



Consolidated Financial Statements
(Expressed in Canadian Dollars)

AMCOMRI ENTERTAINMENT INC.

For the period ended March 31, 2023 and 2022

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of Amcomri Entertainment Inc. (“the Company”) for the three months ended March 31, 2023 and March 31, 2022, have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed interim financial statements by an entity’s auditor.

AMCOMRI ENTERTAINMENT INC.CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars, except for share amounts)

As at	Note	March 31, 2023 \$	December 31, 2022 \$
ASSETS			
Cash		1,554,376	3,995,141
Prepaid expenses		1,212,677	707,595
Accounts receivable and other receivables	5	2,402,164	1,521,952
Due from related parties	14	523,979	16,734
Inventory	6	170,882	156,682
Contract assets	9	14,696,179	14,195,673
Production loan receivable	10	5,752,669	5,644,307
		26,312,926	26,238,084
Property and equipment	7	130,772	111,331
Intangible assets	8	29,793,343	24,852,454
Goodwill		29,714	-
TOTAL ASSETS		56,266,755	51,201,869
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities	16	27,062,706	24,778,706
Production loan payable	12	3,915,472	3,843,577
Loans payable	13	7,763,569	7,223,345
Deferred revenue	11	1,891,479	1,633,597
		40,633,226	37,479,225
Loans payable	13	217,226	251,406
Deferred income tax liability		351,237	177,302
Total liabilities		41,201,689	37,907,936
Share capital	15	4,654,419	4,654,419
Share premium	15	1,417,500	1,417,500
Contributed surplus	15	8,269	7,150
Retained Earnings		9,168,503	7,579,257
Accumulated other comprehensive (loss) income		(183,625)	(364,393)
Total shareholders' equity		15,065,066	13,293,933
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		56,266,755	51,201,869

Corporate information and going concern (Note 1)

Investment in joint venture (Note 4)

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.

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

	Note	Three months ended March 31, 2023 \$	Three months ended March 31, 2022 \$
Revenue		5,118,676	4,165,183
Operating expenses:			
Direct operating costs	6	951,177	825,497
Amortization	8	843,056	198,534
Depreciation	7	11,457	-
Advertising and promotion		147,033	37,952
Production loan interest	12	76,490	35,087
Interest expense	13	33,160	44,599
Management fees		15,450	148,819
Office and administrative		126,429	182,261
Professional fees		510,109	1,133,981
Salaries and benefits	14	861,708	508,921
Share-based payment	15	1,119	-
Travel and entertainment		67,792	12,214
Total operating expenses		3,635,980	3,127,865
Operating income		1,482,696	1,037,318
Interest income		114,256	52,250
Listing expense		-	(702)
Foreign exchange gain		2,958	(95,023)
Income (loss) before tax		1,599,910	993,843
Income tax expense		(10,664)	(215,568)
Net income (loss)		1,589,246	778,275
Accumulated other comprehensive income			
Cumulative translation adjustment		180,768	(195,951)
Net and Comprehensive Income (loss)		1,770,014	582,324
Earnings (loss) per share – Basic and diluted	15	0.02	0.01
Weighted average number of shares outstanding – basic and diluted	15	72,712,780	69,219,710

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

AMCOMRI ENTERTAINMENT INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian dollars, except for share amounts)

	Share Capital			Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
	Number of shares ¹	Amount \$	Share Premium \$				
Balance, January 1, 2022	89,216,404	1	1,417,500	-	7,939,189	35,863	9,392,553
Shares issued to settle debt	2,743,077	-	-	-	-	-	-
Share consolidation (25:1)	(88,281,103)	-	-	-	-	-	-
Reverse takeover	66,666,667	2,758,784	-	-	-	-	2,758,784
Shares issued to settle debt	1,981,379	1,486,034	-	-	-	-	1,486,034
Share-based payments	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
Balance, December 31, 2022	73,606,424	4,654,419	1,417,500	7,150	7,579,257	(364,393)	13,293,933
Share-based payments (Note 15 (b))	-	-	-	1,119	-	-	1,119
Net profit(loss) for the period	-	-	-	-	1,589,246	-	1,589,246
Cumulative translation adjustment	-	-	-	-	-	180,768	180,768
Balance, March 31, 2023	73,606,424	4,654,419	1,417,500	8,269	9,168,503	(183,625)	15,065,066

1 – Comparative 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.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian dollars, except share amounts)

