# ADSL HOLDINGS INC.

(formerly Amcomri Entertainment Inc.)

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

For the three and nine months ended September 30, 2024 and 2023

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

The accompanying unaudited condensed interim consolidated financial statements of ADSL Holdings Inc. (the "Company") for the three and nine months ended September 30, 2024 and 2023 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.

**ADSL HOLDINGS INC.**
(formerly Amcomri Entertainment Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian dollars, except for share amounts)

| As at | Note | **September 30, 2024** $ | December 31, 2023 $ |
|---|---|---|---|
| **ASSETS** | | | |
| Cash | | **6,341,337** | 2,479,292 |
| Prepaid expenses and deferred costs | 7 | **48,264** | 2,054,927 |
| Accounts receivable and other receivables | 8 | **1,657,139** | 716,649 |
| Inventory | 9 | **-** | 170,003 |
| Contract assets | 12 | **-** | 11,602,630 |
| Assets held for sale | 5 | **-** | 740,170 |
| | | **8,046,740** | 17,763,671 |
| Equipment | 10 | **33,432** | 111,736 |
| Intangible assets | 11 | **-** | 31,497,405 |
| Goodwill | 11 | **-** | 134,907 |
| **TOTAL ASSETS** | | **8,080,172** | 49,507,719 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Accounts payable and accrued liabilities | 17, 19 | **2,978,653** | 22,229,274 |
| Production loan payable | 15, 17 | **-** | 2,160,947 |
| Loans payable | 16, 17 | **-** | 11,193,598 |
| Deferred revenue | 14 | **-** | 2,238,729 |
| Due to related parties | 17 | **3,193** | 94,714 |
| Liabilities held for sale | 5 | **-** | 1,649,190 |
| | | **2,981,846** | 39,566,452 |
| Loans payable | 16 | **-** | 988,232 |
| Deferred income tax liability | | **283,280** | 197,705 |
| Total liabilities | | **3,265,126** | 40,752,389 |
| Share capital | 18 | **4,654,419** | 4,654,419 |
| Share premium | 18 | **1,417,500** | 1,417,500 |
| Contributed surplus | 18 | **40,820** | 77,621 |
| (Accumulated deficit) retained earnings | | **(2,506,397)** | 2,592,933 |
| Accumulated other comprehensive income | | **1,208,704** | 12,857 |
| Total shareholders' equity | | **4,815,046** | 8,755,330 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **8,080,172** | 49,507,719 |

Corporate information (Note 1)
Discontinued operations and disposal groups held for sale (Note 5)
Investment in joint venture (Note 6)

On behalf of the Board of Directors:

*"Larry Howard"*
Director

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

**ADSL HOLDINGS INC.**
(formerly 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 | | Nine months ended | |
|---|---|---|---|---|---|
| | | **September 30, 2024** | September 30, 2023 | **September 30, 2024** | September 30, 2023 |
| | Note | **$** | $ | **$** | $ |
| Operating expenses: | | | | | |
| Direct operating costs | 9 | **161** | (1,521) | **222** | 9,039 |
| Depreciation | 10 | **5,029** | 4,003 | **14,728** | 9,975 |
| Advertising and promotion | | **76** | 13,323 | **6,952** | 29,920 |
| Production loan interest | 15, 17 | **65,170** | 38,686 | **253,394** | 165,473 |
| Interest expense | 16, 17 | **(186,850)** | 570,762 | **1,263,319** | 1,139,045 |
| Management fees | 17 | **112,044** | 193,750 | **165,744** | 225,000 |
| Office and administrative | | **116,989** | 218,709 | **262,420** | 455,044 |
| Professional fees | 17 | **1,336,483** | (85,083) | **2,036,869** | 127,440 |
| Salaries and benefits | 17 | **1,124,575** | 144,280 | **1,422,091** | 447,748 |
| Share-based payment | 18 | **117,595** | 35,950 | **170,137** | 43,755 |
| Bad debt | | **238,326** | - | **238,326** | - |
| Travel and entertainment | | **10,203** | 79,301 | **47,844** | 132,178 |
| Total operating expenses | | **2,939,801** | 1,212,160 | **5,882,046** | 2,784,617 |
| **Operating loss** | | **(2,939,801)** | (1,212,160) | **(5,882,046)** | (2,784,617) |
| **Other income (expense):** | | | | | |
| Gain on sale of Hollywood Classics | 5 | **-** | - | **961,005** | - |
| Gain on sale of Television Division | 5 | **5,653,895** | - | **5,653,895** | - |
| Foreign exchange loss | | **(27,306)** | (58,412) | **(991,796)** | (17,379) |
| **Net income (loss) before tax** | | **2,686,788** | (1,270,572) | **(258,942)** | (2,801,996) |
| Income tax recovery | | **927,313** | 115,649 | **1,221,083** | 245,918 |
| **Net income (loss) from continuing operations** | | **3,614,101** | (1,154,923) | **962,141** | (2,556,078) |
| Net income (loss) from discontinued operations | 5 | **(6,296,452)** | 3,671,654 | **(6,061,471)** | 5,261,262 |
| **Net income (loss)** | | **(2,682,351)** | 2,516,731 | **(5,099,330)** | 2,705,184 |
| **Accumulated other comprehensive income (loss):** | | | | | |
| Cumulative translation adjustment | | **883,373** | (176,260) | **1,195,847** | 206,879 |
| **Net income (loss) and comprehensive income (loss)** | | **(1,798,978)** | **2,340,471** | **(3,903,483)** | 2,912,063 |
| **Continuing operations** | | | | | |
| – Basic earnings (loss) per share | | **0.049** | (0.016) | **0.013** | (0.035) |
| – Diluted earnings (loss) per share | | **0.049** | (0.016) | **0.013** | (0.035) |
| **Discontinued operations** | | | | | |
| – Basic earnings (loss) per share | | **(0.086)** | 0.050 | **(0.082)** | 0.071 |
| – Diluted earnings (loss) per share | | **(0.086)** | 0.049 | **(0.082)** | 0.071 |
| **Weighted average number of shares outstanding** | | | | | |
| – basic | 23 | 73,606,424 | 73,606,424 | 73,606,424 | 73,606,424 |
| – diluted | 23 | 73,606,424 | 74,743,291 | 73,606,424 | 74,029,837 |

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

## ADSL HOLDINGS INC.

(formerly Amcomri Entertainment Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Expressed in Canadian dollars, except for share amounts)

| | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of shares[1] | Amount $ | Share Premium $ | Contributed Surplus $ | Retained Earnings (Accumulated Deficit) $ | Accumulated Other Comprehensive Income (loss) $ | Total $ |
| **Balance, January 1, 2023** | 73,606,424 | 4,654,419 | 1,417,500 | 7,150 | 7,579,257 | (364,393) | 13,293,933 |
| Share-based payments (Note 18 (b) and Note 18 (d)) | - | - | - | 70,471 | - | - | 70,471 |
| Net loss for the year | - | - | - | - | (4,986,324) | - | (4,986,324) |
| Cumulative translation adjustment | - | - | - | - | - | 377,250 | 377,250 |
| **Balance, December 31, 2023** | 73,606,424 | 4,654,419 | 1,417,500 | 77,621 | 2,592,933 | 12,857 | 8,755,330 |
| | | | | | | | |
| **Balance, January 1, 2024** | 73,606,424 | 4,654,419 | 1,417,500 | 77,621 | 2,592,933 | 12,857 | 8,755,330 |
| Share-based payments (Note 18 (b) and Note 18 (d)) | - | - | - | 170,137 | - | - | 170,137 |
| Cancellation of Options (Note 18(e)) | - | - | - | (159,438) | - | - | (159,438) |
| Cancellation of RSUs (Note 18 (e)) | - | - | - | (47,500) | - | - | (47,500) |
| Net loss for the period | - | - | - | - | (5,099,330) | - | (5,099,330) |
| Cumulative translation adjustment | - | - | - | - | - | 1,195,847 | 1,195,847 |
| **Balance, September 30, 2024** | 73,606,424 | 4,654,419 | 1,417,500 | 40,820 | (2,506,397) | 1,208,704 | 4,815,046 |

*1 – Comparative number of shares restated to show historical share transactions of the Company, dollar values are historical values of Trinity (defined in Note 1)*

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

**ADSL HOLDINGS INC.**
(formerly Amcomri Entertainment Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Expressed in Canadian dollars, except share amounts)

| | **Nine months ended September 30, 2024 $** | Nine months ended September 30, 2023 $ |
|---|---|---|
| **CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES** | | |
| Net income (loss) from continuing operations | **962,141** | (2,556,078) |
| Items not affecting cash: | | |
| Depreciation (Note 10) | **14,728** | 9,975 |
| Production loan interest expense (Note 15) | **253,394** | 165,473 |
| Interest expense (Note 16) | **165,623** | 152,098 |
| Unrealized foreign exchange loss | **188,863** | 19,106 |
| Share based payments (Note 18 (b) and Note 18 (d)) | **170,137** | 43,755 |
| Gain on sale of Hollywood Classics (Note 5) | **(961,005)** | - |
| Gain on sale of Television Division (Note 5) | **(5,653,895)** | - |
| Bad debt | **238,326** | - |
| Changes in non-cash working capital items: | | |
| Accounts receivable and other receivables | **(1,573,270)** | (328,210) |
| Prepaid expenses | **117,774** | (43,994) |
| Inventory | **-** | 1,816 |
| Contract assets | **-** | 217,456 |
| Accounts payable and accrued liabilities | **(436,471)** | 2,305,009 |
| Due from related parties | **936,567** | (301,700) |
| Deferred revenue | **-** | (2,684) |
| Deferred tax liability | **85,575** | 173,463 |
| **Net cash from (used in) continuing operations** | **(5,491,513)** | (144,515) |
| **Net cash from discontinued operations** | **4,820,303** | 8,222,363 |
| | | |
| **CASH FLOWS USED IN INVESTING ACTIVITIES** | | |
| Purchase of equipment (Note 10) | **-** | (28,249) |
| Cash balance in disposed entities | **(632,052)** | - |
| Cash proceeds from sale of Hollywood Classics (Note 5) | **2** | - |
| Cash proceeds from sale of Television Division (Note 5) | **11,827,508** | - |
| **Net cash used in investing activities** | **11,195,458** | (28,249) |
| **Net cash used in discontinued investing activities** | **(5,656,690)** | (10,276,992) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of production loan (Note 15) | **(2,886,909)** | (1,644,059) |
| Cash received on loans payable (Note 16) | **-** | 1,555,242 |
| Repayment of loans payable (Note 16) | **(329,642)** | (1,182,209) |
| **Net cash used in continuing financing activities** | **(3,216,551)** | (1,271,026) |
| **Net cash from (used in) discontinued financing activities** | **1,658,874** | 910,439 |
| | | |
| **Effect of exchange rate changes on cash** | **552,164** | 41,450 |
| **Change in cash during the period** | **3,862,045** | (2,546,530) |
| **Cash, beginning of period** | **2,479,292** | 3,995,141 |
| **Cash, end of period** | **6,341,337** | 1,448,611 |

Supplemental disclosure with respect to cash flows (Note 22)

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

## 1. Corporate information

ADSL Holdings Inc. (formerly Amcomri Entertainment Inc.) (the "Company") trades under the symbol "ADSL" on the CBOE Canada Inc. exchange (the "CBOE").

