

ADSL HOLDINGS INC.
(formerly Amcomri Entertainment Inc.)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024, AND 2023

This management’s discussion and analysis (“MD&A”) presents an analysis of the financial position of ADSL Holdings Inc. (the “Company” or “ADSL”) for the three and nine months ended September 30, 2024, and 2023. The following information should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024, and 2023, and audited consolidated financial statements and related notes for the years ended December 31, 2023, and 2022, including the notes contained therein (collectively the “financial statements”). The financial statements are presented in Canadian currency and were prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

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

DATE OF REPORT

This MD&A is dated November 13, 2024.

EXPLANATORY NOTE

This MD&A for the three and nine months ended September 30, 2024, and 2023, has been prepared to assist readers in understanding the financial performance of the Company.

FORWARD LOOKING STATEMENTS

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

CAUTION REGARDING NON-IFRS MEASURES

In addition to the results reported in accordance with IFRS, this MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures, including “EBITDA” and “adjusted EBITDA” as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Management believes that these measures provide useful information in that they may exclude amounts that are not indicative of the Company’s core operating results and ongoing operations and provide a more consistent basis for comparison between periods. For further details, please refer to the “Non-IFRS Financial Measures” section later in this document.

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CORPORATE PROFILE

The Company was acquired on January 7, 2022, by the shareholders of Trinity Pictures Distribution Limited (“Trinity”) by way of a reverse takeover (the “RTO”) and is now listed on the Cboe Canada Inc. exchange, formerly known as the NEO Stock Exchange (the “CBOE”) under the symbol “ADSL”, on OTC Markets Exchange under the symbol “AMNNF” and on the Frankfurt Exchange under the symbol “25YO.”

From the RTO date to October 18, 2024, the Company was known as Amcomri Entertainment Inc., and traded on the CBOE under the symbol of “AMEN”. On October 18, 2024, the Company changed its name and trading symbol on the CBOE to ADSL Holding Inc., and “ADSL” respectively, pursuant to certain closing conditions on the previously completed sale of its Film Division (see “Sale of Business”).

Sale of Business

The Company previously principally operated in the business of 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 (see “Discontinued Operation” section below). Subsequently, the Company possesses has no remaining active operations.

All of the Company’s activities from its previous operations, namely Film Distribution; Film Production & Representation; and, Television Distribution & Co-production are presented separately as discontinued operations in the financial statements.

Planned Dissolution of the Company

On August 28, 2024, the shareholders of the Company (the “Shareholders”) 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 or approval of the shareholders, to not proceed with such actions if they are not in the best interests of the Company. The Company currently intends to proceed with the delisting, return of capital, and dissolution as approved by the Shareholders.

Suspension of trading on the CBOE

On September 3, 2024 (the “Suspension Date”), the Company received notice from the CBOE that trading in securities of the Company has been suspended pursuant to the rules of the CBOE, as the Company ceased to carry on an active business.

Pursuant to the rules of the CBOE, if within 150 days of the Suspension Date the suspension has not been lifted, the securities of the Company will be automatically delisted without further notice.

The Company is continuing to consider all of its options at this time, including the delisting of the Common Shares from the CBOE (the “Delisting”), either by the CBOE or by the Company voluntarily. A voluntary Delisting was previously approved by Shareholders at the Company’s annual general and special meeting of Shareholders held on August 28, 2024.

Details of the Reverse Takeover

On August 9, 2021, the Company entered into an arrangement agreement with Trinity and the shareholders of Trinity which outlined the terms and conditions pursuant to which the Company and Trinity would complete a transaction which would result in a RTO of the Company by the shareholders of Trinity (the “Arrangement”).

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

The Company also settled debt with Amcomri Limited Partnership and Oranmore Limited (“Oranmore”), both controlled by Paul McGowan (together, the “Creditors”), a significant shareholder of Trinity. The Creditors exchanged \$1,486,034 of debt for 1,981,379 post-Consolidation common shares at a deemed price of \$0.75 per post-Consolidation share.