	Three months ended March 31, 2023	Three months ended March 31, 2022
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the period	1,589,246	778,275
Items not affecting cash:		
Amortization (Note 8)	834,056	198,534
Depreciation (Note 7)	11,457	-
Production loan interest expense (Note 12)	211,862	-
Interest expense (Note 13)	132,400	35,063
Interest income (Note 12)	(114,256)	(52,250)
Unrealized foreign exchange gain	(4,145)	22,338
Share based payments (Note 15 (b))	1,119	-
Changes in non-cash working capital items:		
Accounts receivable and other receivables	(839,427)	(327,297)
Prepaid expenses	(482,543)	(176,182)
Inventory	(10,541)	27,996
Contract assets	(248,015)	(1,136,906)
Capitalized library assets with receipt of box office revenues	(1,785,511)	-
Accounts payable and accrued liabilities	1,889,126	92,936
Due from related parties	(497,427)	(251,615)
Deferred revenue	217,706	290,547
Deferred tax liability	165,691	-
Net cash from operating activities	1,070,798	(498,561)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment (Note 7)	(18,840)	(3,092)
Purchase of intangible assets (Note 8)	(4,088,148)	-
Net cash used in investing activities	(4,106,988)	(3,092)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Cash provided on loans receivable (Note 10)	-	(253,600)
Cash received on loans payable (Note 13)	1,686,946	305,667
Repayment of loans payable	(1,582,116)	-
Elimination of investment	-	5,659
Net cash provided by (used in) financing activities	104,830	57,726
Effect of exchange rate changes on cash	490,595	(55,796)
Change in cash during the period	(2,440,765)	(499,726)
Cash, beginning of period	3,995,141	1,906,627
Cash, end of period	1,554,376	1,406,901

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

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, except share amounts)

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.

2. Summary of significant accounting policies

(a) Statement of compliance

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee on May 15, 2023. These condensed interim consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022. Accordingly, accounting policies, estimates, and judgements applied are the same as those applied in the Company’s consolidated financial statements for the year ended December 31, 2022, unless otherwise indicated. The Company assesses its accounting estimates and judgements every reporting period.

(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

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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.

(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 March 31, 2023 and December 31, 2022 include the following:

Entity	Operating/ Inactive	Jurisdiction of incorporation	Control Acquired During the Year	Percentage owned	
				March 31, 2023	December 31, 2022
Trinity Pictures Distribution Limited (i)	Operating	United Kingdom	No	100%	100%
101 Films Limited. (i)	Operating	United Kingdom	No	100%	100%
101 Films International Limited. (i)	Operating	United Kingdom	No	100%	100%
Abacus Media Rights Limited	Operating	United Kingdom	No	100%	100%
Amcomri (i)Productions Limited (formerly Silentpoint Limited)	Operating	Republic of Ireland	Yes	100%	100%
Elwood Plains Limited(i)	Inactive	United Kingdom	No	100%	100%
Hollywood Classics International Limited (i)	Operating	United Kingdom	No	100%	100%
Devil Lies Beneath Limited (i)	Inactive	United Kingdom	No	100%	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%	100%
Amcomri Canada Sales Limited	Operating	Canada	No	100%	100%

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

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

(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

3. Significant accounting judgements and estimates

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies disclosed in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2022.

In preparing these condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the applicability of the Company's accounting policies. In preparing these condensed interim consolidated financial statements, the significant estimates and critical judgments were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2022.

4. 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	-
Balance, March 31, 2023	-

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

Summarized financial information for Positivor Limited is set out below:

	March 31, 2023
Statement of financial position	\$
Current assets	484,940
Non-current assets	4,842,044
Current liabilities	1,146,037
Non-current liabilities	4,289,393
Statement of comprehensive loss	
Revenue	95,014
Expenses	(306,792)
Joint venture net loss	(211,778)
Company's share of loss from joint venture	(127,067)

The Company's share of the losses in the joint venture, was \$127,067 for the 3 months ended March 31, 2023. Losses are only recorded up to the value of the investment, therefore no amount was recorded. As of March 31, 2023, there are \$127,544 of the Company's unrecorded losses related to the joint venture.

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.

5. Accounts receivable and other receivables

	March 31, 2023	December 31, 2022
	\$	\$
Trade receivables	2,338,332	1,497,502
GST receivable	59,939	22,486
Other receivables	3,893	1,964
	2,402,164	1,521,952

6. Inventory

The Company's inventory is comprised of:

	March 31, 2023	December 31, 2022
	\$	\$
Finished goods and goods for resale	170,882	156,682

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

During the period ended March 31, 2023, inventory expensed to direct operating costs was \$119,658 (3 month ended March 31, 2022 – \$305,650).

