights asset management	Note 4
Amcomri Canada Sales Limited	June 21, 2022	Canada (British Columbia)	Film and television distribution in Canada	-

(d) Investments in joint arrangements and associates
A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company considers whether a joint arrangement is a joint operation or joint venture. The parties to a joint operation have the rights to the underlying assets and are exposed to the underlying liabilities of the joint arrangement. The parties to a joint venture have an interest in the underlying net assets of the joint arrangement. Investments in joint ventures are accounted for using the equity method. The equity method involves recording the initial investment at cost. Additional funding into an investee is recorded as an increase in the carrying value of the investment. The carrying amount is adjusted by the Company's share of post-acquisition net income or loss, dilution gains or losses (resulting from changes in ownership interest), depreciation or amortization. Losses are only recorded up to the value of the investment.
The Company's Joint Venture is as follows:

Entity	Date of Joint Control	Jurisdiction of incorporation	Percentage Owned	Principal Business	Additional Information
Positivor Limited	July 6, 2022	Republic of Ireland	60%	Film rights asset management	Note 6

2. Summary of significant accounting policies (continued)

(e) Business combinations

A business combination requires that the assets acquired, and liabilities assumed constitute a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business as the Company considers other factors to determine whether the set of activities or assets is a business.

The Company has an option to apply a 'concentration test' to assess whether an acquired set of activities and assets are not a business. If substantially all of the fair value of the gross assets acquired are concentrated in a single, identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is accounted for as an asset acquisition. In such cases, the acquirer identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the net assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event will not give rise to goodwill. Acquisition-related costs in an asset acquisition are recognized as part of the cost of the assets acquired.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

The excess of (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree's, over the acquisition-date fair value of the net of the assets acquired and liabilities assumed, is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognized as a gain in the Consolidated Statement of Income (Loss) and Comprehensive Income (Loss).

Should the consideration be contingent on future events, the cost of the acquisition recorded includes management's best estimate of the fair value of the contingent amounts expected to be payable. Provisional fair values allocated at the reporting date are finalized within one year of the acquisition date with retroactive adjustment to the acquisition date as required.
Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

2. Summary of significant accounting policies (continued)

(f) Foreign currency translation

Functional and presentation currency

The functional currency of the Company's subsidiaries is determined by the currency most used for transactions in the economic environment in which they operate. The functional currency of the Company's Canadian domiciled subsidiaries is the Canadian Dollar. The functional currency of the Company's United Kingdom domiciled subsidiaries is Pound Sterling. The functional currency of the Company's Ireland-domiciled subsidiaries is the Euro. The functional currency of the Company's British Virgin Islands subsidiary is the United States Dollar.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income or loss included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statements of operations and comprehensive income (loss).

(g) Revenue recognition

The Company's Film Production, Film Distribution and Television segments generate revenue principally from the licensing of content in theatrical exhibition, home entertainment (e.g., digital media and packaged media), television, and international marketplaces.

Revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or goods. Revenues do not include taxes collected from customers on behalf of taxing authorities such as sales tax and value-added tax.

The Company evaluates arrangements with third parties to determine whether revenue should be reported on a gross or net basis under each individual arrangement by determining whether the Company acts as the principal or agent under the terms of each arrangement. When the Company acts as the principal in the arrangement, revenue is reported on a gross basis, resulting in revenue and expenses being classified in their respective consolidated financial statement line items. When the Company acts as an agent in the arrangement, revenue is presented net of any related expenses. The primary factor that the Company considers in its evaluation of such arrangements is if the Company has control of the content or service before it is transferred to the customer, including if it has the ability to set the pricing.

2. Summary of significant accounting policies (continued)

(g) Revenue recognition (continued)

Licensing Arrangements
The Company's content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage-based royalties.

Fixed Fee or Minimum Guarantees: The Company's fixed fee or minimum guarantee licensing arrangements may, in some cases, include multiple titles, multiple license periods (windows) with a substantive period in between the windows, rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations. When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e., title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or Usage Based Royalties: Sales or usage-based royalties represent amounts due to the Company based on the “sale” or “usage” of the Company's content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated and has been satisfied (or partially satisfied). Generally, when the Company licenses completed content (with standalone functionality, such as a movie, or television show) its performance obligation will be satisfied prior to the sale or usage. The actual amounts due to the Company under these arrangements are generally not reported to the Company until after the close of the reporting period. The Company records revenue under these arrangements for the amounts due and not yet reported to the Company based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from the Company's customers.

Revenues by Market or Product Line. The following describes the revenues generated by market or product line. Theatrical revenues are included in the Film Production segment for titles that the Company has had a hand in producing; home entertainment, television, international and other revenues are applicable to both the Film Distribution Picture and Television segments.

• ***Theatrical.*** Theatrical revenues are derived from the theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (distributed by the Company directly in the United States and through a sub-distributor in Canada and the U.K.). Revenue from the theatrical release of feature films are treated as sales or usage based royalties, and recognized as revenue starting at the exhibition date and are based on the Company's participation in box office receipts of the theatrical exhibitor.

• ***Home Entertainment.*** Home entertainment consists of Digital Media and Packaged Media.

- ***Digital Media.*** Digital media includes digital transaction revenue sharing arrangements (pay-per-view and video-on-demand platforms, electronic sell through ("EST"), and digital rental) and licenses of content to digital platforms for a fixed fee.

2. Summary of significant accounting policies (continued)

(g) Revenue recognition (continued)

Digital Transaction Revenue Sharing Arrangements: Primarily represents revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, the Company shares in the rental or sales revenues generated by the platform on a title-by-title basis. These digital media platforms generate revenue from rental and EST arrangements, such as download-to-own, download-to-rent, and video-on-demand. These revenue sharing arrangements are recognized as sales or usage-based royalties based on the performance of these platforms and pursuant to the terms of the contract, as discussed above.

Licenses of Content to Digital Platforms: Primarily represents the licensing of content to subscription-video-on-demand ("SVOD") or other digital platforms for a fixed fee. As discussed above, revenues are recognized when the content has been delivered and the window for the exploitation right in that territory has begun.

- ***Packaged Media.*** Packaged media revenues represent the sale of motion pictures and television shows (produced or acquired) on physical discs (DVD's, Blu-ray, 4K Ultra HD, referred to as "Packaged Media") in the retail market. The Company records revenue for packaged media sales when it receives sales record reports from their distributor.

