



Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

AMCOMRI ENTERTAINMENT INC.

For the three and six months ended June 30, 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 and six months ended June 30, 2023 and June 30, 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 INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited - Expressed in Canadian dollars, except for share amounts)

As at	Note	June 30, 2023 \$	December 31, 2022 \$
ASSETS			
Cash		1,121,431	3,995,141
Prepaid expenses	5	4,030,462	707,595
Accounts receivable and other receivables	6	2,699,953	1,521,952
Due from related parties	15	-	16,734
Inventory	7	164,568	156,682
Contract assets	10	16,933,809	14,195,673
Production loan receivable	11	3,555,649	5,644,307
		28,505,872	26,238,084
Property and equipment	8	131,012	111,331
Intangible assets	9	32,486,444	24,691,778
Goodwill	9	163,904	160,676
TOTAL ASSETS		61,287,232	51,201,869
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities	17	29,582,219	24,778,706
Production loan payable	13	2,564,709	3,843,577
Loans payable	14	6,996,691	7,223,345
Deferred revenue	12	4,777,311	1,633,597
Due to related parties	15	20,150	-
		43,941,080	37,479,225
Loans payable	14	178,138	251,406
Deferred income tax liability		360,736	177,302
Total liabilities		44,479,954	37,907,936
Share capital	16	4,654,419	4,654,419
Share premium	16	1,417,500	1,417,500
Contributed surplus	16	14,955	7,150
Retained Earnings		10,701,658	7,579,257
Accumulated other comprehensive (loss) income		18,746	(364,393)
Total shareholders' equity		16,807,278	13,293,933
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		61,287,232	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)

		Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	Note		\$		
Revenue		7,513,160	3,564,563	12,631,836	7,729,746
Operating expenses:					
Direct operating costs	7	866,395	264,850	1,817,572	1,090,347
Amortization	9	1,729,828	521,292	2,563,884	719,826
Depreciation	8	13,770	-	25,227	-
Advertising and promotion		240,661	233,307	387,694	271,259
Production loan interest	13	50,297	-	126,787	
Interest expense	14	501,817	245,948	534,977	325,634
Management fees		15,800	-	31,250	148,819
Office and administrative		248,735	24,362	375,164	206,623
Professional fees		828,053	177,733	1,338,162	1,311,714
Salaries and benefits	15	1,107,663	650,763	1,969,371	1,159,684
Share-based payment	16	6,686	4,740	7,805	4,740
Bad Debt		-	2,784	-	2,784
Travel and entertainment		41,238	45,717	109,030	57,931
Total operating expenses		5,650,943	2,171,496	9,286,923	5,299,361
Operating income		1,862,217	1,393,067	3,344,913	2,430,385
Interest income	11	123,545	119,838	237,801	171,386
Impairment of film distribution rights	9	(257,559)	-	(257,559)	-
Foreign exchange gain		(55,647)	74,596	(52,689)	(20,247)
Income (loss) before tax		1,672,556	1,587,501	3,272,466	2,581,524
Income tax expense		(139,401)	(324,327)	(150,065)	(539,895)
Net income (loss)		1,533,155	1,263,174	3,122,401	2,041,629
Accumulated other comprehensive income					
Cumulative translation adjustment		202,371	(738,135)	383,139	(933,956)
Net and Comprehensive Income (loss)		1,735,526	525,039	3,505,540	1,107,673
Earnings (loss) per share – Basic and diluted	16	0.02	0.02	0.04	0.03
Weighted average number of shares outstanding – basic and diluted	16	73,606,424	72,326,424	73,606,424	72,137,766

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 16 (b) and Note 16 (d))	-	-	-	7,805	-	-	7,805
Net profit(loss) for the period	-	-	-	-	3,122,401	-	3,122,401
Cumulative translation adjustment	-	-	-	-	-	383,139	383,139
Balance, June 30, 2023	73,606,424	4,654,419	1,417,500	14,955	10,701,658	18,746	16,807,278

1 – Comparative number of shares restated to show historical share transactions of the Company, dollar values are historical values of Trinity

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)