7. Property and equipment

	Office equipment	Computers	Stand Build	Total
	\$	\$		\$
Cost:				
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
Additions	9,642	18,477	-	28,118
Foreign currency translation	1,579	2,066	933	4,576
Balance, March 31, 2023	74,503	98,359	43,071	215,933
Accumulated Depreciation:				
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
Depreciation expense	3,959	4,968	2,536	11,462
Foreign currency translation	665	1,003	126	1,803
Balance, March 31, 2023	31,378	47,572	6,213	85,162
Net book value:				
December 31, 2022	36,528	36,216	38,587	111,331
March 31, 2023	43,125	50,787	36,859	130,772

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

8. Intangible assets

	Goodwill	Film distribution rights	Total
	\$	\$	\$
Cost:			
Balance, December 31, 2021	-	15,546,538	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	-	(408,461)	(408,461)
Balance, December 31, 2022	29,714	34,103,167	34,132,881
Additions	-	5,785,835	5,785,835
Interest capitalized	-	87,824	87,824
Derecognition	-	-	-
Foreign currency translation	-	733,730	733,730
Balance, March 31, 2023	29,714	40,622,732	40,652,446
Accumulated Amortization:			
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
Amortization	-	1,319,177	1,319,177
Foreign currency translation	-	229,786	229,786
Balance, March 31, 2023	-	10,829,389	10,829,389
Net book value:			
December 31, 2022	29,714	24,822,740	24,852,454
March 31, 2023	29,714	29,793,343	29,823,057

During the period ended March 31, 2023, the Company recognized \$107,453 of intangible asset amortization in cost of sales.

Impairment- Trinity Entities

The Company reviews the carrying value of its intangibles at each reporting period for indicators of impairment. As at March 31, 2023, there were no such indicators.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

9. 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, 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
Payments received	(544,861)
Contract assets recognized	728,308
Foreign currency translation	317,059
March 31, 2023	14,696,179

10. 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
Interest	114,356
Foreign exchange gain	5,994
Balance, March 31, 2023	5,752,669

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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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

11. Deferred revenue

	\$
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
Additions	480,575
Revenue recognized	(262,869)
Foreign currency translation	40,175
March 31, 2023	1,891,479

12. 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
Interest	76,490
Foreign exchange	(4,595)
Balance, March 31, 2023	3,915,472

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 10).

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. During the year ended December 31, 2022 the loan was extended and the Company paid \$253,600 in extension fees for the loan.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

13. Loans payable

		\$
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
Additions		1,185,484
Repayments		(983,743)
Interest expense		158,130
Capitalized interest		118,050
Foreign exchange gain		282,893
Balance, March 31, 2023		7,980,795
	March 31, 2023	December 31, 2022
	\$	\$
Current		7,763,569
Non-current		217,226

(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
Repayment	(237,151)
Interest expense	5,169
Balance March 31, 2023	103,294

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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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
Additions	534,677
Interest expense	85,183
Foreign exchange	6,054
Balance, March 31, 2023	1,038,938

The Company entered into a loan facility with Oranmore where Oranmore agreed to provide up to US\$750,000. During the year ended December 31, 2022, \$US 320,000 was drawn (CAD \$407,340). During March 31, 2023, and additional 534,677 was drawn. 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.

(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
Repayment	(4,372)
Interest expense	322
Foreign exchange	1,192
Balance, March 31, 2023	54,554

Hollywood Classics International Limited has an unsecured facility of \$54,554, (December 31, 2022 - \$57,412) 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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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
Repayment	(36,954)
Interest expense	3,472
Foreign exchange	2,896
Balance March 31, 2023	162,675

101 Films Limited has an outstanding loan of \$162,675 (December 31, 2022 - \$193,261) 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.

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
Repayment	(311,096)
Capitalized interest	43,923
Foreign exchange	35,420
Balance March 31, 2023	1,598,493

101 Films International Limited has loans of \$1,598,493 (December 31, 2022 - \$2,085,019) 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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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
Capitalized interest	38,135
Foreign exchange	31,008
Balance March 31, 2023	1,440,293

Abacus Media Rights Limited has an outstanding loan of \$1,440,293 (December 31, 2022 - \$1,371,150) 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
Additions	650,807
Repayment	(394,169)
Interest expense	63,984
Capitalized interest	35,992
Foreign exchange	206,290
Balance March 31, 2023	3,582,515

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 \$394,169 and incurred \$63,984 in interest during the three months ended March 31, 2023. As at March 31, 2023, \$1,756,274 was outstanding.