- ***Television***. Television revenues are derived from the licensing to domestic markets (linear pay, basic cable, free television markets, syndication) of motion pictures (including theatrical productions and acquired films) and scripted and unscripted television series, television movies, mini-series, and non-fiction programming. Television revenues include fixed fee arrangements as well as arrangements in which the Company earns advertising revenue from the exploitation of certain content on television networks. Television also includes revenue from licenses to SVOD platforms in which the initial license of a television series is to an SVOD platform or the traditional pay window for a motion picture is licensed to an SVOD platform. Revenues associated with a title, right, or window from television licensing arrangements are recognized when the feature film or television program is delivered (on an episodic basis for television product) and the window for the exploitation right has begun.

- ***International.*** International revenues are derived from (1) licensing of the Company's productions, acquired films, catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis; (2) the direct distribution of our productions, acquired films, and catalog product and libraries of acquired titles in the United Kingdom; and (3) licensing to international markets of scripted and unscripted series, television movies, miniseries and non-fiction programming. License fees and minimum guarantee amounts associated with title, window, media or territory, are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the contract, and the right to exploit the feature film or television program in that window, media or territory has commenced. Revenues are also generated from sales or usage-based royalties received from international distributors based on their distribution performance pursuant to the terms of the contracts after the recoupment of certain costs in some cases, and the initial minimum guarantee, if any, and are recognized when the sale by a customer generating a royalty due to the Company has occurred.

2. Summary of significant accounting policies (continued)

(g) Revenue recognition (continued)

Deferred Revenue. Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation.

Payment terms vary by location and type of customer and the nature of the licensing arrangement, however, other than certain multi-year license arrangements; payments are generally due within 60 days after revenue is recognized. For certain multi-year licensing arrangements, primarily in the television, digital media, and international markets, payments may be due over a longer period. When the Company expects the period between fulfillment of its performance obligation and the receipt of payment to be greater than a year, a significant financing component is present. In these cases, such payments are discounted to present value based on a discount rate reflective of a separate financing transaction between the customer and the Company, at contract inception. The significant financing component is recorded as a reduction to revenue and accounts receivable initially, with such accounts receivable discount amortized to interest income over the period to receipt of payment. The Company does not assess contracts with deferred payments for significant financing components if, at contract inception, it expects the period between fulfillment of the performance obligation and subsequent payment to be one year or less.

In other cases, customer payments are made in advance of when the Company fulfills its performance obligation and recognizes revenue. This primarily occurs under television production contracts, in which payments may be received as the production progresses, international motion picture contracts, where a portion of the payments are received prior to the completion of the movie and prior to license rights start dates, and pay television contracts with multiple windows with a portion of the revenues deferred until the subsequent exploitation windows commence. These arrangements do not contain significant financing components because the reason for the payment structure is not for the provision of financing to the Company, but rather to mitigate the Company's risk of customer non-performance and incentivize the customer to exploit the Company's content.

(h) Inventory

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first in, first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Inventory is made up of packaged media.

2. Summary of significant accounting policies (continued)

(i) Financial instruments

IFRS 9 contains three principal classifications for financial assets: measured at amortized cost, fair value through other comprehensive income or loss ("FVOCI") and fair value through profit or loss ("FVTPL"). Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.
The following table shows the classification categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

Financial Assets and Liabilities	Classification
Cash	Amortized Cost
Accounts receivable and other receivables	Amortized Cost
Due from related parties	Amortized Cost
Production Loan Receivable	Amortized Cost
Accounts payable and Accrued Liabilities	Other financial liabilities
Production loan payable	Other financial liabilities
Loans payable	Other financial liabilities

Financial assets

Recognition and initial measurement
The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement
On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or loss ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

2. Summary of significant accounting policies (continued)

(i) Financial instruments

- Fair value through other comprehensive income or loss - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income or loss. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income or loss. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income or loss is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income or loss.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income or loss, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment
The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment
The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment of financial assets
The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

2. Summary of significant accounting policies (continued)

(i) Financial instruments

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit- impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset.

Derecognition of financial assets
Financial assets are derecognized when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized within other non-operating income. Accumulated gains or losses on financial assets classified as FVOCI remain within accumulated other comprehensive income.

Financial liabilities

Recognition and initial measurement
The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.
Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities
The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expired.

2. Summary of significant accounting policies (continued)

(j) Property and Equipment

Equipment is stated at cost less accumulated depreciation. The cost of repairs and maintenance is expensed as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations.

The estimated useful lives are:

Office furniture	5 years
Computer hardware	3 years

(k) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Film distribution rights - over length of licence

(l) Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount. The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

(m) Share-based payment transaction

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Share-based payment transactions involving contingent performance-based requirements are not recognized until the performance-based requirements are met or likely to be met.

2. Summary of significant accounting policies (continued)

(n) (Loss) Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share reflects the potential dilution from common share equivalents on the weighted average number of common shares outstanding during the year if the resulting shares would be dilutive. For stock options, the potential dilutive impact is calculated using the treasury share method whereby all "in-the-money" options are assumed to have been exercised at the beginning of the year and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized based on the use of proceeds that could be obtained upon exercise of such options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. This calculation generally produces an anti- dilutive effect for loss years and therefore basic loss per share equals diluted loss per share.

(o) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment and whenever events or changes in circumstances indicate that the carrying value may be impaired by comparing its carrying value against the recoverable amount (the higher of value in use or fair value less costs to sell).

(p) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income or loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled.

The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

2. Summary of significant accounting policies (continued)

(p) Income taxes (continued)

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. Significant accounting judgements and estimates

Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised.

These estimates and judgements are discussed further below:

Areas of Estimate

(i) Capitalization of costs of productions in progress and movie rights

Development costs, included acquired movie rights, incurred in the generation of productions of which the Company has an ownership or financial stake are capitalized from the point at which the requirements of IAS 38 - Intangible assets have been met. This assessment requires management to exercise judgement with regards to their intention to complete the production as well as those estimates and judgements required in determining whether a production will result in a future economic benefit to the Company.

(ii) Useful lives and amortization of movie rights

The amortization of movie rights is dependent on estimates of useful lives. The Company continually evaluates the remaining useful life of the assets being amortized to determine whether events and circumstances warrant a revision to the remaining period of amortization. This assessment requires management to estimate the total economic benefits and the manner in which they will be generated by utilizing the asset.