	Six months ended June 30, 2023	Six months ended June 30, 2022
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income (loss) for the period	3,122,401	2,041,449
Items not affecting cash:		
Amortization (Note 9)	2,563,884	-
Depreciation (Note 8)	25,227	719,826
Production loan interest expense (Note 13)	126,787	-
Interest expense (Note 14)	268,065	298,066
Interest income (Note 11)	(237,801)	(137,856)
Unrealized foreign exchange gain	83,725	47,793
Share based payments (Note 16 (b) and Note 16 (d))	7,805	4,740
Impairment of film distribution rights (Note 9)	257,559	-
Changes in non-cash working capital items:		
Accounts receivable and other receivables	(1,142,348)	(1,024,427)
Prepaid expenses	(3,275,907)	(1,664,499)
Inventory	(3,986)	89,147
Accrued Income	(2,365,869)	(4,337,559)
Capitalized library assets with receipt of box office revenues (Note 9)	(3,811,284)	-
Accounts payable and accrued liabilities	4,366,227	8,277,579
Due from related parties	37,072	(68,589)
Deferred revenue	3,074,382	754,553
Deferred tax liability	176,177	-
Net cash from operating activities	3,272,116	5,000,223
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment (Note 8)	(41,999)	(7,032)
Purchase of intangible assets (Note 9)	(5,951,881)	(5,883,757)
Proceeds from loan receivable (Note 11)	2,198,831	-
Net cash used in investing activities	(3,795,049)	(5,890,789)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Cash provided on loans receivable (Note 11)	-	(364,368)
Cash received on loans payable (Note 14)	1,859,190	3,499,834
Repayment of loans payable (Note 14)	(4,243,201)	7,417
Issuance of Shares for settlement of Debt	-	(46,154)
Net cash from (used in) financing activities	(2,384,011)	3,096,729
Effect of exchange rate changes on cash	33,234	(806,417)
Change in cash during the period	(2,873,710)	1,399,746
Cash, beginning of period	3,995,141	1,906,627
Cash, end of period	1,121,431	3,306,373

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

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022

(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 CBOE Canada Exchange (the “CBOE”). 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, 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 CBOE, 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 August 14, 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.

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

(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.

(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 June 30, 2023, and December 31, 2022 include the following:

Entity	Operating/ Inactive	Jurisdiction of incorporation	Percentage owned	
			June 30, 2023	December 31, 2022
Trinity Pictures Distribution Limited ⁽ⁱ⁾	Operating	United Kingdom	100%	100%
101 Films Limited ⁽ⁱ⁾	Operating	United Kingdom	100%	100%
101 Films International Limited ⁽ⁱ⁾	Operating	United Kingdom	100%	100%
Abacus Media Rights Limited	Operating	United Kingdom	100%	100%
Amcomri Productions Limited (formerly Silentpoint Limited) ⁽ⁱ⁾	Operating	Republic of Ireland	100%	100%
Elwood Plains Limited ⁽ⁱ⁾	Inactive	United Kingdom	100%	100%
Hollywood Classics International Limited ⁽ⁱ⁾	Operating	United Kingdom	100%	100%
Devil Lies Beneath Limited ⁽ⁱ⁾	Inactive	United Kingdom	100%	100%
Agatha Media Corp.	Inactive	Canada	100%	100%
Impossible Dream Entertainment Inc.	Inactive	Canada	100%	100%
Appreciated Media Global Limited	Inactive	British Virgin Islands	100%	100%
Amcomri Canada Sales Limited	Operating	Canada	100%	100%

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

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

For the three and six months ended June 30, 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 4

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 June 30, 2023 is as follows:

	\$
Share purchase cost	167
Share of loss	(167)
Balance, December 31, 2022	-
Balance, June 30, 2023	-

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

Summarized financial information for Positivor Limited is set out below:

	June 30, 2023
Statement of financial position	\$
Current assets	718,542
Non-current assets	4,515,243
Current liabilities	1,101,808
Non-current liabilities	4,236,155
Statement of comprehensive loss	
Revenue	344,587
Expenses	(448,114)
Joint venture net loss	(103,526)
Company's share of loss from joint venture	(62,116)

The Company's share of the losses in the joint venture, was \$62,116 for the 6 months ended June 30, 2023. Losses are only recorded up to the value of the investment, therefore no amount was recorded. As of June 30, 2023, there are \$62,586 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 (US\$3,700,000). Positivor obtained a Loan from Head Gear Films FN Ltd. for the amount of \$4,800,000 (US\$3,700,000) 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 Limited as well as a charge over the bank account into which sums are deposited from the exploitation of the library.