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

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.

*Sale of Business*

The Company's principal business activities were, through its subsidiaries, the financing, production, selling, and distribution of feature films, feature documentaries, and scripted and unscripted TV series on a global basis. On August 30, 2024, the Company completed the sale of all of its film and television business. Subsequently, the Company has no remaining active operations.

The financial results of the Company's previous film and television business are reflected in discontinued operations. See Note 5 for details.

On October 18, 2024, in connection with certain conditions of the completed sale of its film business (Note 5), the Company changed its name from Amcomri Entertainment Inc. to ADSL Holdings Inc., and its stock symbol on the CBOE changed from "AMEN" to "ADSL".

*Planned Dissolution of the Company*

On August 28, 2024, the shareholders of the Company have approved resolutions to voluntarily delist from the CBOE, to return capital to shareholders, and to dissolve the Company, while also authorizing the board of directors to, without notice to or approval of the shareholders, not proceed with such actions if they are not in the best interests of the Company. See Note 2(b) for further details on the basis of measurement in the preparation of these condensed interim consolidated financial statements.

## 2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee on November 13, 2024. 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, 2023.

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, 2023, unless otherwise indicated. The Company assesses its accounting estimates and judgements every reporting period.

(b) Basis of measurement

As enumerated in Note 1, the Company has completed the disposal of all of its active operations. The Company is subject to trading suspension pursuant to the listing rules of the CBOE, and if trading remains suspended after 150 days, the Company may be automatically delisted. The Company assesses, given these circumstances, it is unlikely to resume or commence any operations. In connection with the sale of all active operations, on August 28, 2024, the shareholders of the Company have also approved resolutions to voluntarily delist from the CBOE, to return capital to shareholders, and to dissolve the Company. The board of directors is empowered to, without notice to or approval of shareholders, elect not to proceed with such actions if they are no longer in the best interests of the Company. No material events have arisen to that effect. The Company accordingly anticipates it will cease operations within the next 12 months.

Accordingly, the condensed interim consolidated financial statements are not prepared on a going concern basis due to its intention to liquidate within the next 12 months. The financial information is prepared under the following basis:

- assets at historical cost convention, unless fair value less costs to sell are lower, except those measured to fair value
- liabilities at historical cost convention, except those measured to fair value
- provisions are made for contracts where commitments exist that became onerous as a result of the Company's expectations that it will cease operations within the next 12 months
- certain financial assets and liabilities are revalued to fair value.

All financial information is presented in Canadian dollars, or as otherwise noted.

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

(c) Principles of consolidation

These condensed interim 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 as at September 30, 2024, and December 31, 2023 include the following:

| | | Percentage owned | |
|---|---|---|---|
| Entity | Jurisdiction of incorporation | September 30, 2024 | December 31, 2023 |
| Trinity Pictures Distribution Limited(i) | United Kingdom | 100% | 100% |
| 101 Films Limited(i), (ii) | United Kingdom | - | 100% |
| 101 Films International Limited(i) | United Kingdom | 100% | 100% |
| Abacus Media Rights Limited(ii) | United Kingdom | - | 100% |
| Amcomri Productions Limited (formerly Silentpoint Limited)(i) | Republic of Ireland | 100% | 100% |
| Elwood Plains Limited(i), (ii) | United Kingdom | - | 100% |
| Hollywood Classics International Limited(i), (ii) | United Kingdom | - | 100% |
| Devil Lies Beneath Limited(i), (ii) | United Kingdom | - | 100% |
| Agatha Media Corp. | Canada | 100% | 100% |
| Impossible Dream Entertainment Inc. | Canada | 100% | 100% |
| Appreciated Media Global Limited | British Virgin Islands | 100% | 100% |
| Amcomri Canada Sales Limited(ii) | Canada | - | 100% |

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

(ii) The Company divested from Hollywood Classics International Limited ("Hollywood Classics") effective February 5, 2024, and the Television Division and Film Division effective August 30, 2024. They are classified as discontinued operations, and are presented separately in the consolidated statements of comprehensive loss and cash flows, with comparative figures restated. See Note 5 for further details.

(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 completed full disposal of its joint venture as of August 30, 2024, its information is as follows:

| Entity | Date of Joint Control | Date of Disposal | Jurisdiction of incorporation | Principal Business | Note |
|---|---|---|---|---|---|
| Positivor Limited | July 6, 2022 | August 30, 2024 | Republic of Ireland | Film rights asset management | 6 |

## 3. Summary of material accounting policies

The material accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with the accounting policies as disclosed in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2023, except for those assets that are remeasured to the lower of carrying value or fair value less cost to sell as a result of the Company ceasing to prepare its financial information under a going concern basis, as discussed in Note 2(b).

Accounting standards issued but not yet effective

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

## 4. Material accounting judgements and estimates

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 material estimates and critical judgements were the same as those applied and set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2023.

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

## 5. Discontinued operations and disposal groups held for sale

Hollywood Classics International Limited

During the year ended December 31, 2023, the Company committed to a plan to sell and initiated a program to dispose of Hollywood Classics as part of its planned divestment of the entity. As of the year ended December 31, 2023, the Company was in the process of discussing the heads of terms of the disposal with a prospective purchaser, with the view that the disposal would be completed during the first quarter of 2024.

In accordance with *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5"), the net assets and liabilities of Hollywood Classics were classified to assets and liabilities held for sale as at December 31, 2023.

In accordance with *IFRS 5*, the operating results of Hollywood Classics were classified as discontinued operations, with comparative periods restated.

The disposal of Hollywood Classics was completed on February 5, 2024 to a member of management of that subsidiary. The transaction cost of the sale was $2 (GBP 1) and was settled in full as of the date of these condensed interim consolidated financial statements.

The balance of disposal group held for sale for Hollywood Classics as of September 30, 2024 is nil as the divesture has been completed. The operating results of Hollywood Classics for the nine months ended September 30, 2024 were up to February 5, 2024, the date upon which the Company lost control over Hollywood Classics, whilst the results of the comparative period was for the full nine-month period up to September 30, 2023.

The net assets and liabilities of Hollywood Classics classified as held for sale are comprised of the following:

| As at | Note | December 31, 2023 $ |
|---|---|---|
| **ASSETS** | | |
| Cash | | 60,680 |
| Prepaid expenses and deferred costs | 7 | 7,399 |
| Accounts receivable and other receivables | | 59,378 |
| Contract assets | 12 | 607,958 |
| Equipment | 10 | 4,755 |
| **Assets held for sale** | | 740,170 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Accounts payable and accrued liabilities | | 1,592,591 |
| Due to related parties | | 5,700 |
| Long-term loans payable | 16 | 50,899 |
| **Liabilities held for sale** | | 1,649,190 |
| **Net assets and liabilities held for sale** | | (909,020) |

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

The results of Hollywood Classics, previously presented within the Film Production reportable segment, are presented as discontinued operations for all current and prior periods presented in these financial statements, and comprise the following:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **September 30, 2024** | September 30, 2023 | **September 30, 2024** | September 30, 2023 |
| | **$** | $ | **$** | $ |
| Revenue | - | 24,823 | **90,441** | 246,779 |
| Operating expenses: | | | | |
| Direct operating costs | - | 1,145 | **41** | 3,882 |
| Depreciation | - | 984 | - | 2,878 |
| Advertising and promotion | - | 1,725 | - | 12,424 |
| Interest expense | - | (3,051) | **(4,280)** | (11,311) |
| Office and administrative | - | 10,002 | **3,328** | 30,241 |
| Professional fees | - | 74,050 | **143,251** | 223,933 |
| Salaries and benefits | - | 34,457 | **11,564** | 100,005 |
| Total operating expenses | - | 119,312 | **153,904** | 362,052 |
| **Operating loss** | - | (94,489) | **(63,463)** | (115,273) |
| **Other income:** | | | | |
| Foreign exchange gain | - | 5,574 | **13,989** | 5,604 |
| **Net loss before tax** | - | (88,915) | **(49,474)** | (109,669) |
| Income tax recovery | - | 16,829 | **9,403** | 20,646 |
| **Net loss from discontinued operations** | - | (72,086) | **(40,071)** | (89,023) |

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

The following table presents the cash flows from discontinued operations of Hollywood Classics for the nine months ended September 30, 2024 and 2023:

| | Nine months ended | |
|---|---|---|
| | **September 30, 2024** | September 30, 2023 |
| | **$** | $ |
| **CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS** | | |
| Net loss from discontinued operations | **(40,071)** | (89,023) |
| Items not affecting cash: | | |
| Depreciation (Note 10) | **-** | 2,878 |
| Interest expense (Note 16) | **303** | 999 |
| Changes in non-cash working capital items: | | |
| Accounts receivable and other receivables | **(83,704)** | 258,935 |
| Prepaid expenses | **-** | (2,531) |
| Accrued Income | **183,734** | (667,248) |
| Accounts payable and accrued liabilities | **(23,899)** | 314,880 |
| Due from related parties | **(5,778)** | - |
| **Net cash from (used in) discontinued operations** | **30,585** | (181,110) |
| **CASH FLOWS USED IN FINANCING ACTIVITIES IN DISCONTINUED OPERATIONS** | | |
| Repayment of loans payable (Note 16) | **-** | (9,478) |
| **Net cash used in financing activities in discontinued operations** | **-** | (9,478) |

A reconciliation of the gain on the sale of Hollywood Classics is as follows:

| **As at** | **February 5, 2024** |
|---|---|
| | **$** |
| Proceeds of sale | **2** |
| Net assets sold | **(680,479)** |
| Net liabilities sold | **1,641,482** |
| Gain on sale of Hollywood Classics | **961,005** |

Television Division ("TV Division")

During the nine months ended September 30, 2024, the Company committed to a plan to sell and has initiated a program to dispose of the TV Division following the receipt of expressions of interest for its acquisition.

The TV Division consisted of Abacus, ACSL, and the operations and assets related to the television and documentary rights held by APL.

On March 5, 2024, the Company entered into a non-binding letter of offer for the sale of the TV Division with an arm's length party, with the view that the disposal would be completed during fiscal year 2024.

On June 26, 2024, the Company entered into a definitive agreement pursuant to which the Company has agreed to sell certain assets of the Company utilized for the sale and distribution of television productions through television, streaming and other platforms. The transaction constitutes a sale of all or substantially all the Company's undertaking pursuant to Section 301 of the BCBCA.