3. Significant accounting judgements and estimates (continued)

(iii) Inputs to business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iv) Provision for expected credit losses ("ECL")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(v) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

3. Significant accounting judgements and estimates (continued)

(vi) Impairment of long-lived assets

The Company tests its cash generating units with indefinite life intangible assets or goodwill on an annual basis. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a period consistent wit the life of those assets. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

Areas of judgement

Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include:

(i) Asset acquisitions

Management evaluates the facts and circumstances when purchasing legal entities or groups of assets to determine whether the acquired set of inputs contain substantive processes which would meet the definition of a business under *IFRS 3- Business Combinations*. Or, if the fair value of one particular asset is so significant it would meet the criteria of the optional concentration test in *IFRS 3- Business Combinations*. If the acquired set of inputs has processes that are not substantive, or the acquired set of assets is significantly concentrated in one identifiable asset, it is out of scope of IFRS 3 and accounted for in accordance with the applicable accounting standard.

(ii) Determination of joint arrangements

If the Company has joint control over an arrangement, an assessment of whether the arrangement is a joint venture or joint operation is required. This assessment is based on whether the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement or whether the Company has rights to the net assets of the arrangement. In making this determination, the Company reviews the legal form of the arrangement, the terms of the contractual arrangement and other relevant facts and circumstances. In a situation where the legal form and the terms of the contractual arrangement does not give the Company rights to the assets and obligations for the liabilities, an assessment of the other relevant facts and circumstances is required. This includes whether the activities of the arrangement are primarily designed for the provision of output to the parties and whether the parties are substantially the only source of cash flows contributing to the arrangement. The consideration of the other relevant facts and circumstances may result in the conclusion that a joint arrangement is a joint operation. This conclusion requires judgement and is specific to each arrangement.

(iii) Functional currency

The functional currency of the Company and its subsidiaries has been assessed by management based on consideration of the currency and economic factors that mainly influence operating costs, financing, and related transactions. Changes to these factors may have an impact on the judgement applied in the future determination of the Company's and its subsidiaries' functional currency.

(Expressed in Canadian dollars, except share and amounts)

3. Significant accounting judgements and estimates (continued)

(iv) Going Concern

At the end of each reporting period, management exercises judgement in assessing the Company's ability to continue as a going concern and operate in the normal course by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's assessment are derived from actual operating results along with industry and market trends.

4. Reverse Takeover

On January 7, 2022, the Company completed the RTO pursuant to an arrangement agreement entered into on August 9, 2021 among the Company, Trinity and the holders of the ordinary shares of Trinity (the “Arrangement Agreement”). Concurrent with the completion of the Transaction, the Company affected a consolidation of its share capital on a 25 (old) for 1 (new) basis. Pursuant to the Arrangement Agreement, the Company acquired each issued and outstanding ordinary share of Trinity in consideration for approximately 470 post-consolidation common shares of the Company. Under these terms, the Company issued 66,666,667 post-consolidation common shares as consideration the shareholders of Trinity.

As a result of the RTO, the former shareholders of Trinity acquired control of the Company, thereby constituting a reverse takeover of the Company. The RTO is considered a purchase of the Company by the shareholders of Trinity.

Management determined that the Company met the definition of a business as substantive processes and assets were acquired as part of the transaction.

Consideration:	$
Fair value of shares retained by former Amcomri Entertainment Inc. shareholders (3,678,379 shares at $0.03)	2,758,784
Settlement of pre-existing relationship	252,784
Total consideration	3,011,568
Fair value of net identifiable assets of the Company:	
Cash	5,659
Accounts receivable and other receivables	31,968
Prepaid expenses	5,000
Production loan receivable	4,825,805
Accounts payable and accrued liabilities	(803,246)
Short term loans	(2,121,344)
Production loans payable	(3,239,065)
Due to related party	(12,629)
Film distribution rights	4,289,706
Goodwill	29,714
	3,011,568

(Expressed in Canadian dollars, except share and amounts)

4. Reverse Takeover (continued)

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. Accordingly, the value of the 5.23% (3,678,379 common shares) of the share capital owned by former owners of the Company at the time of the Transaction was $2,758,784.

At the time of the transaction, the Company owned 50.1% of its subsidiary Appreciated Global Sales Ltd. Trinity owned the other 49.9%, and there was $504,589 in related party payables that were treated as a settlement of a pre-existing relationship. When pre-existing relationships are settled, the acquirer recognizes a gain or loss measured as the lessor of (a) amount by which the contract is favorable or unfavorable as compared to market terms, from the acquirer's perspective and (b) amount of any stated settlement provisions in the contract available to the counterparty to whom the contract is unfavorable. There were no favourable or unfavourable terms in the contractual pre-existing relationships, therefore the amounts were settled as part of the transaction.

Trinity was the accounting acquirer, therefore, from its perspective the $504,589 was a receivable and therefore the settlement of the pre-existing relationship resulted in the addition of $252,784 to the consideration, resulting in a total consideration value of $3,011,568.

The Goodwill represents the synergies that will be realized from combining the operations of the Company and Trinity. Trinity has a proven history of operating in the United Kingdom and globally through its subsidiaries, which are media distribution companies in markets worldwide having direct relationships with all of the major media platforms.

If Appreciated had been acquired at the beginning of the year, it's revenues would be $nil and the net loss would be $106,909. Transaction costs of $48,300 were expensed as part of the acquisition.

5. Acquisition – Amcomri Productions Limited

On January 25, 2022, the Company acquired Amcomri Productions Limited (formerly Silentpoint Limited). Acomri Productions Limited was related to the Company by virtue of a common directors.

The entity's only identifiable asset was the distribution rights intangible asset, and the fair value of this right was sufficient to meet the criteria of the optional concentration test of IFRS 3- Business Combinations. Thus, the transaction was treated as an asset acquisition.

Consideration:	$
Cash payment	126
Fair value of net identifiable assets of the Company:	
Accounts receivable and other receivables	126
Intangible asset – Distribution Rights	1,642,425
Loan payable	(635,650)
Deferred revenue	(217,148)
Distribution rights – minimum guarantee payable	(789,627)
	126

(Expressed in Canadian dollars, except share and amounts)

5. Acquisition – Amcomri Productions Limited (continued)

The acquisition's identifiable asset was a distribution agreement between Screen Media Ventures LLC and Amcori Productions Limited for the distribution rights for Screen Media's library for the region of the United Kingdom, the Republic of Ireland, Gibraltar and Malta.

In July, 2022, the Company derecognized these intangible assets and took an impairment loss of $789,627 (Note 11) as distribution agreement in place was superseded by an agreement to purchase the library assets of Screen Media by the Joint Venture.