5. Prepaid expenses

	General and admin expenses	Royalty prepayments	Total
	\$	\$	\$
Balance, December 31, 2022	39,369	668,226	707,595
Additions	302,941	3,109,287	3,412,228
Amortization	(89,361)	-	(89,361)
Balance, June 30, 2023	252,949	3,777,513	4,030,462

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

6. Accounts receivable and other receivables

	June 30, 2023	December 31, 2022
	\$	\$
Trade receivables	2,639,886	1,497,502
GST receivable	22,799	22,486
Other receivables	37,268	1,964
	2,699,953	1,521,952

7. Inventory

The Company's inventory is comprised of:

	June 30, 2023	December 31, 2022
	\$	\$
Finished goods and goods for resale	164,568	156,682

During the six months ended June 30, 2023, inventory expensed to direct operating costs was \$137,656 (6 months ended June 30, 2022 – \$129,679).

8. 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	13,959	28,040	-	41,999
Foreign currency translation	1,692	2,183	1,041	4,916
Balance, June 30, 2023	78,933	108,040	43,179	230,152
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	8,424	9,729	7,074	25,227
Foreign currency translation	744	1,109	154	2,007
Balance, June 30, 2023	35,922	52,439	10,779	99,140
Net book value:				
December 31, 2022	36,529	36,215	38,588	111,331
Balance, June 30, 2023	43,011	55,601	32,400	131,012

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

9. Intangible assets

	Goodwill	Film distribution rights	Total
	\$	\$	\$
Cost:			
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
Additions	-	9,763,165	9,763,165
Interest capitalized	-	313,278	313,278
Derecognition	-	-	-
Foreign currency translation	3,227	790,856	794,083
Balance, June 30, 2023	163,904	44,839,504	45,003,408
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	-	2,563,884	2,563,884
Impairment	-	257,559	257,559
Foreign currency translation	-	251,190	251,190
Balance, June 30, 2023	-	12,353,060	12,353,060
Net book value:			
December 31, 2022	160,677	24,691,778	24,852,454
Balance, June 30, 2023	163,904	32,486,444	32,650,348

Impairment- Trinity Entities

The Company reviews the carrying value of its intangibles at each reporting period for indicators of impairment. As at June 30, 2023, 257,559 was impaired related to dated film titles for which the carrying value was higher than future projected income related to those titles.

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

10. 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	(963,970)
Contract assets recognized	3,329,839
Foreign currency translation	372,267
June 30, 2023	16,933,809

11. Production loan receivable

	\$
Balance, December 31, 2021	-
Acquired on RTO	4,825,805
Additions	256,521
Interest	315,343
Payments	(103,493)
Foreign currency translation	350,131
Balance, December 31, 2022	5,644,307
Interest	237,631
Repayment	(2,198,831)
Foreign currency translation	(127,458)
Balance, June 30, 2023	3,555,649

The Company acquired a production loan as part of the RTO (the “Bow River Facility”). 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).

The 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. 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.

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

For the three and six months ended June 30, 2023, and 2022

(Expressed in Canadian dollars, except share and amounts)

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.

On 19 July 2022, the Company entered into the variation letter which provided that Bow River would extend the term of the Bow River Facility until March 31, 2023, in consideration of the payment of an additional fee of \$150,000 (which amount is payable in respect of the prior extension to 31 March 2023) and, in the event the Bow River Facility was not repaid on or before 31 March 2023, on payment of an additional fee of \$150,000 (which fee has been waived by the Bow River), the Company could apply to extend the term of the Loan.

On March 31, 2023 the balance of the Bow River Facility remained outstanding and Bow River agreed to waive the requirement for the Company to pay an additional \$150,000 for the extension of the Bow River Facility and to amend the terms of the Bow River Facility to provide that the term of the Bow River Facility be extended until 31 March 2024 and that the existing balance would bear interest from 31 March 2023 until the date of repayment at a fixed rate of 8% per annum.

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

12. 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	4,495,710
Revenue recognized	(1,421,328)
Foreign currency translation	69,332
June 30, 2023	4,777,311

13. 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 currency translation	242,393
Balance December 31, 2022	3,843,577
Interest	126,787
Payments	(1,348,362)
Foreign currency translation	(57,293)
Balance, June 30, 2023	2,564,709

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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 11).

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 to March 31, 2023 and the Company paid \$253,600 in extension fess for the loan. During the six months ended June 30, 2023, the Company began to repay the loan with \$1,348,362 of repayments made. The loan was extended to March 31, 2024 and the Company paid \$202,137 in extension fees for the loan. Upon extension, interest accrues on the principal amount of the loan at a rate of 8% per annum.