The Company, Trinity, a wholly-owned direct subsidiary of the Company, APL, a wholly-owned direct subsidiary of Trinity, and Abacus, a wholly-owned direct subsidiary of Trinity (collectively, the "Vendors"), have entered into a share and asset purchase agreement dated June 25, 2024 with Sphere Media Inc., Sphere Media UK Ltd. and Sphere Media Distribution Inc. (collectively, the " Television Sale Purchaser") whereby: (i) the Company has agreed to sell all of the outstanding shares of ACSL (the "ACSL Shares"); (ii) Trinity has agreed to sell all of the outstanding shares of Abacus (the "Abacus Shares", and together with the ACSL Shares, the "Purchased Shares"); and (iii) APL has agreed to sell all right, title and interest in certain property and assets of APL used in conducting the Company's television production and distribution business (the "Purchased Assets"). The sale of the Purchased Shares and the Purchased Assets (collectively, the "Television Sale Transaction") constitutes a sale of all or substantially all of the Company's undertaking pursuant to Section 301 of the BCBCA.

On August 30, 2024, the Company completed the Television Sale Transaction to the Television Sale Purchaser.

Portions of the cash consideration were used for (i) the repayment in full of certain long-term debt of Abacus and APL in the Canadian dollar equivalent of approximately $4.26 million, (ii) the repayment in full of a film loan in the Canadian dollar equivalent of approximately $2.09 million, and (iii) payment of the Vendors' portion of the cost of certain representation and warranty insurance obtained by the Television Sale Purchaser in connection with the Television Sale Transaction of $0.124 million, resulting in net cash proceeds to the Company of approximately $11.83 million.

In accordance with *IFRS 5*, the operating results related to the TV Division of each of Abacus, ACSL, and APL have been classified as discontinued operations as part of the TV Division, with comparative periods restated.

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

The results of Abacus and ACSL, previously presented within the television reportable segment, and the results related to television and documentary rights held by APL, previously presented within the Intellectual Property reportable segment, are presented as discontinued operations for all current and prior periods presented in these financial statements, and comprise the following:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **September 30, 2024 $** | September 30, 2023 $ | **September 30, 2024 $** | September 30, 2023 $ |
| Revenue | **(5,268,406)** | 5,907,840 | **4,537,468** | 10,879,025 |
| Operating expenses: | | | | |
| Direct operating costs | **456,703** | 906,199 | **656,000** | 760,000 |
| Amortization | **-** | 367,981 | **845,564** | 1,832,940 |
| Depreciation | **-** | 8,443 | **8,219** | 24,665 |
| Advertising and promotion | **90** | 5,028 | **150,414** | 145,187 |
| Interest expense | **(179,161)** | (265,272) | **(1,159,012)** | (417,308) |
| Office and administrative | **42,330** | 29,664 | **131,605** | 121,179 |
| Professional fees | **(421,405)** | 390,531 | **351,391** | 1,232,617 |
| Salaries and benefits | **489,138** | 614,240 | **1,958,704** | 1,868,861 |
| Travel and entertainment | **12,843** | 10,795 | **47,537** | 39,379 |
| Total operating expenses | **400,538** | 2,067,609 | **2,990,422** | 5,607,520 |
| **Operating income (loss)** | **(5,668,944)** | 3,840,231 | **1,547,046** | 5,271,505 |
| **Other expense:** | | | | |
| Impairment of film and TV distribution rights | **-** | - | **-** | (157,859) |
| Foreign exchange loss | **(14,733)** | (65,468) | **(137,940)** | (31,762) |
| **Net income (loss) before tax** | **(5,683,677)** | 3,774,763 | **1,409,106** | 5,081,884 |
| Income tax recovery (expense) | **1,555,399** | (63,754) | **1,462,115** | (238,253) |
| **Net income (loss) from discontinued operations** | **(4,128,278)** | 3,711,009 | **2,871,221** | 4,843,631 |

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

The following table presents the cash flows from discontinued operations of the TV Division for the nine months ended September 30, 2024 and 2023:

| | Nine months ended | |
|---|---|---|
| | **September 30, 2024** | September 30, 2023 |
| | **$** | $ |
| **CASH FLOWS FROM DISCONTINUED OPERATIONS** | | |
| Net income from discontinued operations | **2,871,221** | 4,843,631 |
| Items not affecting cash: | | |
| Amortization (Note 11) | **845,564** | 1,832,940 |
| Depreciation (Note 10) | **8,219** | 24,665 |
| Interest expense (Note 16) | **414,298** | 178,445 |
| Impairment of film and TV distribution rights (Note 11) | **-** | 157,859 |
| Changes in non-cash working capital items: | | |
| Accounts receivable and other receivables | **(927,676)** | 428,679 |
| Prepaid expenses | **(55,774)** | (581,314) |
| Accrued Income | **(1,126,419)** | 1,921,422 |
| Accounts payable and accrued liabilities | **3,794,954** | (1,458,162) |
| Due from related parties | **(285,818)** | 269,091 |
| Deferred revenue | **(149,634)** | (655,120) |
| Deferred tax liability | **104,947** | - |
| **Net cash from discontinued operations** | **5,493,882** | 6,962,136 |
| **CASH FLOWS USED IN INVESTING ACTIVITIES IN DISCONTINUED OPERATIONS** | | |
| Purchase of equipment (Note 10) | **-** | (11,497) |
| Purchase of intangible assets (Note 11) | **(4,843,097)** | (10,735,057) |
| **Net cash used in investing activities in discontinued operations** | **(4,843,097)** | (10,746,554) |
| **CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES IN DISCONTINUED OPERATIONS** | | |
| Cash received on loans payable (Note 16) | **3,069,838** | 2,723,055 |
| Repayment of loans payable (Note 16) | **(1,349,507)** | (1,372,631) |
| **Net cash from financing activities in discontinued operations** | **1,720,331** | 1,350,424 |

A reconciliation of the gain on the sale of the Television Division is as follows:

| **As at** | **August 30, 2024** |
|---|---|
| | **$** |
| Cash consideration received | **11,951,058** |
| Loans payable settled by purchaser | **6,348,942** |
| Payables to TV Division forgiven by purchaser | **3,626,986** |
| | **21,926,986** |
| Less: Transaction costs | **(123,550)** |
| Proceeds of sale | **21,803,436** |
| Net assets sold | **(44,994,952)** |
| Net liabilities sold | **28,845,411** |
| Gain on sale of TV Division | **5,653,895** |

Film Division

During the nine months ended September 30, 2024, the Company committed to a plan to sell and initiated a program to dispose of the Film Division following the conclusion of the negotiations, entering into of a binding agreement, and announcement for the sale for the TV Division (as disclosed in the previous section).

In relation to the sale of the Film Division, the Company has initiated discussions with Tropico Limited ("Tropico"), a company controlled by the former Chairman and former directors of the Company, who have material shareholding interest in the Company.

The Film Division consisted of 101 Films, the operations and assets related to the film rights held by each of APL, 101 International, and the Company, and the 60% equity interest over the joint venture of Positivor that is currently held by the Company. This represents substantially all of the remaining operating assets of the Company following the completion of the sale of the TV Division (as disclosed in the previous section).

On July 29, 2024, the Company entered into a definitive agreement with Tropico pursuant to which Trinity agreed to sell the Company's film production and distribution business.

Trinity entered into a share purchase agreement with Tropico and Oranmore pursuant to which Trinity has agreed to sell to Tropico (the "Film Sale Transaction"): (i) the outstanding shares of 101 Films Limited, a wholly-owned subsidiary of Trinity; (ii) certain motion picture distribution assets of 101 Films International, a wholly-owned subsidiary of Trinity; (iii) certain motion picture distribution assets of APL, a wholly-owned subsidiary of Trinity; and (iv) APL's interest in Positivor. The Film Sale Transaction is subject to, and would be completed following, completion of the Television Sale Transaction. Accordingly, at the time of the Film Sale Transaction's completion, the Film Sale Transaction would constitute a sale of all or substantially all of the Company's undertaking pursuant to Section 301 of the BCBCA.

On August 30, 2024, the Company completed the Film Sale Transaction to Tropico.

Tropico settled the cash consideration payable to the Company by a repayment of loan payable to Oranmore Limited on behalf of the Company (Note 16(i)).

In accordance with *IFRS 5*, the operating results related to the Film Division of each of Positivor, 101 Films, 101 International, the Company, and APL have been classified as discontinued operations as part of the Film Division, with comparative periods restated.

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

The results of 101 Films and the results related to film rights held by AMEN, previously presented within the Film Distribution reportable segment, the results related to 101 International, previously presented within the Film production reportable segment, and the results related to film rights held by APL, previously presented within the Intellectual Property reportable segment, are presented as discontinued operations for all current and prior periods presented in these financial statements, and comprise the following:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **September 30, 2024** | September 30, 2023 | **September 30, 2024** | September 30, 2023 |
| | **$** | $ | **$** | $ |
| Revenue | **760,437** | 1,027,768 | **3,238,648** | 3,917,426 |
| Operating expenses: | | | | |
| Direct operating costs | **262,780** | 365,895 | **1,206,729** | 1,148,847 |
| Amortization | **-** | 455,389 | **1,512,719** | 1,106,748 |
| Depreciation | **-** | 757 | **1,596** | 1,897 |
| Advertising and promotion | **18,799** | 125,366 | **201,356** | 345,605 |
| Interest expense | **31,054** | 22,401 | **171,031** | 149,391 |
| Office and administrative | **6,455** | 13,675 | **32,493** | 40,750 |
| Professional fees | **(1,047,324)** | 63,646 | **(52,933)** | 197,316 |
| Salaries and benefits | **191,982** | 211,589 | **606,551** | 557,323 |
| Travel and entertainment | **1,349** | (2,425) | **11,993** | 25,144 |
| Total operating expenses | **(534,905)** | 1,256,293 | **3,691,535** | 3,573,021 |
| **Operating income (loss)** | **1,295,342** | (228,525) | **(452,887)** | 344,405 |
| **Other income (expense):** | | | | |
| Interest income | **-** | 7,602 | **-** | 245,403 |
| Impairment of film and TV distribution rights | **-** | - | **-** | (99,700) |
| Loss on remeasurement of disposal group | **(2,852,614)** | - | **(8,053,825)** | - |
| Foreign exchange gain (loss) | **(6,478)** | 145,015 | **(13,868)** | 17,557 |
| **Net income (loss) before tax** | **(1,563,750)** | (75,908) | **(8,520,580)** | 507,665 |
| Income tax recovery (expense) | **(604,424)** | 108,641 | **(372,041)** | (1,011) |
| **Net income (loss) from discontinued operations** | **(2,168,174)** | 32,733 | **(8,892,621)** | 506,654 |

Upon initial classification of the Film Division as a disposal group held for sale on June 30, 2024, the Company assessed the fair value less cost to sell ("FVLCS") of the Film Division to be $1,167,360. In accordance with *IFRS 5*, disposal groups held for sale are to be measured at the lower of carrying amount and FVLCS. As such, an impairment of $5,201,211 was recognized on the Film Division, with $138,354 allocated to goodwill, $3,691 allocated to property and equipment, and $5,059,166 allocated to film distribution rights.