6. Joint Venture

The carrying value of the investment in Positivor Limited as at December 31, 2022 is the following:

	$
Share purchase cost	167
Share of loss	(167)
Balance, December 31, 2022	-

Summarized financial information for Positivor Limited is set out below:

	December 31, 2022
Statement of financial position	$
Current assets	280,798
Non-current assets	3,522,880
Current liabilities	336,594
Non-current liabilities	3,468,023
Statement of comprehensive loss	
Revenue	285,810
Expenses	(286,874)
Joint venture net loss	(1,064)
Company's share of loss from joint venture	(638)

The Company's share of the losses in the joint venture, was $638 for the year ended December 31, 2022. However, as losses are only recorded up to the value of the investment, only $167 was recorded.

On July 8, 2022, the Joint Venture entered into an asset purchase agreement with Screen Media to acquire the Screen Media library assets (the "Library") for aggregate consideration of $4,800,000 ($3,700,000 USD). Positivor obtained a Loan from Head Gear Films FN Ltd. for the amount of $4,800,000 ($3,700,000 USD) with an interest rate of 7.716% per annum maturing thirty-six months following the date of the first drawdown of the loan, beginning July 8, 2022.

The debt was secured by a charge over the assets of Positivor, the Company as well as a charge over the bank account into which sums are deposited from the exploitation of the library.

(Expressed in Canadian dollars, except share and amounts)

7. Acquisition – Flame Media Assets

On June 8, 2022, the Company, through an asset purchase agreement, acquired the library assets and associated rights of Flame Distribution Ltd., Flame Media Pty Ltd. and Flame Stock Pty Ltd. ("Flame Media"), a global distributor and owner of factual and documentary TV content, for a total cash consideration of $2,520,768 (GBP$1,600,000). These assets were recorded into Abacus Media Rights Ltd. and Amcomri Productions Limited.

The transaction was determined to be an asset acquisition as no substantive processes were transferred to the Company.

	$
Consideration paid:	
Cash	2,520,768
Net identifiable assets acquired:	
Accounts and other receivables	2,967,566
Accounts payable and accrued liabilities	(2,333,851)
Intangible assets – Media Library	1,887,053
	2,520,768

8. Accounts receivable and other receivables

	December 31, 2022	December 31, 2021
	$	$
Trade receivables	**1,497,502**	1,171,942
GST receivable	**22,486**	-
Other receivables	**1,964**	8,775
	1,521,952	1,180,717

9. Inventory

The Company's inventory is comprised of:

	December 31, 2022	December 31, 2021
	$	$
Finished goods and goods for resale	**156,682**	252,711

During the year ended December 31, 2022, inventory expensed to direct operating costs was $99,277 (2021 – $38,296).

(Expressed in Canadian dollars, except share and amounts)

10. Property and equipment

	Office equipment	Computers	Stand Build	Total
	$	$		$
Cost:				
Balance, December 31, 2020	20,479	54,101	-	74,580
Additions	16,559	18,633	-	35,192
Foreign currency translation	(357)	(839)	-	(1,196)
Balance, December 31, 2021	36,681	71,895	-	108,576
Additions	27,765	9,041	41,373	78,179
Foreign currency translation	(1,164)	(3,119)	765	(3,518)
Balance, December 31, 2022	**63,282**	**77,817**	**42,138**	**183,237**
Accumulated Depreciation:				
Balance, December 31, 2020	7,787	19,609	-	27,396
Depreciation expense	7,898	12,182	-	20,080
Foreign currency translation	(143)	(333)	-	(476)
Balance, December 31, 2021	15,542	31,458	-	47,000
Depreciation expense	11,706	11,363	3,486	26,555
Foreign currency translation	(494)	(1,220)	65	(1,649)
Balance, December 31, 2022	**26,754**	**41,601**	**3,551**	**71,906**
Net book value:				
December 31, 2021	21,139	40,437	-	61,576
December 31, 2022	**36,528**	**36,216**	**38,587**	**111,331**

(Expressed in Canadian dollars, except share and amounts)

11. Intangible assets

	Goodwill	Film distribution rights	Total
	$	$	$
Cost:			
Balance, December 31, 2020	139,121	10,017,152	10,156,273
Additions	-	5,557,251	5,557,251
Foreign currency translation	(1,884)	(165,102)	(166,986)
Balance, December 31, 2021	137,237	15,409,301	15,546,538
Additions	-	14,809,729	14,809,729
Acquired in RTO	29,714	4,289,706	4,319,420
Interest capitalized	-	655,282	655,282
Derecognition	-	(789,627)	(789,627)
Foreign currency translation	(6,274)	(402,186)	(408,461)
Balance, December 31, 2022	**160,677**	**33,972,205**	**34,132,881**
Accumulated Amortization:			
Balance, December 31, 2020	-	2,679,130	2,679,130
Amortization	-	1,630,594	1,630,594
Impairment charge	-	1,188,977	1,188,977
Foreign currency translation	-	8,250	8,250
Balance, December 31, 2021	-	5,506,951	5,506,951
Amortization	-	2,734,003	2,734,003
Impairment	-	1,217,983	1,217,983
Foreign currency translation	-	(178,510)	(178,510)
Balance, December 31, 2022	**-**	**9,280,427**	**9,280,427**
Net book value:			
December 31, 2021	137,237	9,902,350	10,039,587
December 31, 2022	**160,676**	**24,691,778**	**24,852,454**

Impairment- Trinity Entities

The Company reviews the carrying value of its intangibles at each reporting period for indicators of impairment. As noted above in Note 5, $789,627 was impaired in the derecognition of the Screen Media distribution rights out of Amcomri Productions. In addition, $428,356 was impaired related to two show titles that had not received any deals for distribution as at December 31, 2022.

(Expressed in Canadian dollars, except share and amounts)

11. Intangible assets (continued)

Impairment - Canadian entities

At the end of the reporting year, the Company tested its goodwill and intangible asset for impairment. The Company completed a Multiperiod Excess Earnings Method (MPEEM) analysis to isolate the projected cash flows that can be associated with a single intangible asset and measuring their fair value by discounting them to present value. This was done using level 3 inputs into the model. The significant assumptions applied in the MPEEM were:

i. Cash flows: Estimated cash flows were projected based on projections made by management as well as industry and market trends. The movie is a sequel and management forecasts were based on projections modified from the first release.
ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth.
iii. Discount rate: The post-tax discount rate is reflective of the Company's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, and the after-tax cost of debt based on a guideline company analysis (source: S&P Capital IQ).
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

Key assumptions	
Terminal value growth rate	1.96%
Discount rate (WACC)	12.00%
Tax rate	27.00%

12. Contract assets

Contract Assets. Contract assets relate to minimum guarantees resulting from distribution agreements that the Company has entered into for movie and television series distribution. These revenues will be collected over the terms of the respective agreement period. The change in balance of contract assets is primarily due to the satisfaction of the condition related to payment holdbacks. Conditions are usually satisfied within twelve months or less.