In connection with the Arrangement, the Company changed its name to “Amcomri Entertainment Inc.”, delisted its common shares from the TSX Venture Exchange (“TSXV”) and listed its common shares on the CBOE, a senior exchange based in Toronto, Canada.

Discontinued Operations

Hollywood Classics International Limited

Since December 31, 2023, the Company classified Hollywood Classics International Limited (“HCI”) as discontinued operations and its assets and liabilities as held for sale, due to a plan to divest, in accordance with the requirements set forth by *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations* (“IFRS 5”). On February 5, 2024, the Company divested HCI to HCI’s management. The financial results of HCI are segregated in the consolidated statements of loss and comprehensive loss as discontinued operations, and accounted for up to the completion of divestiture, when the Company ceased to have control over HCI.

Television Division

On March 5, 2024, the Company entered into a non-binding letter of offer for the sale of the of the Company’s Television Division (the “TV Division”) with an arms’ length party. The TV Division consisted of Abacus, ACSL, and the operations and assets related to the television and documentary rights held by APL.

On June 26, 2024, 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”), entered into a share and asset purchase agreement dated June 25, 2024 (the “Television Sale Purchase Agreement”) with Sphere Media Inc., Sphere Media UK Ltd. and Sphere Media Distribution Inc. (collectively, the “Television Sale Purchaser”) whereby: (i) the Company agreed to sell all of the outstanding shares of ACSL (the “ACSL Shares”); (ii) Trinity 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 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”) constituted a sale of all or substantially all of the Company’s undertaking pursuant to Section 301 of the *Business Corporations Act* (British Columbia) (“BCBCA”).

On August 30, 2024, the Company completed the Television Sale Transaction to the Television Sale Purchaser. The aggregate consideration paid was \$18.3 million in cash, plus the assumption of certain production loans of Abacus and APL in the amount of £1.67 million and US\$3.21 million.

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 financial results of the TV Division are segregated in the consolidated statements of loss and comprehensive loss as discontinued operations, and accounted for up to completion of divestiture, when the Company ceased to have control over the TV Division.

Film Division

During the six months ended June 30, 2024, subsequent to entering into the Television Sale Purchase Agreement, the Company commenced discussions with Tropico Limited (“Tropico”), a Company controlled by Paul McGowan, Martin Andrew Lyon, and Robert Price, who are respectively the former Chairman, a former director of the Company, and a former director and former Chief Executive Officer of the Company, regarding the sale of the Film Division of the Company (the “Film Division”). The Film Division consisted of 101 Films, and the operations and assets related to film rights held by each of APL, 101 International, and the Company, as well as the Company’s interest in Positivor Limited (“Positivor”), which is a 60% joint venture of the Company.

On July 29, 2024, Trinity entered into a share purchase agreement (the “Film Sale 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 (collectively, the “Film Business”). The Film Sale Transaction is subject to, and would be completed following, completion of the Television Sale Transaction (together with the Film Sale Transaction, the “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 CBCA.

The Film Sale Transaction constituted a “related party transaction” as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), as Paul McGowan, Martin Andrew Lyon, and Robert Price are related parties to the Company, and they beneficially own, in the aggregate, more than 50% of the securities of Tropico. The Company engaged Grant Thornton LLP to prepare an independent formal valuation of the Film Business in the manner prescribed by MI 61-101, which was circulated to Shareholders, and the Film Sale Transaction was approved by Shareholders in the manner pursuant to MI 61-101 such that “minority approval” as defined in MI 61-101 was obtained in connection with the Shareholders’ approval of the Film Sale Transaction on August 28, 2024.

On August 30, 2024, the Company completed the Film Sale Transaction to Tropico. The aggregate consideration paid was US\$900,000 in cash, plus the assumption of certain obligations and liabilities of 101 Films International, APL, and Positivor in the amount of approximately C\$4.03 million.

In accordance with *IFRS 5*, the financial results of the Film Division are segregated in the consolidated statements of loss and comprehensive loss as discontinued operations, and accounted for up to completion of divestiture, when the Company ceased to have control over the Film Division.

Financial Statements Presentation

See Note 5 of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 and 2023.