During the three months ended September 30, 2024, the Film Division received certain forgiveness of balances payable to intercompany entities, leading to an increase in net asset value. Immediately before the completion of the sale of the Film Division on August 30, 2024, the Company assessed the FVLCS of the Film Division to be $1,213,686, based on the actual consideration to be received by the Company for the sale. A further impairment of $2,852,614 was recognized on the Film Division based on the net asset value on that date, with $813 allocated to property and equipment, and $2,990,155 allocated to film distribution rights. As a result, the Company would not recognize a gain or loss on the sale of the Film Division.

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

The following table presents the cash flows from discontinued operations of the Film Division for the nine months ended September 30, 2024 and 2023:

| | Nine months ended | |
|---|---|---|
| | **September 30, 2024** | September 30, 2023 |
| | **$** | $ |
| **CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS** | | |
| Net income (loss) from discontinued operations | **(8,892,621)** | 506,654 |
| Items not affecting cash: | | |
| Amortization (Note 11) | **1,512,719** | 1,106,748 |
| Depreciation (Note 10) | **1,596** | 1,897 |
| Interest expense (Note 16) | **1,393** | 9,321 |
| Interest income | **-** | (245,234) |
| Unrealized foreign exchange loss | **-** | (17,556) |
| Impairment of film and TV distribution rights (Note 11) | **-** | 99,700 |
| Loss on remeasurement of disposal group | **8,053,825** | - |
| Changes in non-cash working capital items: | | |
| Accounts receivable and other receivables | **161,068** | 28,718 |
| Prepaid expenses | **17,115** | (535,954) |
| Inventory | **5,957** | (8,507) |
| Accrued Income | **236,520** | (491,339) |
| Accounts payable and accrued liabilities | **(1,090,601)** | 806,779 |
| Due from related parties | **(723,312)** | 276,626 |
| Deferred revenue | **190,065** | (100,531) |
| Deferred tax liability | **(177,888)** | 4,015 |
| **Net cash from (used in) discontinued operations** | **(704,164)** | 1,441,337 |
| **CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES IN DISCONTINUED OPERATIONS** | | |
| Purchase of equipment (Note 10) | **-** | (5,126) |
| Purchase of intangible assets (Note 11) | **(813,593)** | (2,293,488) |
| Proceeds from loan receivable | **-** | 2,768,176 |
| **Net cash from (used in) investing activities in discontinued operations** | **(813,593)** | 469,562 |
| **CASH FLOWS USED IN FINANCING ACTIVITIES IN DISCONTINUED OPERATIONS** | | |
| Cash received on loans payable (Note 16) | **-** | - |
| Repayment of loans payable (Note 16) | **(61,457)** | (430,507) |
| **Net cash used in financing activities in discontinued operations** | **(61,457)** | (430,507) |

A reconciliation of the consideration received and net assets sold of the Film Division is as follows:

| **As at** | **August 30, 2024** |
|---|---|
| | **$** |
| Proceeds of sale | **1,213,686** |
| Net assets sold | **(6,868,066)** |
| Net liabilities sold | **5,654,380** |
| (Gain)/loss on sale of Film Division | **-** |

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

Impact of discontinued operations on the condensed interim consolidated financial statements

The following table presents the reconciliation of net income from discontinued operations presented on the consolidated statement of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2024 due to the classification of Hollywood Classics, the TV Division, and the Film Division from continuing operations to discontinued operations:

| | **Three months ended September 30, 2024 $** | **Nine months ended September 30, 2024 $** |
|---|---|---|
| Net loss from discontinued operations – Hollywood Classics | **-** | **(40,071)** |
| Net income (loss) from discontinued operations – TV Division | **(4,128,278)** | **2,871,221** |
| Net loss from discontinued operations – Film Division | **(2,168,174)** | **(8,892,621)** |
| Net income (loss) from discontinued operations – Combined | **(6,296,452)** | **(6,061,471)** |

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

The following table presents the impact from re-presentation of the consolidated statement of income (loss) and comprehensive income (loss) for the three months ended September 30, 2023 due to the reclassification of Hollywood Classics, the TV Division, and the Film Division from continuing operations to discontinued operations:

| | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|
| **For the three months ended September 30, 2023** | Note | Continuing operations $ | Hollywood Classics $ | TV Division $ | Film Division $ | Combined operations $ |
| Revenue | | - | 24,823 | 5,907,840 | 1,027,767 | 6,960,430 |
| Operating expenses: | | | | | | |
| Direct operating costs | 9 | (1,521) | 1,145 | 906,199 | 365,895 | 1,271,718 |
| Amortization | 11 | - | - | 367,981 | 455,389 | 823,370 |
| Depreciation | 10 | 4,003 | 984 | 8,443 | 758 | 14,188 |
| Advertising and promotion | | 13,323 | 1,725 | 5,028 | 125,366 | 145,442 |
| Production loan interest | 15 | 38,686 | - | - | - | 38,686 |
| Interest expense | 16 | 570,762 | (3,051) | (265,272) | 22,401 | 324,840 |
| Management fees | | 193,750 | - | - | - | 193,750 |
| Office and administrative | | 218,709 | 10,002 | 29,664 | 13,675 | 272,050 |
| Professional fees | | (85,083) | 74,050 | 390,531 | 63,646 | 443,144 |
| Salaries and benefits | 17 | 144,280 | 34,457 | 614,240 | 211,589 | 1,004,566 |
| Share-based payment | 18 | 35,950 | - | - | - | 35,950 |
| Travel and entertainment | | 79,301 | - | 10,795 | (2,425) | 87,671 |
| Total operating expenses | | 1,212,160 | 119,312 | 2,067,609 | 1,256,294 | 4,655,375 |
| **Operating income (loss)** | | (1,212,160) | (94,489) | 3,840,231 | (228,527) | 2,305,055 |
| **Other income (expense):** | | | | | | |
| Interest income | 13 | - | - | - | 7,602 | 7,602 |
| Impairment of film and TV distribution rights | 11 | - | - | - | - | - |
| Foreign exchange gain (loss) | | (58,412) | 5,574 | (65,468) | 145,015 | 26,709 |
| **Net income (loss) before tax** | | (1,270,572) | (88,915) | 3,774,763 | (75,910) | 2,339,366 |
| Income tax recovery (expense) | | 115,649 | 16,829 | (63,754) | 108,641 | 177,365 |
| **Net income (loss)** | | (1,154,923) | (72,086) | 3,711,009 | 32,731 | 2,516,731 |
| **Accumulated other comprehensive income:** | | | | | | |
| Cumulative translation adjustment | | (176,260) | - | - | - | (176,260) |
| **Net income (loss) and comprehensive income (loss)** | | (1,331,183) | (72,086) | 3,711,009 | 32,731 | **2,340,471** |

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

The following table presents the impact from re-presentation of the consolidated statement of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2023 due to the reclassification of Hollywood Classics, the TV Division, and the Film Division from continuing operations to discontinued operations:

| | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|
| **For the nine months ended September 30, 2023** | Note | Continuing operations $ | Hollywood Classics $ | TV Division $ | Film Division $ | Combined operations $ |
| Revenue | | - | 246,779 | 10,879,025 | 3,917,426 | 15,043,230 |
| Operating expenses: | | | | | | |
| Direct operating costs | 9 | 9,039 | 3,882 | 760,000 | 1,148,847 | 1,921,768 |
| Amortization | 11 | - | - | 1,832,940 | 1,106,748 | 2,939,688 |
| Depreciation | 10 | 9,975 | 2,878 | 24,665 | 1,897 | 39,415 |
| Advertising and promotion | | 29,920 | 12,424 | 145,187 | 345,605 | 533,136 |
| Production loan interest | 15 | 165,473 | - | - | - | 165,473 |
| Interest expense | 16 | 1,139,045 | (11,311) | (417,308) | 149,391 | 859,817 |
| Management fees | | 225,000 | - | - | - | 225,000 |
| Office and administrative | | 455,044 | 30,241 | 121,179 | 40,750 | 647,214 |
| Professional fees | | 127,440 | 223,933 | 1,232,617 | 197,316 | 1,781,306 |
| Salaries and benefits | 17 | 447,748 | 100,005 | 1,868,861 | 557,323 | 2,973,937 |
| Share-based payment | 18 | 43,755 | - | - | - | 43,755 |
| Travel and entertainment | | 132,178 | - | 39,379 | 25,144 | 196,701 |
| Total operating expenses | | 2,784,617 | 362,052 | 5,607,520 | 3,573,021 | 12,327,210 |
| **Operating income (loss)** | | (2,784,617) | (115,273) | 5,271,505 | 344,405 | 2,716,020 |
| **Other income (expense):** | | | | | | |
| Interest income | 13 | - | - | - | 245,403 | 245,403 |
| Impairment of film and TV distribution rights | | - | - | (157,859) | (99,700) | (257,559) |
| Foreign exchange gain (loss) | | (17,379) | 5,604 | (31,762) | 17,557 | (25,980) |
| **Net income (loss) before tax** | | (2,801,996) | (109,669) | 5,081,884 | 507,665 | 2,677,884 |
| Income tax recovery (expense) | | 245,918 | 20,646 | (238,253) | (1,011) | 27,300 |
| **Net income (loss)** | | (2,556,078) | (89,023) | 4,843,631 | 506,654 | 2,705,184 |
| **Accumulated other comprehensive income:** | | | | | | |
| Cumulative translation adjustment | | 206,879 | - | - | - | 206,879 |
| **Net income (loss) and comprehensive income (loss)** | | (2,349,199) | (89,023) | 4,843,631 | 506,654 | **2,912,063** |

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

The following table presents the impact on the consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023 due to the reclassification of the Hollywood Classics, the TV Division, and the Film Division from continuing operations to discontinued operations:

| | Nine months ended | |
|---|---|---|
| | **September 30, 2024** | September 30, 2023 |
| | **$** | **$** |
| **OPERATING ACTIVITIES** | | |
| **Net cash used in continuing operations** | **(5,491,513)** | (144,515) |
| **Net cash from (used in) discontinued operations – Hollywood Classics** | **30,585** | (181,110) |
| **Net cash from discontinued operations – TV Division** | **5,493,882** | 6,962,136 |
| **Net cash from (used in) discontinued operations – Film Division** | **(704,164)** | 1,441,337 |
| **Net cash from discontinued operations** | **4,820,303** | 8,222,363 |
| **Net cash from (used in) operating activities** | **(671,210)** | 8,077,848 |
| **INVESTING ACTIVITIES** | | |
| **Net cash used in continuing investing activities** | **11,195,458** | (28,249) |
| **Net cash used in discontinued investing activities – TV Division** | **(4,843,097)** | (10,746,554) |
| **Net cash from (used in) discontinued investing activities – Film Division** | **(813,593)** | 469,562 |
| **Net cash used in discontinued investing activities** | **(5,656,690)** | (10,276,992) |
| **Net cash from (used in) investing activities** | **5,538,768** | (10,305,241) |
| **FINANCING ACTIVITIES** | | |
| **Net cash used in continuing financing activities** | **(3,216,551)** | (1,271,026) |
| **Net cash used in discontinued financing activities – Hollywood Classics** | **-** | (9,478) |
| **Net cash from (used in) discontinued financing activities – TV Division** | **1,720,331** | 1,350,424 |
| **Net cash used in discontinued financing activities – Film Division** | **(61,457)** | (430,507) |
| **Net cash from (used in) discontinued financing activities** | **1,658,874** | 910,439 |
| **Net cash from (used in) financing activities** | **(1,557,677)** | (360,587) |
| **Impact of currency translation on cash** | **552,164** | 41,450 |
| **Change in cash** | **3,862,045** | (2,546,530) |

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

## 6. 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 Limited ("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 (36) 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 as well as a charge over the bank account into which sums are deposited from the exploitation of the library.