14. 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 currency translation		(93,883)
Balance, December 31, 2022		7,474,754
Additions		1,859,190
Repayments		(2,894,839)
Interest expense		266,173
Capitalized interest		293,304
Foreign currency translation		176,247
Balance, June 30, 2023		7,174,829
		December 31,
	June 30, 2023	2022
		\$
Current	6,996,691	7,223,345
Non-current	178,138	251,409

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(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	(50,000)
Interest expense	13,303
Balance June 30, 2023	298,579

Assumed in the RTO was short-term loans from totalling to \$2,121,344. 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 currency translation	756
Balance, December 31, 2022	413,024
Additions	534,677
Repayment	(1,082,209)
Interest expense	119,223
Foreign currency translation	15,285
Balance, June 30, 2023	-

The Company entered into a loan facility with Oranmore Limited where Oranmore Limited agreed to provide up to US\$750,000. During the year ended December 31, 2022, US\$320,000 (CAD \$407,340) was drawn. During the six months ended June 30, 2023, an additional US\$400,000 (CAD \$534,677) was drawn, \$119,223 in interest was accrued, and the loan was repaid in full.

(iii) Subsidiary Loans

a. Hollywood Classics

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	\$
Balance, December 31, 2021	75,115
Repayment	(15,688)
Interest expense	1,677
Foreign currency translation	(3,692)
Balance December 31, 2022	57,412
Repayment	(9,409)
Interest expense	669
Foreign currency translation	1,332
Balance, June 30, 2023	50,004

Hollywood Classics International Limited has an unsecured facility of \$50,004, (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.

b. 101 Films Limited

	\$
Balance, December 31, 2021	471,092
Repayment	(301,561)
Interest expense	13,603
Capitalized interest	36,333
Foreign currency translation	(26,206)
Balance December 31, 2022	193,261
Repayment	(75,901)
Interest expense	6,665
Foreign currency translation	4,109
Balance June 30, 2023	128,134

101 Films Limited has an outstanding loan of \$128,134 (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 currency translation	20,113
Balance December 31, 2022	2,085,019
Repayment	(314,752)
Capitalized interest	105,939
Foreign currency translation	40,177
Balance June 30, 2023	1,916,383

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101 Films International Limited has loans of \$1,916,383 (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.

d. Abacus Media Rights Limited

	\$
Balance, December 31, 2021	605,945
Additions	1,261,256
Repayment	(684,782)
Capitalized interest	202,001
Foreign currency translation	(13,270)
Balance December 31, 2022	1,371,150
Repayment	(166,167)
Capitalized interest	75,956
Foreign currency translation	32,944
Balance June 30, 2023	1,313,883

Abacus Media Rights Limited has an outstanding loan of \$1,313,883 (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 currency translation	(70,074)
Balance December 31, 2022	3,019,611
Additions	1,324,513
Repayment	(1,196,401)
Interest expense	126,313
Capitalized interest	111,409
Foreign currency translation	82,401
Balance June 30, 2023	3,467,844

To finance the Flame Media's asset purchase, 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 \$864,068 and incurred \$126,313 in interest during the six months ended June 30, 2023. As at June 30, 2023, \$1,260,842 was outstanding.

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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 June 30, 2023, \$348,363 was outstanding.

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 \$29,788 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023. As at June 30, 2023, \$307,556 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 \$12,044 was accrued on the loan and capitalized to intangible assets. The loan is expected to be repaid beginning November 2023. As at June 30, 2023, \$263,388 was outstanding.

During the six months ended June 30, 2023, Amcomri Productions entered into a loan for the total amount of US\$1,277,200. As of June 30, 2023, US\$946,000 (CAD \$1,274,663) 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.

15. 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:

	June 30, 2023	December 31, 2022
	\$	\$
Due from related party	-	16,734
Due to related party ⁽ⁱ⁾	20,150	-
Accounts payable	356,637	169,302
Short term loans (Note 14)	298,579	748,300
Production loan receivable (Note 11)	3,555,649	5,644,307
Production loan payable (Note 13)	2,564,709	3,843,577

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

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

For the six months ended	June 30, 2023	June 30, 2022
	\$	\$
Salaries and benefits	373,210	131,878
Consulting fees	161,987	335,892
Share based payments	7,805	-
Interest income from related party	237,631	-
Interest expense to related party	259,312	117,409

16. 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 June 30, 2023*

None

- (ii) *Transactions from January 1, 2022 to the RTO on January 7, 2022*

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 16 (c)).