The prior period figures in this MD&A are also accordingly restated to separately present the results of continuing operations and discontinued operations, which is comprised of HCI, the TV Division, and the Film Division.

Financial Statements not prepared on a going concern basis

The Company anticipates, given the circumstances around a potential delisting and the lack of active business, and the fact that on August 28, 2024, the Shareholders authorized the board of directors to voluntarily delist and dissolve the Company, that it will cease operations within the next 12 months.

Accordingly, the condensed interim consolidated financial statements are not prepared on a going concerned 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 measure 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.

STRATEGY

The Company has completed the sale of all of its film and television business as of August 30, 2024 (see “Sale of Business” and “Discontinued Operation” sections above). The Company has no remaining active operations, and is continuing to consider all of its options at this time, including the delisting of the Common Shares from the CBOE, either by the CBOE or by the Company voluntarily. A voluntarily Delisting was previously approved by Shareholders at the Company’s annual general and special meeting of Shareholders held on August 28, 2024.

Notwithstanding the approval by Shareholders, the Shareholders also authorized the board of directors of the Company to, without notice to or approval of the Shareholders, elect not to proceed with Delisting if such actions are no longer in the best interests of the Company. No material events have arisen to that effect as of the date of this MD&A.

OVERALL PERFORMANCE

Quarter Highlights

- The Company reports no revenue for both the current and comparative periods, as the Company has no continuing revenue-generating operations following the classification of each of HCI, the TV Division, and the Film Division as discontinued operations;
- Adjusted EBITDA was negative \$2,727,837 (2023 – negative \$621,171) for the third quarter, an decrease of 339% compared to the third quarter in the prior year;
- Net income from continuing operations for the three months ended September 30, 2024 of \$3,614,101 (2023 – net loss from continuing operations of \$1,154,923), driven by the recognition of gain on the sale of the TV Division on August 30, 2024;
- Basic and diluted earnings per share from continuing operations of \$0.049 (2023 – loss per share of \$0.016) for the three months ended September 30, 2024;
- The Company used \$5,491,513 in cash from continuing operations for the nine months ended September 30, 2024 (2023 – used \$144,515), with cash balance as at September 30, 2024 of \$6,341,337 (2023 – \$1,448,611); and
- Discontinued operations generated net loss after tax of \$6,296,452 for the three months ended September 30, 2024 (2023 – net income after tax of \$3,671,654), after the recognition of a write-down of the Film Division assets upon classification as held for sale of \$2,852,614. Cash generated from discontinued operations was \$4,820,303 in the nine months ended September 30, 2024, compared to cash generated of \$8,222,363 in the nine months ended September 30, 2023.

SELECTED QUARTERLY INFORMATION

The following financial data, which has been prepared in accordance with IFRS, is derived from the audited annual financial statements for the years noted below and unaudited condensed interim consolidated financial statements for the quarters noted below.

All figures have been restated for prior periods to separately present the results of the discontinued operations of HCI, the TV Division, and the Film Division.

	September 30, 2024 (unaudited) \$	June 30, 2024 (unaudited) \$	March 31, 2024 (unaudited) \$	December 31, 2023 (audited) \$
Revenue	-	-	-	-
Direct costs	161	(346)	407	853
Operating expenses	2,939,640	2,501,304	440,880	(134,329)
Other expenses (income)	(6,553,902)	635,588	(925,873)	684,497
Net income (loss) – continuing operations	3,614,101	(3,136,546)	484,586	(551,021)
Basic and diluted earnings (loss) per share – continuing operations	0.049	(0.042)	0.007	(0.007)
Net income (loss) – discontinued operations	(6,296,452)	(3,481,957)	3,716,938	(7,140,488)
Basic and diluted earnings per share – discontinued operations	(0.086)	(0.047)	0.050	(0.097)