On August 30, 2024, the Company completed its disposal of Positivor along with the film division of the Company (the "Film Division"), following which the Company retains no interest in Positivor (Note 5).

The carrying value of the investment in Positivor as at August 30, 2024 is as follows:

| | $ |
|---|---|
| Share purchase cost | 167 |
| Share of loss | (167) |
| Balance, December 31, 2022 and December 31, 2023 | - |
| **Balance, August 30, 2024** | **-** |

Summarized financial information for Positivor is set out below:

| | **August 30, 2024** | **December 31, 2023** |
|---|---|---|
| Statement of financial position | $ | $ |
| Current assets | 7,663 | 1,039,316 |
| Non-current assets | 3,641,176 | 4,171,183 |
| | | |
| Current liabilities | 137,929 | 1,178,355 |
| Non-current liabilities | 4,285,678 | 4,434,740 |

| | **August 30, 2024** | **September 30, 2023** |
|---|---|---|
| Statement of comprehensive loss | $ | $ |
| Revenue | 208,697 | 543,938 |
| Expenses | (575,289) | (971,136) |
| Joint venture net loss | (366,592) | (427,198) |
| Company's share of loss from joint venture | (219,955) | (256,319) |

Due to the sale of its interest in Positivor, the Company's share of the losses in the joint venture, up to the carrying value of investment, was presented within discontinued operations of the Company.

The Company's share of the losses in the joint venture, was $219,955 for the nine months ended September 30, 2024, which includes losses up to August 30, 2024, upon which the Company ceased to have an interest in Positivor. Losses are only recorded up to the carrying value of the investment, therefore no amount was recorded for the nine months ended September 30, 2024. As of August 30, 2024, there is $456,974 (December 31, 2023 – $237,018) in unrecorded losses representing the Company's share of losses of the joint venture in excess of its carrying value. The Company ceased to hold any interest in Positivor after August 30, 2024.

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

## 7. Prepaid expenses and deferred costs

| | **Direct operating costs** $ | **General and admin expenses** $ | **Royalty prepayments** $ | **Total** $ |
|---|---|---|---|---|
| Balance, December 31, 2022 | - | 89,870 | 617,725 | 707,595 |
| Additions | 538,246 | 773,000 | 8,328,153 | 9,639,399 |
| Expenses incurred | (538,246) | (512,149) | (7,260,704) | (8,311,099) |
| Classified as held for sale (Note 5) | - | (7,399) | - | (7,399) |
| Foreign currency translation | - | 2,368 | 24,063 | 26,431 |
| Balance, December 31, 2023 | - | 345,690 | 1,709,237 | 2,054,927 |
| Additions | - | 825,361 | - | 825,361 |
| Expenses incurred | - | (625,567) | (1,065,187) | (1,690,754) |
| Disposal (Note 5) | - | (501,882) | (683,725) | (1,185,607) |
| Foreign currency translation | - | 4,662 | 39,675 | 44,337 |
| **Balance, September 30, 2024** | **-** | **48,264** | **-** | **48,264** |

## 8. Accounts receivable and other receivables

| | **September 30, 2024** **$** | December 31, 2023 $ |
|---|---|---|
| Trade receivables | **259,967** | 675,613 |
| GST receivable | **94,916** | 36,987 |
| Other receivables | **1,302,256** | 4,049 |
| | **1,657,139** | 716,649 |

As of December 31, 2023, $16,489 (US$12,447) in trade receivables in relation to the arrangement fee of extension for the production loan receivable (Note 13) were outstanding. The Company assessed that the amounts were not collectable based on the assessment of the ability for the Film associated with the production loan receivable to generate cash (Note 11). As such, the amount was fully impaired for the year ended December 31, 2023.

## 9. Inventory

The Company's inventory is comprised of:

| | **September 30, 2024** **$** | December 31, 2023 $ |
|---|---|---|
| Finished goods and goods for resale | **-** | 170,003 |

All of the Company's inventory was sold on August 30, 2024 upon the completion of the sale of business units which held the Company's inventory (Note 5).

During the nine months ended September 30, 2024, inventory expensed to direct operating costs was $42,790 (nine months ended September 30, 2023 – $50,405). These amounts were included in discontinued operations (Note 5).

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

## 10. Equipment

| | Office Equipment $ | Computers $ | Stand Build $ | Total $ |
|---|---|---|---|---|
| **Cost:** | | | | |
| Balance, December 31, 2022 | 63,282 | 77,817 | 42,138 | 183,237 |
| Additions | 18,862 | 38,298 | - | 57,160 |
| Classified as held for sale (Note 5) | - | (42,047) | - | (42,047) |
| Foreign currency translation | 2,003 | 2,488 | 1,272 | 5,763 |
| Balance, December 31, 2023 | 84,147 | 76,556 | 43,410 | 204,113 |
| Disposal (Note 5) | (70,037) | (29,360) | (44,519) | (143,916) |
| Foreign currency translation | 2,900 | 3,497 | 1,109 | 7,506 |
| **Balance, September 30, 2024** | **17,010** | **50,693** | **-** | **67,703** |
| | | | | |
| **Accumulated Depreciation:** | | | | |
| Balance, December 31, 2022 | 26,754 | 41,601 | 3,551 | 71,906 |
| Depreciation expense | 17,617 | 23,305 | 14,411 | 55,333 |
| Classified as held for sale (Note 5) | - | (37,292) | - | (37,292) |
| Foreign currency translation | 896 | 1,354 | 180 | 2,430 |
| Balance, December 31, 2023 | 45,267 | 28,968 | 18,142 | 92,377 |
| Depreciation expense | 6,855 | 14,050 | 3,675 | 24,580 |
| Disposal (Note 5) | (46,628) | (17,520) | (22,305) | (86,453) |
| Foreign currency translation | 1,598 | 1,681 | 488 | 3,767 |
| **Balance, September 30, 2024** | **7,092** | **27,179** | **-** | **34,271** |
| | | | | |
| **Net book value:** | | | | |
| December 31, 2023 | 38,880 | 47,588 | 25,268 | 111,736 |
| **September 30, 2024** | **9,918** | **23,514** | **-** | **33,432** |

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

## 11. Intangible assets

| | Goodwill<br>$ | Film and TV distribution rights<br>$ | Total<br>$ |
|---|---|---|---|
| **Cost:** | | | |
| Balance, December 31, 2022 | 160,676 | 33,972,205 | 34,132,881 |
| Additions | - | 18,513,003 | 18,513,003 |
| Interest capitalized | - | 827,796 | 827,796 |
| Impairment | (29,714) | - | (29,714) |
| Foreign currency translation | 3,945 | 974,635 | 978,580 |
| Balance, December 31, 2023 | 134,907 | 54,287,639 | 54,422,546 |
| Additions | - | 662,370 | 662,370 |
| Interest capitalized | - | 746,919 | 746,919 |
| Disposal (Note 5) | (138,354) | (55,361,992) | (55,500,346) |
| Foreign currency translation | 3,447 | (334,936) | (331,489) |
| **Balance, September 30, 2024** | **-** | **-** | **-** |
| | | | |
| **Accumulated Amortization:** | | | |
| Balance, December 31, 2022 | - | 9,280,427 | 9,280,427 |
| Amortization | - | 5,610,588 | 5,610,588 |
| Impairment | - | 7,583,077 | 7,583,077 |
| Foreign currency translation | - | 316,142 | 316,142 |
| Balance, December 31, 2023 | - | 22,790,234 | 22,790,234 |
| Amortization | - | 2,380,905 | 2,380,905 |
| Disposal (Note 5) | - | (24,708,463) | (24,708,463) |
| Foreign currency translation | - | (462,676) | (462,676) |
| **Balance, September 30, 2024** | **-** | **-** | **-** |
| | | | |
| **Net book value:** | | | |
| December 31, 2023 | 134,907 | 31,497,405 | 31,632,312 |
| **September 30, 2024** | **-** | **-** | **-** |

*Impairment of film distribution rights and goodwill – Canadian entities*

At the end of the reporting year, the Company tested its goodwill and intangible assets for impairment. For the Canadian entities, the cash-generating unit associated with the intangible assets and goodwill represented the film distribution rights for a single film title that was acquired in the RTO.

During the year ended December 31, 2023, as the gross receipts generated from the distribution of that film title was below previous expectations of the Company, the Company assessed the recoverable amount of the cash-generating unit to be $1,835,865 based on a value-in-use assessment ("VIU"). The Company also assessed the recoverable amount based on the fair value less cost of disposal assessment ("FVLCD") based on theoretical disposal prices to be $nil. The Company adopts the value-in-use amount as the recoverable amount based on the guidance set forth by *IAS 36 Impairment of Assets* that requires the adoption of the higher of VIU and FVLCD.

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

For the VIU assessment, the Company completed a Multiperiod Excess Earnings Method ("MPEEM") analysis to isolate the projected cash flows that could be associated with a single intangible asset and measuring their fair value by discounting them to present value. This was done using level 3 inputs into the model. The significant assumptions applied in the MPEEM were:

i. Cash flows: Estimated cash flows for the next three years were projected based on projections made by management as well as industry and market trends. The film was released in early 2023 through theatrical, physical, and streaming releases. Management forecasts were based on projections modified from the actual performance of the film during the year ended December 31, 2023, and knowledge of distribution deals that would commence during the projection period.
ii. Terminal value growth rate: The terminal value growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth.
iii. Discount rate: The post-tax discount rate is reflective of the Company's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, and the after-tax cost of debt based on a guideline company analysis (source: S&P Capital IQ).
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

| Key assumptions | |
|---|---|
| Terminal value growth rate | 1.96% |
| Discount rate (WACC) | 15.00% |
| Tax rate | 27.00% |

The discount rate applied, being the WACC of the Company, in the assessment for the year ended December 31, 2023 was 15.00%, which was higher than the 12.00% adopted during the year ended December 31, 2022. This is reflective of the impact from changed economic conditions globally as central banks increased interest rates during the year ended December 31, 2023, increasing the cost of equity derived from the capital asset pricing model ("CAPM") that factors into the estimation of WACC of the Company.

Based on the VIU calculation, impairment is recognized for $5,187,480 on the film distribution rights, and $29,714 on the goodwill.

As of December 31, 2023, the carrying amount of this cash-generating unit consists of $1,835,865 in film distribution rights, and $nil in goodwill.