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 common shares were issued to Trinity shareholders for the RTO. \$2,758,784 was ascribed to these shares.

1,981,379 post-consolidation common shares at a price of \$0.75 to settle \$1,486,034 of debt. (See also Note 14).

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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.

(b) Options:

The Company has adopted an incentive stock option plan in accordance with the policies of the CBOE 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 CBOE. The foregoing summary is subject to and qualified by the provisions of the Stock Option Plan available on the Company's SEDAR profile.

As at June 30, 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

The stock option activities are as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2022	100,000	\$ 1.15
Balance, June 30, 2023	100,000	\$ 1.15

The fair values of the options granted during the six months ended June 30, 2023 and year ended December 31, 2022, were determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

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	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 \$1,625 for the six months ended June 30, 2023 (6 months ended June 30, 2022 – \$4,740). The expense has been charged to the consolidated statements of income and comprehensive loss.

(c) *Warrants:*

As described above in Note 16 (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.

The warrants activity is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2022	36,923	6.25
Expired	(36,923)	
Balance, June 30, 2023	-	-

(d) Restricted Share Units (“RSU”)

On June 8, 2023, the Company issued 500,000 RSUs of the Company to the Chief Executive Officer of the Company pursuant to the Company’s omnibus equity incentive plan. The RSUs will vest in three equal installments on each of September 30, 2023, 2024 and 2025 and will entitle the CEO to acquire up to 500,000 common shares in the capital of Amcomri or the cash equivalent of such shares, once vested.

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Vesting date	Number of options exercisable
September 30, 2023	166,667
September 30, 2024	166,667
September 30, 2025	166,667
	500,000

The fair values of the RSUs granted during the six months ended June 30, 2023 were determined on the date of the grant using the following assumptions:

As of Grant Date	June 8, 2023
Closing market price	\$0.14
Value of the RSUs	70,000

During the six months ended June 30, 2023, \$6,180 of expense was recognized as share-based payment.

17. 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.

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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 \$7,377,033 as at June 30, 2023 (December 31, 2022 - \$7,166,259).

As at June 30, 2023, the Company's receivables are as follows:

Accounts receivable and other receivables	Current	30	60	90	90+	Total
	\$	\$	\$	\$	\$	\$
June 30, 2023	383,038	30,620	656	31,379	2,254,260	2,699,953
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:

	June 30, 2023	December 31, 2022
	\$	\$
Trade payables	7,311,405	4,339,328
Accrued liabilities	19,029,544	17,394,704
VAT payable	342,590	62,000
Income tax payable	680,774	909,929
Other payables	2,217,906	2,072,745
	29,582,219	24,778,706

As at June 30, 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	29,582,219	29,582,219	-
Production loan payable	2,564,709	2,564,709	-
Loans payable	7,174,829	6,996,691	178,138

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at June 30, 2023, the Company had negative working capital of \$15,435,208 (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

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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.

Sensitivity change in rate	Effect on profit before tax	
	Change in GBP	Change in USD
	\$	\$
+5%	10,345	(8,091)
-5%	(10,345)	8,091

(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 six months ended June 30, 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%	(3,082)
-5%	3,082

18. Capital management

As at June 30, 2023, the capital structure of the Company consisted of \$26,546,816 (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. 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.

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19. 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 decisions 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	2,200,005	5,460,646	3,788,395	1,182,790	-	12,631,836
Expenses						
Direct costs	718,237	1,234,974	(423,402)	277,203	10,560	1,817,572
Operating expenses	593,444	797,975	2,356,964	478,175	44,607	4,271,165
Interest income	-	-	(241,979)	-	(237,801)	(479,780)
Interest expense	41,906	488,676	-	343,412	29,749	903,743
Amortization	498,501	683,829	880,285	501,269	-	2,563,884
Depreciation	1,140	1,894	15,575	646	5,972	25,227
Impairment	-	-	157,859	99,700	-	257,559
Income Tax expense	109,652	(115,873)	174,498	-	(18,212)	150,065
Net Income (loss)	237,125	2,369,171	868,595	(517,615)	165,125	3,122,401

Sales and assets by geographic location

	North America	Europe	Total
	\$	\$	\$
Revenue	4,599,534	8,032,302	12,631,836
Assets	12,018,556	49,268,676	61,287,232

20. Comparative figures

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