	September 30, 2023 (unaudited) \$	June 30, 2023 (unaudited) \$	March 31, 2023 (unaudited) \$	December 31, 2022 (audited) \$
Revenue	-	-	-	-
Direct costs	(1,521)	1,691	8,868	19,088
Operating expenses	1,213,682	1,473,079	88,818	452,329
Other expenses (income)	(57,237)	(126,292)	(45,009)	48,946
Net income (loss) – continuing operations	(1,154,924)	(1,348,478)	(52,677)	(520,363)
Basic and diluted earnings (loss) per share – continuing operations	(0.016)	(0.018)	(0.001)	(0.007)
Net income (loss) – discontinued operations	3,671,655	(52,313)	1,641,923	(1,564,229)
Basic and diluted earnings (loss) per share – discontinued operations	0.050	(0.001)	0.022	(0.030)

REVIEW OF THIRD QUARTER RESULTS

	Three months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	-	-	N/A
Direct costs	161	(1,521)	(110.6%)
Operating expenses	2,939,640	1,213,682	142.2%
Other income	(6,553,902)	(57,238)	11,350.3%
Net income – continuing operations	3,614,101	(1,154,923)	(412.9%)
Adjusted EBITDA ¹	(2,727,837)	(621,171)	339.1%

	Nine months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	-	-	N/A
Direct costs	222	9,039	(97.5%)
Operating expenses	5,881,824	2,775,578	111.9%
Other income	(6,844,187)	(228,539)	2,894.8%
Net income – continuing operations	962,141	(2,556,078)	(137.6%)
Adjusted EBITDA ¹	(4,933,938)	(1,443,748)	241.7%

Notes:

1. Denotes a non-IFRS measure.
2. Prior year amounts have been restated to exclude discontinued operations.
3. Net loss from discontinued operations for the three and nine months ended September 30, 2024 amounting to \$6,296,452 and \$6,061,471, respectively, (three and nine months ended September 30, 2023 – net income from discontinued operations of \$3,671,654 and \$5,261,262, respectively) was excluded from this section.

DISCUSSION OF OPERATIONS

Total Revenue

For the three and nine months ended September 30, 2024, the Company reports no revenue, and prior periods are restated to report no revenue, as a result of the Company's classification of all of its business related to both television and film as discontinued operations, and those results are accordingly reported separately.

The Company reported revenue from the Film Division as revenue from continuing operations during the first quarter of 2024, as the Film Division did not meet classification criteria for discontinued operations during the relevant time period.

Direct Costs

The charge for direct costs in the three months ended September 30, 2024, of \$161, increased from that charged in the same period in 2023 of negative \$1,521.

For the nine months ended September 30, 2024, the direct cost charge was \$222, a decrease compared to \$9,039 that was charged in the same period in 2023.

The amounts remain trivial and comparable, and arose from certain promotions undertaken by Trinity during the year.

Amortization and depreciation

The Company recognized no amortization expenses from continuing operations, due to the classification of all film and television assets as part of the divisions held for sale, thus amortization expenses charged during the year prior to such classifications are reported as part of discontinued operations.

The charge for depreciation in the three months ended September 30, 2024 of \$5,029 increased from that charged in the three months ended September 30, 2023 of \$4,003.

For the nine months ended September 30, 2024, the depreciation charged of \$14,728 increased from the charged in the nine months ended September 30, 2023 of \$9,975.

The depreciation expenses arose from equipment that are not included in the disposal groups. The increase was due to the acquisition of certain equipment since the second quarter of 2023.

Office & Administration

For the three months ended September 30, 2024, office and administration expenses were \$116,989 compared to \$218,709 for the same period in 2023.

For the nine months ended September 30, 2024, office and administration expenses were \$262,420 compared to \$455,044 for the same period in 2023.

The lower expense in the current period is due to reduced level of spending on information technology services and public relations expenditures, among other expenditures.

Advertising and promotion

For the three months ended September 30, 2024, advertising and promotion expenses were \$76 compared to \$13,323 for the same period in 2023.

For the nine months ended September 30, 2024, advertising and promotion expenses were \$6,952 compared to \$29,920 for the same period in 2023.

The reduced expense reflects scaled back expenditures by the Company as a result of a the wind-down of the operations of the Company connected to the sale of its operating divisions.

Salaries and benefits

Salaries and benefits expenses was \$1,124,575 for the three months ended September 30, 2024, compared to \$144,280 for the same period in 2023.