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

*Impairment of film and TV distribution rights – Trinity Entities*

The Company reviews the carrying value of its intangibles at each reporting period for indicators of impairment. As at December 31, 2023, $2,395,597 (GBP 1,427,848) was impaired under film and TV distribution rights relating to four and six dated television and film titles, respectively, that had not received deals for distribution as at December 31, 2023.

The Company assessed the recoverable amount of the titles based on the VIU arrived at from the assessment of future estimated sales of the titles, and the FVLCD, and adopted the higher of the estimates for each of the title based on the guidance set forth by *IAS 36 Impairment of Assets*.

For the value-in-use assessment, the Company completed MPEEM analyses to isolate the projected cash flows that could be associated with a single intangible asset and measuring their fair value by discounting them to present value. This was done using level 3 inputs into the model. The significant assumptions applied in the MPEEM were:

i. Cash flows: Estimated cash flows for the next three years were projected based on projections made by management as well as industry and market trends. Management forecasts were based on projections modified from the actual performance of the TV and film titles during the year ended December 31, 2023, and knowledge of distribution deals that would commence during the projection period.
ii. Terminal value growth rate: The terminal value growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth.
iii. Discount rate: The post-tax discount rate is reflective of the Company's WACC. The WACC was estimated based on the risk-free rate, equity risk premium, and the after-tax cost of debt based on a guideline company analysis (source: S&P Capital IQ).
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

| **Key assumptions** | |
|---|---|
| Terminal value growth rate | 1.96% |
| Discount rate (WACC) | 15.00% |
| Tax rate | 27.00% |

As of December 31, 2023, the carrying amount of intangible assets for Trinity entities consist of $29,661,540 in film and TV distribution rights, and $134,907 in goodwill.

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

## 12. 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, 2022 | 14,195,673 |
| Payments received | (13,064,851) |
| Contract assets recognized | 10,664,431 |
| Classified as held for sale (Note 5) | (607,958) |
| Foreign currency translation | 415,335 |
| Balance, December 31, 2023 | 11,602,630 |
| Payments received | (4,781,367) |
| Contract assets recognized | 10,929,794 |
| Disposal (Note 5) | (17,892,225) |
| Foreign currency translation | 141,168 |
| **Balance, September 30, 2024** | **-** |

## 13. Production loan receivable

| | $ |
|---|---|
| Balance, December 31, 2022 | 5,644,307 |
| Additions | 114,526 |
| Interest | (3,517,657) |
| Payments | (2,235,012) |
| Foreign currency translation | (6,164) |
| Balance, December 31, 2023 | - |
| **Balance, September 30, 2024** | **-** |

The Company entered into 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” or “Licensor”) 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 was to be repaid upon the earlier of demand by the Company, the date that was one year from the initial draw down under the Bow River Facility, being October 26, 2022. Interest accrued 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 was 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. In return for distributing the film, the Company is entitled to certain portions of all non-refundable amounts collected from film exhibitors (“Gross Receipts”).

On October 26, 2021, the loan and distribution agreement was assigned to Stonagal Pictures Inc. (“Stonagal”) with the same terms and conditions.

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

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

The Gross Receipts allocation structure was further amended in accordance with an amendment entered into between Stonagal and the Company on March 15, 2022, which stipulated that the Company is entitled to a US$2.6M minimum guarantee ("Minimum Guarantee") in relation to the distribution of the Film, upon the delivery of materials including masters; technical evaluation reports; post production, legal, and marketing materials; and other materials in accordance with the terms set forth in the distribution agreement (together, the "Delivery Materials") of the film Stonagal had produced.

The Gross Receipts are to be retained as follows:

(a) First, the Company shall retain an amount equal to all amounts owed and outstanding under the Bow River Facility;
(b) Next, the Company shall retain an amount equal to the Minimum Guarantee;
(c) Next, the Company shall retain an amount equal to 30% of Gross Receipts;
(d) Next, the Company shall retain an amount equal to all direct, verifiable distribution costs and expenses in connection with the distribution of the film;
(e) Next, the Company shall pay to Licensor an amount equal to 65% of the remaining Gross Receipts ("Net Receipts") and the Company shall retain an amount equal to 35% of the Net Receipts.

On April 1, 2023, upon the delivering the Delivery Materials of the film that Stonagal had produced, the Bow River Facility was deemed repaid through the delivery in accordance with the agreement between the parties, and the Minimum Guarantee of $3,517,657 (US$2,600,000) became due to the Company as of the same date. The Company recognized a loss on settlement of loan of $2,235,012 (US$1,651,961) accordingly, which represented the difference between the outstanding balance of the Bow River Facility and the amount of Minimum Guarantee. The amounts related to the Minimum Guarantee is capitalized to intangible assets (Note 11) as film distribution rights, which has been subject to the impairment assessment performed as at the year ended. The repayments on the Minimum Guarantee are recognized as revenue generated by the Film.

## 14. Deferred revenue

| | $ |
|---|---:|
| Balance, December 31, 2022 | 1,633,597 |
| Additions | 8,152,169 |
| Revenue recognized | (7,599,069) |
| Foreign currency translation | 52,032 |
| Balance, December 31, 2023 | 2,238,729 |
| Additions | 664,435 |
| Revenue recognized | (1,370,478) |
| Disposal (Note 5) | (1,585,052) |
| Foreign currency translation | 52,366 |
| **Balance, September 30, 2024** | **-** |

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

## 15. Production loan payable

| | $ |
|---|---|
| Balance, December 31, 2022 | 3,843,577 |
| Interest | 260,090 |
| Payments | (1,894,059) |
| Foreign currency translation | (48,661) |
| Balance, December 31, 2023 | 2,160,947 |
| Additions | 350,136 |
| Interest | 253,394 |
| Payments | (2,886,909) |
| Foreign currency translation | 122,432 |
| **Balance, September 30, 2024** | **-** |

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

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

Interest accrues on the principal amount of the loan at a rate of prime plus 1.5% per annum. The production loan payable is secured against the assets of the Company. The loan is due one year after the first drawdown or on demand.

During the year ended December 31, 2022, the loan was extended to March 31, 2023 and the Company paid US$150,000 (CAD $253,600) in extension fees for the loan.

During the year ended December 31, 2023, the Company began to repay the loan with US$1,399,288 (CAD $1,894,059) of repayments made. The loan was extended to March 31, 2024 and the Company paid US$150,000 (CAD $201,828) in extension fees for the loan. Upon extension, interest accrues on the principal amount of the loan at a rate of 8% per annum. Under the definitions of *IFRS 9 – Financial Instruments* ("IFRS 9"), the amendment of the production loan payable represented a change in present value of less than 10% using the methods prescribed in IFRS 9. Accordingly, the modification is regarded as not substantial. The US$150,000 (CAD $201,828) arrangement fee is reported as a loss on loan modifications for the year ended December 31, 2023.

On April 9, 2024, the loan was extended to June 30, 2024, redenominated to British pound sterling from United States dollar at a rate of US$1.00 to GBP 0.785024, and accrues interest at a rate of 15% per annum. The amendment also includes reclassification accounts payable due to Oranmore of US$256,000 (CAD $350,136) in relation to unpaid extension fees for the loan from previous extensions into the loan balance. The amendments took effect retrospectively as of January 1, 2024. The Company did not incur any arrangement fees in exchange for this extension.

On September 3, 2024, the Company repaid the loan in full using funds received from the sale of its TV Division (Note 5).

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

## 16. Loans payable

| | $ |
|---|---|
| Balance, December 31, 2022 | 7,474,754 |
| Additions | 6,631,583 |
| Repayments | (3,330,240) |
| Interest expense | 347,347 |
| Capitalized interest | 827,797 |
| Classified as held for sale (Note 5) | (50,899) |
| Foreign currency translation | 281,488 |
| Balance, December 31, 2023 | 12,181,830 |
| Additions | 493,020 |
| Repayments | (390,667) |
| Interest expense | 263,456 |
| Capitalized interest | 749,010 |
| Assumed by Television Purchaser (Note 5) | (8,999,547) |
| Assumed by Film Purchaser (Note 5) | (1,339,357) |
| Settlement by Television Purchaser (Note 5) | (2,053,553) |
| Settlement by Film Purchaser (Note 5) | (1,213,686) |
| Foreign currency translation | 309,494 |
| **Balance, September 30, 2024** | **-** |

Maturity analysis of loans payable:

| | **September 30, 2024** | **December 31, 2023** |
|---|---|---|
| | **$** | $ |
| Current | - | 11,193,598 |
| Non-current | - | 988,232 |
| | **-** | **12,181,830** |

(i) Canadian Parent Credit Facility

| | $ |
|---|---|
| Balance, December 31, 2022 | 335,276 |
| Additions | 1,059,175 |
| Repayment | (100,000) |
| Interest expense | 59,044 |
| Foreign currency translation | (31,938) |
| Balance, December 31, 2023 | 1,321,557 |
| Repayment | (329,642) |
| Interest expense | 155,339 |
| Settlement by Film Purchaser (Note 5) | (1,213,686) |
| Foreign currency translation | 66,432 |
| **Balance, September 30, 2024** | **-** |

On January 7, 2022, the Company entered into a credit facility of up to US$1,000,000, unsecured, due on demand and an interest rate of 8% per annum.

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

In August 2023, the Company and Oranmore amended the terms of the credit facility. The amended credit facility allows the Company up to US$1,250,000, unsecured, due on demand with an interest rate of 12% per annum. The maturity date of the amended credit facility is January 31, 2024. The Company agreed to pay Oranmore a US$150,000 arrangement fee on signing of the amendment.

Under the definitions of IFRS 9, the amendment of the credit facility represented a change in present value of more than 10% using the methods prescribed in IFRS 9. Accordingly, the modification is regarded as substantial, and accounted for as an extinguishment of the original loan and a recognition of a new loan payable. Accordingly, the $205,350 (US$150,000) arrangement fee is reported as a loss on loan extinguishment for the year ended December 31, 2023.

On April 9, 2024, the loan was extended to June 30, 2024, redenominated to British pound sterling from United States dollar at a rate of US$1.00 to GBP 0.785024, and accrues interest at a rate of 15% per annum. The amended credit limit of the facility upon redenomination is GBP 1,000,000. The amendments took effect retrospectively from January 1, 2024. The Company did not incur any arrangement fees in exchange for this extension.

On September 3, 2024, the Company made a repayment to the outstanding balance of the credit facility using funds received from the sale of its TV Division (Note 5). The repayment amounted to GBP 157,668, with the remaining balance being GBP 687,325 (equivalent to US$900,000). The remaining balance was repaid by Tropico Limited on behalf of the Company in consideration for the sale of the Film Division by the Company to Tropico Limited (Note 5).

(ii) Canadian Parent Loan

| | $ |
|---|---|
| Balance, December 31, 2022 | 413,024 |
| Additions | 534,677 |
| Repayment | (1,082,209) |
| Interest expense | 119,040 |
| Foreign currency translation | 15,468 |
| Balance, December 31, 2023 | - |
| **Balance, September 30, 2024** | **-** |

During the year ended December 31, 2022, 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, 2023, the loan was repaid in full.