	$
Balance, December 31, 2020	4,494,636
Contract assets recognized	4,646,682
Foreign currency translation	(83,013)
Balance, December 31, 2021	9,058,305
Payments received	(8,497,450)
Contract assets recognized	14,011,102
Foreign currency translation	(376,285)
December 31, 2022	**14,195,673**

(Expressed in Canadian dollars, except share and amounts)

13. Production loan receivable

	$
Balance, December 31, 2021	-
Acquired on RTO	4,825,805
Additions	256,521
Interest	315,343
Payments	(103,493)
Foreign exchange gain	350,131
Balance, December 31, 2022	**5,644,307**

The Company acquired a production loan as part of the RTO. The loan was executed on October 26, 2021, between Bow River Productions ("Bow River") and Appreciated Media Inc. for the production of a film of up to US$4,500,000. On acquisition, US$3,400,000 plus prior assessed fees of US$400,000 were receivable totalling US$3,800,000 (CAD $4,825,805).

Facility shall be repaid upon the earlier of demand by the Company, the date that is one year from the initial draw down under the Bow River Facility, being October 26, 2022. Interest accrues on the principal amount of the loan at a rate of prime plus 1.5% per annum starting January 1, 2022. For the year ended December 31, 2022. The Bow River Facility is secured against the assets of Bow River.

In addition to the Bow River Facility, the Company entered into a distribution agreement with Bow River for the rights to distribute (the "Distribution Rights", or "Rights") the film that Bow River is producing. The Rights provide the Company with distribution rights worldwide, exclusive of Canada.

During the year ended December 31, 2022, the loan and distribution agreement was assigned to Stonagal Pictures Inc. ("Stonagal") with the same terms and conditions.

Bow River is controlled by a director of the Company and is a related party.

14. Deferred revenue

	$
Balance, December 31, 2020	137,421
Additions	338,862
Revenue recognized	-
Foreign currency translation	(3,533)
Balance, December 31, 2021	472,750
Acquisition of Amcomri Productions	217,148
Additions	1,604,628
Revenue recognized	(653,710)
Foreign currency translation	(7,219)
December 31, 2022	**1,633,597**

(Expressed in Canadian dollars, except share and amounts)

15. Production loan payable

	$
Balance, December 31, 2020 and 2021	-
Acquired on RTO	3,239,065
Additions	253,600
Interest	211,862
Payments	(103,343)
Foreign exchange	242,393
Balance December 31, 2022	**3,843,577**

On the completion of the RTO, the Company recognized a production loan due to Oranmore Limited, a related party controlled by a Director of the Company. The loan was originally executed October 26, 2021. The purpose of the loan is to provide financing for the production loan receivable (Note 13).

On acquisition, US$2,400,000 and accrued interest of US$150,000 was outstanding for a total of US$2,550,000 (CAD $3,239,065).

Interest accrues on the principal amount of the loan at a rate of prime plus 1.5% per annum. The production loan payable is secured against the assets of the Company. The loan is due one year after the first drawdown or on demand. As at December 31, 2022 the loan has been extended and the Company paid $253,600 in extension fess for the loan.

16. Loans payable

	$
Balance, December 31, 2020	1,690,148
Additions	408,353
Repayments	(643,829)
Interest	-
Foreign exchange gain	(19,782)
Balance, December 31, 2021	1,434,890
Acquired on RTO (i)	2,121,344
Additions	6,925,622
Settlements	(1,486,034)
Repayments	(2,404,492)
Interest expense	322,025
Capitalized interest	655,282
Foreign exchange gain	(93,883)
Balance. December 31, 2022	**7,474,754**

	December 31, 2022	December 31, 2021
	$	$
Current	**7,223,345**	1,185,920
Non-current	**251,409**	248,970

(Expressed in Canadian dollars, except share and amounts)

16. Loans payable (continued)

(i) Transactions associated with the RTO

	$
Balance, December 31, 2021	-
Acquired on RTO	2,121,344
Additions	373,235
Settlements	(1,486,034)
Repayment	(731,374)
Interest expense	58,105
Balance December 31, 2022	**335,276**

Assumed in the RTO was short-term loans from totalling to $2,121,344 (Note 4). As part of the Transaction, the Company settled portions of this debt by issuing equity instruments.

On August 9, 2021, The Company and Oranmore Limited, agreed to exchange $1,486,034 of debt for 1,981,379 post-consolidation common shares of the Company at a price of 1,333 shares for $1 of debt. The debt settlement occurred on January 7, 2022, immediately after the RTO transaction. $1,486,034 was derecognized at a gain/loss of $nil. The fair value of the shares given up was $0.75 per share which is equal to the 1,333:$1 exchange ratio agreed upon.

The remaining debt was replaced by a credit facility of up to US$1,000,000, unsecured, due on demand and an interest rate of 8% per annum.

(ii) Canadian Parent Loan

	$
Balance, December 31, 2021	-
Additions	407,340
Interest expense	6,440
Foreign exchange	756
Balance December 31, 2022	**413,024**

The Company entered into a loan facility with Oranmore where Oranmore agreed to provide up to US$750,000. During the year $US 320,000 was drawn (CAD $407,340). The loan shall accrue interest at 3% monthly and the loan is payable upon 30 days of written notice from the lender to the borrower. The loan is secured by a general security agreement and is short term in nature.

(Expressed in Canadian dollars, except share and amounts)

16. Loans payable (continued)

(iii) Subsidiary Loans

a. Hollywood Classics

	$
Balance, December 31, 2021	75,115
Repayment	(15,688)
Interest expense	1,677
Foreign exchange	(3,692)
Balance December 31, 2022	**57,412**

Hollywood Classics International Limited has an unsecured facility of $57,412, (December 31, 2021 - $75,115) over a 72-month term with a 2.5% fixed interest rate. Blended principal and interest repayments are made monthly. This loan has been classified as long term.

b. 101 Films Limited

	$
Balance, December 31, 2021	471,092
Repayment	(301,561)
Interest expense	13,603
Capitalized interest	36,333
Foreign exchange	(26,206)
Balance December 31, 2022	**193,261**

101 Films Limited has an outstanding loan of $193,261 (December 31, 2021 - $471,092) which is repayable over the period to April 2024. The loan accrues interest at 3.99% over the Bank of England base rate. This loan is secured by way of a fixed and floating charge over the assets of 101 Films Limited. This loan has been classified as long term.