For the nine months ended September 30, 2024, salaries and benefits expenses was \$1,422,091, compared to \$447,748 for the same period in 2023.

The increase in expenses is a result of a number of redundancy payments incurred by the Company as a result of the sale of its operations, including the redundancy payments to the former CEO, the CFO, and other employees (see “Transactions with Related Parties”).

Management Fees

For the three months ended September 30, 2024, management fees of \$112,044 were incurred (2023 – \$193,750).

For the nine months ended September 30, 2024, management fees of \$165,744 were incurred (2023 – \$225,000).

The amounts represent the remuneration paid to directors of the Company for their services rendered.

Professional fees

For the three months ended September 30, 2024, professional fees increased to \$1,336,483, compared to negative \$85,083 for the same period in 2023.

For the nine months ended September 30, 2024, professional fees increased to \$2,036,869 compared to \$127,440 for the same period in 2023.

The increase was attributable to legal, consulting and other professional fees incurred by the Company in relation to the general corporate and transaction-related matters.

Loan Interest

For the three months ended September 30, 2024, production loan interest of \$65,170 (2023 – \$38,686), and loan interest of negative \$186,850 (2023 – \$570,762) was incurred.

For the nine months ended September 30, 2024, production loan interest of \$253,394 (2023 – \$165,473), and loan interest of \$1,263,319 (2023 – \$1,139,045) was incurred.

The production loan interest and loan interest relate to the production loan associated with Left Behind 2, and various other title specific funding, respectively. The increase in production loan interest and loan interest represents the increase in interest rates of certain loans upon amendment and restatement, as well as interest incurred on loans that are not included within the contemplated disposals of businesses.

Travel & Entertainment

For the three months ended September 30, 2024, travel & entertainment costs of \$10,203 were incurred (2023 – \$79,301).

For the nine months ended September 30, 2024, travel & entertainment costs of \$47,844 were incurred (2023 – \$132,178).

The changes are due to reduced amount of travelling of the Company's employees and executives.

Bad debts

For the three and nine months ended September 30, 2024, bad debt write-offs amounted to \$238,326 (2023 – \$Nil).

These charges mainly relate to intercompany receivables from former subsidiaries and amounts due from related party from the former joint venture that are written off as not recoverable.

Gain on sale of Hollywood Classics

On February 5, 2024, the Company completed the divestiture of HCI. The Company recognized a gain on the sale of \$961,005, being the difference between the consideration of the transaction of \$2, and the net liabilities of the division of \$961,003.

Gain on sale of Television Division

On August 30, 2024, the Company completed the divestiture of the Television Division. The Company recognized a gain on the sale of \$5,653,895, being the difference between the consideration of the transaction, less transaction costs, of \$21,803,436, and the net asset value of the division of \$16,149,541.

Sale of the Film Division

On August 30, 2024, the Company completed the divestiture of the Film Division. The Company did not recognize a gain nor loss on the sale, as the written-down net asset value of the Film Division is equivalent to the consideration of the transaction, at \$1,213,686.

Share Based Payments

\$17,092 and \$30,964, respectively, of share-based payment expenses were recorded for the three and nine months ended September 30, 2024 (2023 – \$25,843 and \$32,023, respectively), in relation to 500,000 restricted share units ("RSUs") granted to the former Chief Executive Officer (the "former CEO") of the Company on June 8, 2023.

\$100,280 and \$138,247, respectively, of share-based payment expenses were recorded for the three and nine months ended September 30, 2024, in relation to 2,500,000 share options granted to the former CEO of the Company on August 15, 2023.

\$224 and \$926, respectively, of share-based payment expenses for the three and nine months ended September 30, 2024 (2023 – \$511 and \$2,136, respectively) were recorded in relation to share options granted on March 22, 2022.

In connection with the disposal of the Television Division, the RSUs and share options granted to the former CEO were cancelled during the three and nine months ended September 30, 2024 (see "Transactions with Related Parties" section).