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

(iii) Subsidiary Loans

a. Hollywood Classics

| | $ |
|---|---|
| Balance, December 31, 2022 | 57,412 |
| Repayment | (9,500) |
| Interest expense | 1,300 |
| Classified as held for sale (Note 5) | (50,899) |
| Foreign currency translation | 1,687 |
| Balance, December 31, 2023 | - |
| **Balance, September 30, 2024** | **-** |

Hollywood Classics has an unsecured facility over a 72-month term with a 2.5% fixed interest rate. Blended principal and interest repayments are made monthly. As at December 31, 2023, as Hollywood Classics was classified as held for sale, the outstanding loan balance of $50,899 was reclassified as a liability held for sale (Note 5). The Company completed the disposal of Hollywood Classics on February 5, 2024 (Note 5).

b. 101 Films Limited ("101 Films")

| | $ |
|---|---|
| Balance, December 31, 2022 | 193,261 |
| Repayment | (151,087) |
| Interest expense | 11,273 |
| Foreign currency translation | 5,107 |
| Balance, December 31, 2023 | 58,554 |
| Repayment | (61,025) |
| Interest expense | 1,383 |
| Foreign currency translation | 1,088 |
| **Balance, September 30, 2024** | **-** |

During the nine months ended September 30, 2024, 101 Films has fully repaid the loan outstanding (December 31, 2023 – $58,554). The loan was repayable over the period to April 2024 and accrued interest at 3.99% over the Bank of England base rate. This loan was secured by way of a fixed and floating charge over the assets of 101 Films. This loan was classified as short term.

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

c. 101 Films International Limited ("101 Films International")

| | $ |
|---|---|
| Balance, December 31, 2022 | 2,085,019 |
| Additions | 503,330 |
| Repayment | (611,675) |
| Capitalized interest | 207,011 |
| Foreign currency translation | 63,310 |
| Balance, December 31, 2023 | 2,246,995 |
| Capitalized interest | 360,701 |
| Assumed by Film Purchaser (Note 5) | (648,590) |
| Settlement by TV Purchaser (Note 5) | (2,053,553) |
| Foreign currency translation | 94,447 |
| **Balance, September 30, 2024** | **-** |

During the year ended December 31, 2021, 101 Films International entered into a loan of $282,739 (GBP 164,818) to finance a specific project. The Loan bears interest of 1% per month for the first 12 months, and 2.5% per month thereafter. The loan is secured by means of fixed charge over the rights to the associated title and a floating charge over the assets of the Company. As of December 31, 2023, the loan was fully repaid.

During the year ended December 31, 2022, 101 Films International entered into a loan of $225,904 (GBP 140,555) to finance a specific project. The Loan bears interest of 1% per month, secured by means of fixed charge over the rights to the associated title and a floating charge over the assets of the Company. As of December 31, 2023, the loan was fully repaid.

During the year ended December 31, 2022, 101 Films International entered into a loan of $1,215,952 (GBP 756,550) to finance a specific project. The Loan bears interest of 1% per month for the first 15 months, and 1.5% per month for the following 6 months, and 2.5% per month thereafter. The loan is secured by means of fixed charge over the rights to the associated title and a floating charge over the assets of the Company. This loan has been classified as short-term. As of September 30, 2024, the loan was fully repaid, as part of the consideration received from the Television Purchaser (Note 5).

During the year ended December 31, 2023, 101 Films International entered into a loan of $503,330 (GBP 300,000) to finance a specific project. The Loan bears interest of 1% per month, secured by means of fixed charge over the rights to the associated title and a floating charge over the assets of the Company. This loan has been classified as short-term. As at December 31, 2023, $570,050 was outstanding. As at June 30, 2024, as the loan is part of the asset group contemplated by the Company for sale, the outstanding loan balance of $648,590 was reclassified as a liability held for sale (Note 5). The Company completed the disposal of that asset group on August 30, 2024 (Note 5).

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

d. Abacus Media Rights Limited ("Abacus")

| | $ |
|---|---|
| Balance, December 31, 2022 | 1,371,150 |
| Additions | 1,276,711 |
| Repayment | (167,777) |
| Capitalized interest | 294,095 |
| Foreign currency translation | 17,490 |
| Balance, December 31, 2023 | 2,791,669 |
| Additions | 407,552 |
| Capitalized interest | 173,953 |
| Assumed by Television Purchaser (Note 5) | (3,422,118) |
| Foreign currency translation | 48,944 |
| **Balance, September 30, 2024** | **-** |

During the year ended December 31, 2022, Abacus entered into a loan of $1,261,256 (GBP 784,737) 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 the Company. The loan will begin to be repaid when the associated title is put into distribution. It has been classified as short term. As at December 31, 2023, $1,501,144 was outstanding.

During the year ended December 31, 2023, Abacus entered into a loan of $1,283,127 (USD 950,924) to finance a specific project. The Loan bears interest 1.27% per month, 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. As at December 31, 2023, $1,290,525 was outstanding.

The Company completed the disposal of Abacus on August 30, 2024 (Note 5), and accordingly, the loans were derecognized.

e. Amcomri Productions Limited ("APL")

| | $ |
|---|---|
| Balance, December 31, 2022 | 3,019,611 |
| Additions | 3,257,690 |
| Repayment | (1,207,992) |
| Interest expense | 156,690 |
| Capitalized interest | 326,691 |
| Foreign currency translation | 210,365 |
| Balance, December 31, 2023 | 5,763,055 |
| Additions | 85,468 |
| Interest expense | 106,734 |
| Capitalized interest | 214,356 |
| Assumed by Television Purchaser (Note 5) | (5,577,429) |
| Assumed by Film Purchaser (Note 5) | (690,767) |
| Foreign currency translation | 98,583 |
| **Balance, September 30, 2024** | - |

During the year ended December 31, 2022, APL entered into a loan of $2,410,851 (GBP1,546,392). The loan bears interest at 1% per month, was 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. As at December 31, 2023, $1,407,816 was outstanding. During the year ended December 31, 2023, the maturity was extended to March 31, 2024.

During the year ended December 31, 2022, APL 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 APL, 101 Films, 101 Films International and Abacus. The loan was expected to be repaid beginning February 2024. As at December 31, 2023, $372,850 was outstanding.

During the year ended December 31, 2022, APL 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 APL, 101 Films, 101 Films International and Abacus. A further drawdown of $16,778 (GBP 10,000) took place during the year. The loan was expected to be repaid beginning February 2024. As at December 31, 2023, $299,728 was outstanding.

During the year ended December 31, 2022, APL 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 APL, 101 Films, 101 Films International and Abacus. The loan was expected to be repaid beginning February 2024. As at December 31, 2023, $292,396 was outstanding.

During the year ended December 31, 2023, APL entered into a loan for the total amount of $1,691,585 (US$1,277,200). As at December 31, 2023, $1,715,022 (US$1,271,000) 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 APL, 101 Films, 101 Films International and Abacus. As at December 31, 2023, $1,815,062 was outstanding.

During the year ended December 31, 2023, APL entered into a loan for the total amount of $2,084,316 (GBP 1,236,000). As of December 31, 2023, $1,467,235 (GBP 874,517) had been drawn on the loan. The loan has a maturity date of March 26, 2025. The Loan bears interest at 1.27% per month, secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of APL, 101 Films, 101 Films International and Abacus. As at December 31, 2023, $1,509,311 was outstanding, of which $521,079 was classified as short-term, and $988,232 was classified as long-term.

During the year ended December 31, 2023, APL entered into a loan for the total amount of $524,251 (GBP 310,881). As at December 31, 2023, $64,676 (GBP 38,840) had been drawn on the loan. The loan has a maturity date of May 31, 2025. The loan bears interest at 1.27% per month, secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of APL, 101 Films, 101 Films International and Abacus. As at December 31, 2023, $65,892 of the loan was outstanding.

The Company completed the disposal of Abacus on August 30, 2024 (Note 5), and accordingly, the loans were derecognized.

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

## 17. Related party transactions

Related parties include shareholders with a significant ownership interest in the Company, the Company's key management personnel, and directors.

(a) Balances with related parties:

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| | **$** | $ |
| Due from related party | **-** | - |
| Due to related party[(i)] | **3,193** | 94,714 |
| Accounts payable and accrued liabilities | **889,833** | 637,915 |
| Loans payable (Note 16) | **-** | 1,321,557 |
| Production loan payable (Note 15) | **-** | 2,160,947 |

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

(b) Transactions during the period with companies and persons related through common significant shareholder, key management personnel, and directors:

| **For the nine months ended** | **September 30, 2024** | September 30, 2023 |
|---|---|---|
| | **$** | $ |
| Salaries and benefits | **1,142,872** | 581,252 |
| Management fees[(ii)] | **165,744** | 68,750 |
| Professional fees | **832,645** | 241,292 |
| Share based payments | **169,210** | 32,023 |
| Interest expense to related party | **408,733** | 314,038 |
| Consideration for sale of Film division (Note 5) | **1,123,686** | - |

(ii) Management fees relate to directors' fees paid to directors of the Company.

## 18. Share capital

(a) Authorized share capital

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

<u>Issuance of common shares</u>

*(i) Transactions from January 1, 2024 to September 30, 2024*

There were no common shares issued during the nine months ended September 30, 2024.

*(ii) Transactions from January 1, 2023 to December 31, 2023*

There were no common shares issued during the year ended December 31, 2023.

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

(b) Options

The Company has adopted an incentive stock option plan in accordance with the policies of the CBOE (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.

*For the nine months ended September 30, 2024:*

On July 28, 2024, the Company approved the cancellation of the 2,500,000 options previously granted to the former Chief Executive Officer ("former CEO"), along with certain Restricted Share Units previously granted (Note 18(d)), contingent on the completion of the disposal of the Television Division (Note 5). Such disposal was completed on August 30, 2024. Previously unrecognized portions of the grant date fair value of the options are accelerated for recognition in full as share-based payments for the three and nine months ended September 30, 2024.

*For the year ended December 31, 2023:*

On August 15, 2023, the Company granted 2,500,000 options to the former CEO with an exercise price of $0.10. Of these options, 20% vests 12 months from the grant date, and 20% vests every 12 months afterwards for a total period of 60 months. A fair value of $167,035 was determined using the Black-Scholes option pricing model.

As at September 30, 2024, 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 | 2.75 |
| 20,000 | 20,000 | $0.75 | March 30, 2027 | 2.75 |
| 20,000 | 20,000 | $1.00 | March 30, 2027 | 2.75 |
| 20,000 | - | $1.50 | March 30, 2027 | 2.75 |
| 20,000 | - | $2.00 | March 30, 2027 | 2.75 |
| 100,000 | 60,000 | $1.15 | | 2.75 |

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

The stock option activities are as follows:

| | Number of options | | Weighted average exercise price |
|---|---|---|---|
| Balance, December 31, 2022 | 100,000 | $ | 1.15 |
| Granted | 2,500,000 | | 0.10 |
| Balance, December 31, 2023 | 2,600,000 | $ | 0.14 |
| Cancelled | (2,500,000) | | 0.10 |
| **Balance, September 30, 2024** | **100,000** | **$** | **1.15** |

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

| | December 31, 2023 |
|---|---|
| Risk free interest rate | 3.71% |
| Expected life of options (years) | 10 |
| Expected annualized volatility | 53% |
| Expected dividend yield | Nil |
| Share price at valuation date | $0.10 |
| Weighted average Black-Scholes value of each option | $0.10 |

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 expenses related to the stock options of $100,504 and $139,173, respectively, for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 – $10,107 and $11,732, respectively).