During the year ended December 31, 2021, 101 Films Limited took out a new facility to fund the acquisition of a film title. This facility amounted to $125,615 as at the year ended December 31, 2021 and was repaid during the year ended March 31, 2022.

c. 101 Films International

	$
Balance, December 31, 2021	282,739
Additions	1,441,856
Repayment	(28,193)
Capitalized interest	368,504
Foreign exchange	20,113
Balance December 31, 2022	**2,085,019**

(Expressed in Canadian dollars, except share and amounts)

16. Loans payable (continued)

(iii) Subsidiary Loans (continued)

c. 101 Films International (continued)

101 Films International Limited has loans of $2,085,019 (December 31, 2021 - $282,739) taken out to fund the acquisition of three specific film titles. These are repayable within one year and accrue interest at a rate of 1% per month and is secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of the Company.

One loan of $254,773 was repaid subsequent to year end in January of 2023.

The other film projects with loans totalling $1,495,154 and $302,101 repayments began in February and March of 2023 respectively.

d. Abacus Media Rights Limited

	$
Balance, December 31, 2021	605,945
Additions	1,261,256
Repayment	(684,782)
Capitalized interest	202,001
Foreign exchange	(13,270)
Balance December 31, 2022	**1,371,150**

Abacus Media Rights Limited has an outstanding loan of $1,371,150 (December 31, 2021 - $605,945) for a project that is repayable within one year and accrues interest at a rate of 1% per month and is secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of the Company. The loan will begin to be repaid when the associated title is put into distribution. It has been classified as short term.

e. Amcomri Productions Limited

	$
Balance, December 31, 2021	-
Additions	3,441,935
Repayment	(642,894)
Interest expense	242,200
Capitalized interest	48,444
Foreign exchange	(70,074)
Balance December 31, 2022	3,019,611

(Expressed in Canadian dollars, except share and amounts)

16. Loans payable (continued)

(iii) Subsidiary Loans (continued)

e. Amcomri Productions Limited (continued)

To finance the Flame Media's asset purchase (Note 7), the Company entered into a loan of $2,410,851 (GBP$1,546,392). The loan bears interest at 1% per month, is due on October 16, 2023, and is secured by debentures and corporate guarantees executed by 101 Film International Limited, in the form of a charge against the Company's assets. The Company repaid $642,894 and incurred $242,200 in interest during the year ended December 31, 2022. As at December 31, 2022, $1,957,328 was outstanding.

During the year Amcomri Productions entered into a loan of $593,516 (GBP 360,000) to finance a specific project. The Loan bears interest of 1% per month, secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of Amcomri Productions, 101 Films, 101 Films International and Abacus. Interest of $30,281 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023.

During the year Amcomri Productions entered into a loan of $201,931 (GBP 126,903) to finance a specific project. The Loan bears interest of 1% per month, secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of Amcomri Productions, 101 Films, 101 Films International and Abacus. Interest of $15,557 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023.

During the year Amcomri Productions entered into a loan of $235,637 (GBP 180,000) to finance a specific project. The Loan bears interest of 1% per month, secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of Amcomri Productions, 101 Films, 101 Films International and Abacus. Interest of $2,606 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023.

17. Related party transactions

(a) Related parties include shareholders with a significant ownership interest in the Company, the Company's key management personnel, and Directors. Balances with related parties:

	December 31, 2022	December 31, 2021
	$	$
Due from related party	**16,734**	-
Due to related party [i]	**169,302**	-
Short term loans (Note 16)	**748,300**	63,472
Production loan receivable (Note 10)	**5,644,307**	-
Production loan payable (Note 15)	**3,843,577**	-
	10,442,220	63,472

(i) Amounts are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars, except share and amounts)

17. Related party transactions (continued)

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

	December 31, 2022	September 30, 2021
	$	$
Salaries and benefits	**507,103**	263,174
Consulting fees	**475,817**	266,617
Share based payments	**416,750**	-
Interest income from related party	**315,343**	-
Interest expense to related party	**276,688**	-
	1,991,701	529,791

18. Share capital

(a) Authorized share capital:

Unlimited voting, participating common shares, with no par value.

Issuance of common shares:

(i) Transactions from January 1, 2022 to the RTO on January 7, 2022 (Note 4)

The Company settled $91,000 worth of debt by issuing 1,820,000 pre-consolidation common shares at a price of $0.05.

The Company settled $120,000 worth of debt by issuing 923,077 Units at a price of $0.13 per Unit. The Company determined that the fair value of the common shares issued was $0.05, with the residual value of $0.08 being allocated to the value of the warrants. Each Unit was comprised of one common share in the capital of the Company and one common share purchase warrant (see Note 18c).

These transactions affected the Company's outstanding shares but have not been recorded into the results of the continuing entity as they occurred before the RTO.

(ii) Transactions for the period of from January 7, 2022 (date of the RTO) for the year ended December 31, 2022:

The Company completed a (25:1) share consolidation, 91,959,481 shares was reduced to 3,678,379, there was no effect on the value of the shares outstanding.

66,666,667 shares were issued to Trinity shareholders for the RTO transaction. $2,758,784 was ascribed to these shares based as described in Note 4.

1,981,379 post-consolidation common shares at a price of $0.75 to settle $1,486,034 of debt. (See also Note 16)

18. Share capital (continued)

(a) Authorized share capital (continued):

(i) Transactions for the period of from January 7, 2022 (date of the RTO) for the year ended December 31, 2022 (continued):

On August 11, 2022 the Company issued 768,000 common shares to Directors for services valued at $230,400, this was recoded as share-based compensation. The shares were valued at the trading price on the date of issuance of $0.30.

On August 25, 2022 the Company issued 512,000 common shares to Directors for services valued at $179,200 this was recoded as share-based compensation. The shares were valued at the trading price on the date of issuance of $0.35.