REVIEW OF DISCONTINUED OPERATIONS

Hollywood Classics International Limited

The divesture of HCI was completed on February 5, 2024, for consideration of \$2 (GBP 1). The Company classified the operating results of HCI as discontinued operations for the three and nine months ended September 30, 2024. In accordance with the requirements set forth by *IFRS 5*, the figures presented on the consolidated statements of loss and comprehensive loss for both the three and nine months ended September 30, 2024 and 2023, as well as the consolidated statements of cash flows for both the nine months ended September 30, 2024 and 2023, are restated for presentation. Prior period balances on the consolidated statements of financial position are not restated.

HCI was previously presented within the Film Production reportable segment of the Company. The details of the assets, liabilities, and operating results of HCI, as well as a reconciliation to results from combined continued and discontinued operations for the comparative period, are presented in Note 5 on the Company's unaudited condensed interim consolidated financial statements.

As the divesture of HCI was completed on February 5, 2024, the results from discontinued operations are only accounted for up to February 5, 2024, when the Company ceased to have control over HCI. The comparative period figures represented the full financial results of the three and nine months ended September 30, 2023.

Review of results of the Company's discontinued operations in HCI for the three and nine months ended September 30, 2024 and 2023, are as follows:

	Three months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	-	24,823	N/A
Direct costs	-	1,145	N/A
Operating expenses	-	118,167	N/A
Other income	-	(22,403)	N/A
Net loss – discontinued operations	-	(72,086)	N/A

	Nine months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	90,441	246,779	(63.4%)
Direct costs	41	3,882	(98.9%)
Operating expenses	153,863	358,170	(57.0%)
Other income	(23,392)	(26,250)	(10.9%)
Net loss – discontinued operations	(40,071)	(89,023)	(55.0%)

Results for the three months ended September 30, 2024

There are no results for the three months ended September 30, 2024, as the Company completed the divesture of HCI on February 5, 2024, and thereafter ceased to have control over HCI.

Total Revenue

For the nine months ended September 30, 2024, revenues decreased to \$90,441 compared to \$246,779 for the comparative period. This is due to the shorter reporting period in the current year as the Company ceased to have control over the entity after February 5, 2024. In the comparative period, HCI had increased the number of active distribution deals of the films in its catalogue after a slower start to the year, increasing the amount of minimum guarantee accrued to HCI.

Professional fees

For the nine months ended September 30, 2024, professional fees amounted to \$143,251, which represents a slight decrease compared to \$223,933 in the comparative period. On a proportionate basis, the level of spending increased, and the fees mainly comprise of management fees, tax and other consultancy expenses.

Salaries and benefits

For the nine months ended September 30, 2024, salaries and benefits amounted to \$11,564, which represents a decrease compared to \$100,005 in the comparative period. This is mainly due to the shorter reporting period in the current year as the Company ceased to have control over the entity after February 5, 2024.

Other operating expenses

For nine months ended September 30, 2024 and 2023, other operating expenses include interest expenses, and office and administrative expenses. The comparative period also included advertising and promotion and depreciation expenses. In total, these expenses decreased by \$35,184, due to the shorter reporting period in the current year as the Company ceased to have control over the entity after February 5, 2024.

Other income

Other income decreased for the nine months ended September 30, 2024, mainly due to adjustments to tax provisions in the prior period.

Television Division

The Company completed the sale of the TV Division to the Television Sale Purchaser, an arm's length party, on August 30, 2024 (see "Corporate Profile" section).

The Company classified the operating results of the TV Division, which comprises of Abacus, ACSL, and the operations and assets related to the television and documentary rights held by APL, as discontinued operations for the three and nine months ended September 30, 2024. In accordance with the requirements set forth by *IFRS 5*, the figures presented on the consolidated statements of loss and comprehensive loss for both the three and nine months ended September 30, 2024 and 2023, as well as the consolidated statements of cash flows for both the nine months ended September 30, 2024 and 2023, are restated for presentation. Prior period balances on the consolidated statements of financial position are not restated.