Included within the share-based compensation expenses related to stock options are accelerated vesting recognition of $85,287 for cancelled options.

(c) Warrants

As of January 2023, after one (1) year from the date of issuance, the 36,923 warrants outstanding as of December 31, 2022 remained unexercised and expired thereafter.

The warrants activity is as follows:

| | Number of warrants | | Weighted average exercise price |
|---|---|---|---|
| Balance, December 31, 2022 | 36,923 | $ | 6.25 |
| Expired | (36,923) | | 6.25 |
| Balance, December 31, 2023 | - | $ | - |
| **Balance, September 30, 2024** | **-** | **$** | **-** |

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

(d) Restricted Share Units ("RSU")

On June 8, 2023, the Company issued 500,000 RSUs of the Company to the former CEO pursuant to the Company's Omnibus Long-Term Incentive Plan. The RSUs will vest in three equal installments on each of September 30, 2023, 2024 and 2025 and. Once vested, the RSUs will entitle the former CEO to acquire up to 500,000 common shares in the capital of the Company, or the cash equivalent of such shares at market value on the date of settlement, at the discretion of the Board of Directors.

On July 28, 2024, the Company approved the cancellation of the 500,000 RSUs previously granted to the former CEO, along with certain Options previously granted (Note 18(b)), contingent on the completion of the disposal of the Television Division (Note 5). Such disposal was completed on August 30, 2024. Previously unrecognized portions of the grant date fair value of the RSUs are accelerated for recognition in full as share-based payments for the three and nine months ended September 30, 2024.

The cancellation of RSUs included 166,666 RSUs that were previously vested on September 30, 2023 but not yet settled at the time of cancellation.

The RSU activity is as follows:

| | Number of RSUs granted |
|---|---:|
| Balance, December 31, 2022 | - |
| Granted | 500,000 |
| Balance, December 31, 2023 | 500,000 |
| Cancelled | (500,000) |
| **Balance, September 30, 2024** | **-** |

The fair values of the RSUs granted during the year ended December 31, 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 three and nine months ended September 30, 2024, $17,091 and $30,964, respectively (three and nine months ended September 30, 2023 - $25,843 and $32,023, respectively) of expense was recognized as share-based payment.

Included within the share-based compensation expenses related to RSUs are accelerated vesting recognition of $10,079 for cancelled RSUs.

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

(e) Cancellation of options and RSUs on August 30, 2024

On July 28, 2024, the Company approved the cancellation of 2,500,000 options (Note 18 (b)) and 500,000 RSUs (Note 18 (d)) previously granted to the former CEO, contingent on the completion of the disposal of the Television Division (Note 5). Such disposal was completed on August 30, 2024. The former CEO is entitled to $700,000 of payment in connection with such cancellations (the "Former CEO Payment"), which are not yet paid as of September 30, 2024 and is carried in accounts payable and accrued liabilities (Note 17).

The cancellation of instruments with Former CEO Payment is accounted for as repurchase of equity based on cancellation date fair value of the instruments. A fair value of $159,438 was determined for the 2,500,000 options at cancellation, using the Black-Scholes option pricing model. A fair value of $47,500 was determined for the 500,000 RSUs at cancellation. The fair values of the options and RSUs being cancelled were recorded as reductions of equity reserves in connection with the cancellations. The residual of the Former CEO Payment in excess of the cancellation date fair value determined for the options and RSUs being cancelled, amounting to $493,062, was recognized as a redundancy award recorded as part of salaries and benefits expense in the condensed interim consolidated statement of income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2024.

The Former CEO resigned from the Company on September 6, 2024.

The fair values of the options cancelled with Former CEO Payment during the three and nine months ended September 30, 2024 were determined on the date of the cancellation using the Black-Scholes option pricing model with the following assumptions:

| As of Cancellation Date | August 30, 2024 |
|---|---|
| Risk free interest rate | 3.16% |
| Expected life of options (years) | 8.96 |
| Expected annualized volatility | 60% |
| Expected dividend yield | Nil |
| Share price at valuation date | $0.095 |
| Weighted average Black-Scholes value of each option | $0.06 |

The fair values of the RSUs cancelled with Former CEO Payment during the three and nine months ended September 30, 2024 were determined on the date of the cancellation using the following assumptions:

| As of Cancellation Date | August 30, 2024 |
|---|---|
| Closing market price | $0.095 |
| Value of the RSUs | $47,500 |

The allocation of the Former CEO Payment is set out as follows:

| As of Cancellation Date | | August 30, 2024 |
|---|---|---|
| Fair value of cancelled Options | $ | 159,438 |
| Fair value of cancelled RSUs | | 47,500 |
| Redundancy award | | 439,062 |
| **Total Former CEO Payment** | **$** | **700,000** |

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

## 19. Financial instruments risk management

Fair values

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

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

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

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

The carrying amounts for cash, accounts receivable and other receivables (excluding GST receivables), due to related parties, and accounts payable and accrued liabilities (excluding GST payables) 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, accounts receivable and other receivables (excluding GST receivables), and due from related parties. The maximum exposure to credit risk for accounts receivable and other receivables (excluding GST receivables) approximate the amount recorded on the consolidated statement of financial position of $1,562,223 as at September 30, 2024 (December 31, 2023 – $679,662).

As at September 30, 2024, the Company's receivables are as follows:

| Accounts receivable and other receivables (excluding GST) | **Current** | **30** | **60** | **90** | **90+** | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **September 30, 2024** | **22,083** | **5,920** | **48,212** | **(9,482)** | **1,495,490** | **1,562,223** |
| December 31, 2023 | 330,318 | 70,613 | 120,974 | (10,843) | 168,600 | 679,662 |

The credit periods offered by the Company for accounts receivable varies by contract, but generally fall due after 30 days if not otherwise stated. The other receivables have no fixed terms of repayment. No receivable balances are considered overdue as at September 30, 2024 and December 31, 2023.

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

(ii) Liquidity risk

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

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| | **$** | $ |
| Trade payables | **568,629** | 7,163,323 |
| Accrued liabilities | **1,191,849** | 11,721,520 |
| VAT payable | **-** | 814,499 |
| Income tax payable | **1,112,456** | 663,145 |
| Other payables | **105,719** | 1,866,787 |
| | **2,978,653** | 22,229,274 |

As at September 30, 2024, 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 | **2,978,653** | 2,978,653 | - |

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at September 30, 2024, the Company had working capital of $5,064,894 (December 31, 2023 – negative working capital of $21,802,781).

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. Following the disposal of all active business of the Company, the Company predominantly holds its assets in cash. Management anticipates that the Company would cease operating within the next 12 months, and monitors its commitments and obligations to identify cash flow needs to settle all liabilities prior to a solvent dissolution of the Company. The Company's primary short-term liquidity needs are the settlement of its outstanding liabilities.

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

(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 of 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 Trinity, its wholly owned subsidiary, in Pound Sterling (“GBP”).

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

| | Effect on loss before tax |
|---|---|
| Sensitivity change in exchange rates | Change in GBP |
| | $ |
| +5% | (35,295) |
| -5% | 35,295 |

(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 has no exposure to floating interest rate obligations during the nine months ended September 30, 2024 and during the year ended December 31, 2023.

## 20. Capital management

As at September 30, 2024, the capital structure of the Company consisted of $4,815,046 in shareholders’ equity (December 31, 2023 – $23,098,107 in shareholders’ equity and debt).

The Company’s policies around the management of its capital requirements changed during the nine months ended September 30, 2024 as a result of the cessation of its active business, and consequently focuses on the orderly settlement of all its existing liabilities and ultimate return of residual capital, if any, to its shareholders prior to the dissolution of the Company.

The Company’s objective when managing its capital is to ensure sufficient equity financing to settle all outstanding obligations. The Company considers shareholders’ equity as capital.

In light of the cessation of business, the Company does not anticipate any issuance of new shares, or receipt of new capital through other financing sources.

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

## 21. Segmented disclosure

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 condensed interim consolidated financial statements.

Following the sale of all its active business, the Company no longer operates in its previous business in its previous reportable segments in Film Distribution, Film Production, Television and Intellectual Property.

Hollywood Classics, previously reported within the Film Production segment, was disposed of as of February 5, 2024, and as such is reported as discontinued operations (Note 5) and excluded from the segment disclosure.

Abacus and Amcomri Canada Sales Limited ("ACSL") previously reported within the Television segment. The operations related to the television and documentary rights held by APL previously reported within the Intellectual Property segment. The foregoing were disposed of as of August 30, 2024, and are classified as discontinued operations (Note 5), and are thus excluded from the segment disclosure.

101 Films previously reported within the Film Distribution segment. The operations related to the film rights held by the Company, 101 International Limited and APL previously reported within the Film Distribution, Film Production and Intellectual Property segments, respectively. The foregoing were disposed of as of August 30, 2024, and are classified as discontinued operations (Note 5), and are thus excluded from the segment disclosure.

For the nine months ended September 30, 2024, the Company only maintains one reportable segment, being the administration of the residual assets of the Company. The Company generates no revenue in its continuing operations. The revenue generated from its discontinued operations is enumerated in Note 5.

Assets by geographic location:

| | North America | Europe | **Total** |
|---|---|---|---|
| | $ | $ | $ |
| Assets | 195,399 | 7,884,773 | 8,080,172 |

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

## 22. Supplemental disclosure of cash flow information

| | **September 30, 2024** $ | September 30, 2023 $ |
|---|---|---|
| Corporation taxes paid | **542,018** | - |
| Interest paid | **412,125** | 314,222 |
| Loan payable repaid by Television division purchaser | **2,053,553** | - |
| Loan payable repaid by Film division purchaser | **1,213,686** | - |

## 23. Earnings (Loss) per share

The following table provides a reconciliation between the number of basic and fully diluted shares outstanding as at September 30, 2024 and 2023:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | **September 30, 2024** | September 30, 2023 | **September 30, 2024** | September 30, 2023 |
| Weighted daily average of common shares | **73,606,424** | 73,606,424 | **73,606,424** | 73,606,424 |
| Dilutive effect of stock options | **-** | 636,867 | **-** | 214,622 |
| Dilutive effect of restricted share units | **-** | 500,000 | **-** | 208,791 |
| Weighted average number of diluted shares | **73,606,424** | 74,743,291 | **73,606,424** | 74,029,837 |

The outstanding options of the Company are anti-dilutive for the three and nine months ended September 30, 2024.

The outstanding options and RSUs of the Company are anti-dilutive for continuing operations for the three and nine months ended September 30, 2023.