During the year ended December 31, 2022, 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 \$17,946 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023. As at March 31, 2023, \$668,104 was outstanding.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

During the year ended December 31, 2022, 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 \$10,922 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023. As at March 31, 2023, \$287,921 was outstanding.

During the year ended December 31, 2022, 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 \$7,125 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023. As at March 31, 2023, \$255,392 was outstanding.

During the period ended March 31, 2023, Amcomri Productions entered into a loan for the total amount of \$USD 1,277,200. As of March 31, 2023, \$601,536 had been drawn on the loan. The maturity date is May 30, 2024 (fourteen months after the first draw on the loan, which was taken on March 31, 2023). 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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

14. 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:

	March 31, 2023	December 31, 2022
	\$	\$
Due from related party	529,108	16,734
Due to related party ⁽ⁱ⁾	5,129	169,302
Short term loans (Note 16)	1,142,232	748,300
Production loan receivable (Note 10)	7,114,364	5,644,307
Production loan payable (Note 15)	3,915,472	3,843,577

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

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

	March 31, 2023	December 31, 2022
	\$	\$
Salaries and benefits	264,405	507,103
Consulting fees	15,450	475,817
Share based payments	1,119	416,750
Interest income from related party	138,904	315,343
Interest expense to related party	166,842	276,688

15. Share capital

- (a) Authorized share capital:

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

Issuance of common shares:

- (i) Transactions from January 1, 2023 to March 31, 2023*

None

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

(ii) 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.

(iii) 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)

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.

(a) 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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

As at March 31, 2023, 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

(b) *Options (continued):*

The stock option activities are as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2022	100,000	\$ 1.15
Granted		
Balance, March 31, 2023		

The fair values of the options granted during the year ended March 31, 2023 and 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 \$1,119 for the three months ended March 31, 2023 (3 months ended March 31, 2022 – \$nil). The expense has been charged to the consolidated statements of income and comprehensive loss.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

(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, 2022	36,923	\$ 6.25
Balance, March 31, 2023	36,923	\$ 6.25

16. 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.

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

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

approximate the amount recorded on the consolidated statement of financial position of \$9,516,528 as at March 31, 2023 (December 31, 2022 - \$7,166,259).

As at March 31, 2023, the Company's receivables are as follows:

Accounts receivable and other receivables	Current	30	60	90	90+	Total
	\$	\$	\$	\$	\$	\$
March 31, 2023	356,973	55,498	271,709	36,487	1,681,497	2,402,164
December 31, 2022	373,334	122,403	564,884	56,677	404,654	1,521,952

(ii) Liquidity risk

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

	March 31, 2023	December 31, 2022
	\$	\$
Trade payables	7,399,485	4,339,328
Accrued liabilities	18,504,942	17,394,704
VAT payable	32,482	62,000
Income tax payable	-	909,929
Other payables	1,125,797	2,072,745
	27,062,706	24,778,706

As at March 31, 2023, 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	27,062,706	27,062,706	-
Production loan payable	3,915,472	3,915,472	-
Loans payable	7,980,795	7,763,569	217,226

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at March 31, 2023, the Company had negative working capital of \$12,926,514 (December 31, 2022 - \$11,241,141).

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

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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.

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

(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 period ended March 31, 2023 if the prime rate fluctuated up or down from what it was over the course of the period.

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

17. Capital management

As at March 31, 2023, the capital structure of the Company consisted of \$26,961,333 (December 31, 2022 - \$24,612,264) 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.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

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.

18. 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	1,399,007	2,539,820	893,938	285,911	-	5,118,676
Expenses						
Direct costs	329,094	679,714	(171,271)	251,731	8,869	951,178
Operating expenses	287,330	398,385	1,348,481	144,868	(517,143)	1,726,682
Interest income	-	-	(169,887)	(64,614)	(114,256)	(348,757)
Interest expense	22,405	314,637	-	-	7,108	344,150
Amortization	249,641	87,690	303,642	193,084	-	834,057
Depreciation	463	931	7,831	61	2,171	11,457
Income Tax expense	103,171	(39,008)	(35,498)	-	(18,002)	10,662
Net Income (loss)	406,903	1,097,471	(389,360)	(157,021)	631,253	1,589,246

Sales and assets by geographic location

	North America	Europe	Total
	\$	\$	\$
Revenue	2,036,188	3,082,488	5,118,676
Assets	12,419,538	43,847,217	56,266,755

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the 3 months ended March 31, 2023 and 2022

(Expressed in Canadian dollars, except share and amounts)

19. Comparative figures

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