Abacus and ACSL were previously presented within the Television reportable segment of the Company, whereas assets and operations associated with APL were previously presented within the Intellectual Property reportable segment of the Company. The details of the assets, liabilities, and operating results of the TV Division, as well as a reconciliation to results from combined continued and discontinued operations for the comparative period, are presented in Note 5 on the Company's unaudited condensed interim consolidated financial statements.

Review of results of the Company's discontinued operations in the TV Division for the three and nine months ended September 30, 2024 and 2023, are as follows:

	Three months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	(5,268,406)	5,907,840	(189.2%)
Direct costs	456,703	906,199	(49.6%)
Operating expenses	(56,165)	1,161,410	(104.8%)
Other expenses (income)	(1,540,666)	129,222	(1,292.3%)
Net income (loss) – discontinued operations	(4,128,278)	3,711,009	(211.2%)

	Nine months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	4,537,468	10,879,025	(58.3%)
Direct costs	656,000	760,000	(13.7%)
Operating expenses	2,334,422	4,847,520	(51.8%)
Other expenses (income)	(1,324,175)	427,874	(409.5%)
Net income (loss) – discontinued operations	2,871,221	4,843,631	(40.7%)

Total Revenue

For the three months ended September 30, 2024, revenues was negative \$5,268,406 compared to \$5,907,840 for the comparative period.

For the nine months ended September 30, 2024, revenues decreased to \$4,537,468 compared to \$10,879,025 for the comparative period.

The negative figure in the three months ended September 30, 2024 was due to a reversal of an over-accrual of revenue from Q1 2024. The lower revenue during the nine months ended September 30, 2024 is due to the shorter reporting period in the current year as the Company ceased to have control over the division after August 30, 2024.

Amortization

For the three months ended September 30, 2024, no amortization was recognized, compared to \$367,980 in the comparative period.

For the nine months ended September 30, 2024, amortization amounted to \$845,564, compared to \$1,832,940 in the comparative period.

The Company ceased to recognize amortization on intangible assets of the TV Division upon classification of the division as held for sale during the first quarter of 2024, in accordance with *IFRS 5*. As such, the amortization for the three and nine months ended September 30, 2024 is lower than that of the comparative periods.

Professional fees

For the three months ended September 30, 2024, professional fees amounted to negative \$421,405, which represents a decrease compared to \$390,531 in the comparative period.

For the nine months ended September 30, 2024, professional fees amounted to \$351,391, which represents a decrease compared to \$1,232,617 in the comparative period.

This decrease is driven by the elimination of intercompany management fees charged during the current year, as well as a decrease in levels of spending due to business needs. The related fees mainly comprise of consultancy expenses.

Salaries and benefits

For the three months ended September 30, 2024, salaries and benefits amounted to \$489,138, which represents an increase compared to \$614,240 in the comparative period.

For the nine months ended September 30, 2024, salaries and benefits amounted to \$1,958,704, which represents an increase compared to \$1,868,861 in the comparative period.

This change is driven by the fluctuation of exchange rates between the British pound sterling and the Canadian dollar between the relevant periods, as well as a slight increase in pay for certain staff members. The lower salaries expense for the quarter ended September 30, 2024 was due to the shorter reporting period as the Company ceased to have control over the division after August 30, 2024.

Other operating expenses

For three and nine months ended September 30, 2024 and 2023, other operating expenses include advertising and promotion, depreciation, interest expenses, office and administrative expenses and travel and entertainment expenses.

In total, these expenses increased by \$95,887 for the three months ended, and decreased \$717,893 for the nine months ended, due to interest charged by the division on balances receivable from other divisions of the Company, and certain timing differences of expenses between the two periods. Furthermore, the Company ceased to recognize depreciation on equipment of the TV Division upon classification of the division as held for sale during the first quarter of 2024, in accordance with *IFRS 5*.

Other expenses (income)

Other expenses (income) fluctuated due to recognition of certain adjustments to corporate tax expenses and the changes in exchange rates between the British pound sterling and the Canadian dollar in the three and nine months ended September 30, 2024. Furthermore, in the comparative three and nine months ended September 30, 2023, the Company recognized an impairment of film distribution rights of \$157,859.