(ii) Transactions for the year ended December 31, 2021

The following transactions occurred before the RTO:

On August 10,2021, Appreciated Media entered into a debt settlement agreement to settle $1,000,000 of principal of a debenture with carrying value of $798,070 and accrued interest of $71,671 into 8,695,652 common shares of the Company at a conversion price of $0.115 per shares. The fair value of the shares issued was $434,783 and the Company recognized a gain on settlement of $636,889.

On October 26, 2021, the Company completed a private placement of 32,708,000 common shares of the Company at a price of $0.05 per share for aggregate gross proceeds of $1,635,400.

On August 4, 2021, the former CEO of the Company returned 425,000 shares to treasury to be cancelled pursuant to a debt settlement agreement.

(b) *Options*:

The Company has adopted an incentive stock option plan in accordance with the policies of the NEO Exchange (the “Stock Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent of the issued and outstanding common shares. The options are exercisable for the period of up to ten years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or person performing investor relations activities will not exceed two percent of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares, which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the NEO. The foregoing summary is subject to and qualified by the provisions of the Stock Option Plan available on the Company’s SEDAR profile.

(Expressed in Canadian dollars, except share and amounts)

18. Share capital (continued)

(b) *Options (continued)*:

As at December 31, 2022, the Company had the following stock options outstanding:

Number of options outstanding	Number of options exercisable	Weighted average exercise price	Expiry date	Weighted average life (years)
20,000	20,000	$0.50	March 30, 2027	3.21
20,000	20,000	$0.75	March 30, 2027	3.21
20,000	20,000	$1.00	March 30, 2027	3.21
20,000	20,000	$1.50	March 30, 2027	3.21
20,000	20,000	$2.00	March 30, 2027	3.21
100,000	100,000	$1.15		3.21

The stock option activities are as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2021	-	$ -
Granted	100,000	1.15
Balance, December 31, 2022	**100,000**	**$ 1.15**

The fair values of the options granted during the year ended December 31, 2022, were determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	December 31 2022
Risk free interest rate	**-**
Expected life of options (years)	**5**
Expected annualized volatility	**64%**
Expected dividend yield	**Nil**
Share price at valuation date	**$0.36**
Weighted average Black-Scholes value of each option	**$ 0.11**

Due to limited trading history of the Company, volatility was determined by using a comparative set of publicly traded companies in the film industry of similar size to the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

The Company recorded share-based compensation expense related to the stock options of $7,150 for the year ended December 31, 2022 (December 31, 2021 – nil). The expense has been charged to the consolidated statements of income and comprehensive loss.

(Expressed in Canadian dollars, except share and amounts)

18. Share capital (continued)

(c) *Warrants*:

As described above in Note 18 (a) the Company settled $120,000 of accounts payable with 923,077 units of the Company (the "Units") at a price of $0.13 per Unit. Each Unit was comprised of one common share in the capital of the Company and one common share purchase warrant entitling the holder thereof to acquire one additional common share in the capital of the Company for a period of one (1) year from the date of issuance at an exercise price of $0.25 per share. In connection with the RTO, the Units were consolidated on a basis of 25 (old) to (1) new basis (see Note 4).

The warrants activity is as follows:

	Number of warrants		Weighted average exercise price
Balance, December 31, 2021	-	$	-
Granted	36,923		6.25
Balance, December 31, 2022	**36,923**	**$**	**6.25**

(d) *Non-controlling interest*:

During the year ended December 31, 2021, Trinity issued shares in the Company in exchange for shares in the Company's subsidiaries that were previously held by minority interests. The fair value of the shares obtained, a total share premium of $1,417,500 was recognized in the statement of changes of equity, which represents the difference between the fair value of the minority interests acquired by the Group and the book value of the minority interest.

19. Financial instruments risk management

Fair values

The Company categorizes its financial instruments measured at fair value using a hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets;

Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts for cash, accounts receivable and other receivables, and production loan receivable and due to related party approximate their fair value due to their immediate or short-term nature.

(Expressed in Canadian dollars, except share and amounts)

19. Financial instruments risk management (continued)

Financial risk management

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is attributable to cash, trade and other receivables and the production loan receivable. The maximum exposure to credit risk for cash, trade and other receivables and loans receivable approximate the amount recorded on the consolidated statement of financial position of $7,166,259 as at December 31, 2022 (December 31, 2021 - $1,180,717).

As at December 31, 2022, the Company's receivables are as follows:

Accounts receivable and other receivables	**Current**	**30**	**60**	**90**	**90+**	**Total**
	$	$	$	$	$	$
2022	373,334	122,403	564,884	56,677	404,654	1,521,952
2021	813,942	64,862	249,172	21,219	31,522	1,180,717

(ii) Liquidity risk

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

	December 31, 2022	December 31, 2021
	$	$
Trade payables	**4,339,328**	909,722
Accrued liabilities	**17,394,704**	8,471,923
VAT payable	**62,000**	354,441
Income tax payable	**909,929**	1,006,858
Other payables	**2,072,745**	96,277
	24,778,706	10,839,221

(Expressed in Canadian dollars, except share and amounts)

19. Financial instruments risk management (continued)

Financial risk management (continued)

As at December 31, 2022, the Company has the following gross contractual obligations, which are expected to be payable in the following respective periods:

	Total	Within 1 year	1 to 3 years
	$	$	$
Accounts payable and accrued liabilities	24,778,706	24,778,706	-
Production loan payable	3,843,577	3,843,577	-
Loans payable	7,474,754	7,223,345	251,409
	36,097,073	35,846,364	250,673

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at December 31, 2022, the Company had negative working capital of $11,241,141 (December 31, 2021 - $99,531).

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management monitors its operating requirements and prepares budgets and cash flow forecasts to identify cash flow needs for general corporate and working capital purposes. The Company's ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business, and regulatory conditions, and other factors, some of which are beyond its control, such as the potential impact of COVID-19. The Company's primary short-term liquidity needs are to fund its operations, and debt repayments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

(iii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to risk on the fluctuation on foreign exchange rates as it operates in multiple jurisdictions. Management manages this risk by attempting, to the extent commercially feasible, to enter into agreements that are in the functional currency of the subsidiary. The Company operates mostly through its wholly owned subsidiary Trinity in Pound Sterling (“GBP).

The following table demonstrates the sensitivity to a reasonably possible change in GBP and USD exchange rates, with all other variables held constant. The impact on the Company’s profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Effect on profit before tax	
Sensitivity change in rate	Change in GBP	Change in USD
	$	$
+5%	4,129	10,929
-5%	(4,125)	(10,929)

(Expressed in Canadian dollars, except share and amounts)

19. Financial instruments risk management (continued)

Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the production loan payable which has an interest rate that is prime + 1.5% The sensitivity below expresses the impact on the Company's financial results for the year ended December 31, 2022 if the prime rate fluctuated up or down from what it was over the course of the year.

Sensitivity chance in interest rates	Effect on profit before tax
	$
+5%	6,221
-5%	(6,221)

20. Capital management

As at December 31, 2022, the capital structure of the Company consisted of $24,612,264 (December 31, 2021 - $10,827,443) in shareholders' equity and debt.

The Company's objective when managing its capital is to ensure sufficient equity financing to fund its planned operations in a way that maximizes the shareholder return given the assumed risks of its operations. The Company considers shareholders' equity as capital. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing economic conditions. In doing so, the Company may issue new shares. Annual budgeting is the primary tool used to manage the Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

21. Supplemental disclosure of cash flow information

	December 31, 2022	December 31, 2021
	$	$
Non-cash financing and investing transactions		
Fair value of shares issued in RTO	**2,758,784**	-
Fair value of intangible asset acquired in RTO	**4,289,706**	-
Settlement of pre-existing relationship	**252,783**	-
Goodwill acquired in RTO	**29,714**	-
Issuance of shares for the settlement of debt	**1,486,034**	-

(Expressed in Canadian dollars, except share and amounts)

22. Segmented disclosure

For management purposes, the Company is organized in business units based on its products and services, and has five reportable segments, as follows: Film Distribution, Film Production, Television, Intellectual Property and Administration.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purposes of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the performance of Positivor, the Company's joint venture is evaluated separately. Also, the Company's financing and income taxes are managed on a Company basis and are not allocated to operating segments.

	Film Distribution	**Film Production**	**Television**	**Intellectual Property**	**Administration**	**Total**
	$	$	$	$	$	$
Revenue	**4,912,564**	**905,393**	**7,099,183**	**688,046**	**304,315**	**13,889,501**
Expenses						
Direct costs	902,652	13,566	437,994	251,731	405,618	2,011,561
Operating expenses	1,131,865	2,092,270	3,698,917	144,868	608,844	7,748,764
Interest income	-	-	-	-	(315,073)	(315,073)
Interest expense	13,603	1,677	-	242,200	339,066	596,546
Amortization	1,359,730	401,788	763,782	208,703	-	2,734,003
Depreciation	-	-	-	-	26,555	26,555
Impairment	-	321,447	136,615	759,921	-	1,217,983
Pickup of JV loss	-	-	-	167	-	167
Income Tax expense	(83,772)	(11,833)	324,532	-	-	228,927
Net Income (loss)	1,588,486	(1,913,522)	1,737,343	(939,544)	(832,695)	(359,932)

Sales and assets by geographic location

	North America	Europe	**Total**
	$	$	$
Revenue	304,314	13,585,187	13,889,501
Assets	11,507,566	39,694,303	51,201,869

(Expressed in Canadian dollars, except share and amounts)

23. Income taxes

The reconciliation of the UK statutory income tax rates of 19% (2021 – 19%) to the effective tax rate is as follows:

	December 31, 2022	December 31, 2021
Statutory tax rate	**19%**	19%
	$	$
Net Income (Loss) before income taxes	**(131,005)**	5,780,696
Expected income tax expense	**(24,891)**	1,098,332
Difference in foreign tax rates	**57,222**	-
Tax rate changes	**-**	87,655
Share based compensation	**79,183**	-
Non-deductible professional fees	**30,427**	-
Other non-deductible expenses	**45,237**	14,520
Tax to filing adjustments	**(5,405)**	35,954
Others	**(38,125)**	27,674
Change in tax benefits not recognized	**85,279**	-
	228,927	1,264,135

The Company's income tax is allocated as follows:

	December 31, 2022	December 31, 2021
	$	$
Current tax expense	**391,072**	1,256,952
Deferred tax (recovery) expense	**(162,145)**	7,183
	228,927	1,264,135

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at December 31, 2022 and 2021 are comprised of the following:

	December 31, 2022 $	December 31, 2021 $
Deferred tax assets from:		
Provision	**1,605**	-
Non-capital losses carried forward	**1,176,731**	-
Foreign tax credit	**5,980**	-
Deferred tax liabilities from:		
Property and equipment	**(19,246)**	(12,198)
Intangible assets	**(1,323,861)**	(347,911)
Unrealized FX gain or losses	**(18,511)**	-
Net deferred tax liability	**(177,302)**	(360,109)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

(Expressed in Canadian dollars, except share and amounts)

23. Income taxes (continued)

Movement in net deferred tax liabilities:

	December 31, 2022	December 31, 2021
	$	$
Balance, beginning of year	**(359,634)**	(358,101)
Recognized in profit (loss)	**162,145**	(7,181)
Recognized in OCI	**20,470**	5,173
Other	**(283)**	-
Balance, end of year	**(177,302)**	(360,109)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2022	December 31, 2021
	$	$
Property and equipment	**(30,824)**	-
Intangible assets	**981,866**	-
Share issuance costs	**1,012,462**	-
Schedule 13 reserves	**15,666**	-
Non-capital losses carried forward	**2,534,466**	-
Foreign tax credit	**1,603**	-
Other temporary differences	**182**	-
Balance, end of year	**4,515,421**	-

The Canadian unrecognized non-capital loss carry forwards expire as noted below. The Irish net operating loss can be carried forward indefinitely. Share issue and financing costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

	$
2039	1,890,212
2040	212,931
2041	-
2042	128,060
	2,231,203

24. Subsequent events

In January 2023 “Left Behind: Rise of the Antichrist” was delivered to the Company. The film opened in box office on January 26, 2023 and earned USD $3,649,422. The Company’s take of this box office revenue is USD $1,400,000, which will be received in April 2023.

On March 30, 2023, Amcomri Productions entered into a loan agreement with Head Gear to provide funding for the Scrublands project, in the amount of USD$ 1,277,200 to be drawn out over multiple draws, the first which occurred on April 1, 2023, for the amount of USD$ 446,000. The loan bears interest at 1% per month compounding, has a maturity date of fourteen months following the first draw. There is a minimum interest charge of USD$ 78,573, and an arrangement fee of $6,200 that was paid at the date of the agreement. The loan is secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of Amcomri Productions, 101 Films, 101 Films International and Abacus.

25. Subsequent events

Certain prior period figures have been reclassified to conform with the current period presentation.