Film Division

The Company completed the sale of the Film Division to Tropico, a related party controlled by the former Chairman of the Company, a former director, and the former director and Chief Executive Officer of the Company, on August 30, 2024 (see “Corporate Profile” section).

The Company classified the operating results of the Film Division, which comprises of 101 Films and the operations and assets related to the film rights held by each of APL, 101 International and the Company, as discontinued operations for the three and nine months ended September 30, 2024. In accordance with the requirements set forth by *IFRS 5*, the figures presented on the consolidated statements of loss and comprehensive loss for both the three and nine months ended September 30, 2024 and 2023, as well as the consolidated statements of cash flows for both the nine months ended September 30, 2024 and 2023, are restated for presentation. Prior period balances on the consolidated statements of financial position are not restated.

101 Films and assets and operations associated with the Company were previously presented within the Film Distribution reportable segment of the Company. Assets and operations associated with 101 International were previously presented within the Film Production reportable segment of the Company. Assets and operations associated with APL were previously presented within the Intellectual Property reportable segment of the Company. The details of the assets, liabilities, and operating results of the Film Division, as well as a reconciliation to results from combined continued and discontinued operations for the comparative period, are presented in Note 5 on the Company’s unaudited condensed interim consolidated financial statements.

Review of results of the Company’s discontinued operations in the Film Division for the three and nine months ended September 30, 2024 and 2023, are as follows:

	Three months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	760,437	1,027,767	(26.0%)
Direct costs	262,780	365,895	28.2%
Operating expenses	(797,685)	(2,682,622)	(70.3%)
Other expenses	3,463,516	3,311,763	4.6%
Net loss – discontinued operations	(2,168,174)	32,731	(6,724.1%)

	Nine months ended		Change %
	September 30, 2024 \$	September 30, 2023 \$	
Revenue	3,238,648	3,917,426	(17.3%)
Direct costs	1,206,729	1,148,847	5.0%
Operating expenses	2,484,806	2,424,174	2.5%
Other expenses	8,439,734	(162,249)	(5,301.7%)
Net income (loss) – discontinued operations	(8,892,621)	506,654	(1,855.2%)

Total Revenue

For the three months ended September 30, 2024, revenues decreased to \$760,437 compared to \$1,027,767 for the comparative period.

For the nine months ended September 30, 2024, revenues decreased to \$3,238,648 from \$3,917,426 for the comparative period.

The revenue from the Film Division in the nine months ended September 30, 2024 versus the comparative period decreased, as the demand for the film titles held by the Company had declined since Q1 2023, and the expansion of the repertoire of film titles for distribution had been slower, when compared to the TV Division.

Amortization

For the three months ended September 30, 2024, no amortization was recognized, compared to \$455,389 in the comparative period.

For the nine months ended September 30, 2024, amortization amounted to \$1,512,719, which represents an increase compared to \$1,106,747 in the comparative period.

The increase in amortization is due to the commencement of amortization of the Left Behind 2 title in late 2023.

The Company ceased to recognize amortization on intangible assets of the Film Division upon classification of the division as held for sale during the second quarter of 2024, in accordance with *IFRS 5*.

Professional fees

For the three months ended September 30, 2024, professional fees amounted to negative \$1,047,324, which represents a decrease compared to \$63,646 in the comparative period.

For the nine months ended September 30, 2024, professional fees amounted to negative \$52,933, which represents a decrease compared to \$197,316 in the comparative period.

This decrease is driven by the elimination of intercompany management fees charged during the year, and a decrease in level of spending due to business needs. The fees mainly comprise of consultancy expenses.

Salaries and benefits

For the three months ended September 30, 2024, salaries and benefits amounted to \$191,982, which represents a decrease compared to \$211,589 in the comparative period.

For the nine months ended September 30, 2024, salaries and benefits amounted to \$606,551, which represents an increase compared to \$557,323 in the comparative period.

This change is driven by the fluctuation of exchange rates between the British pound sterling and the Canadian dollar between the relevant periods, as well as a slight increase in pay for certain staff members. The lower salaries expense for the quarter ended September 30, 2024 was due to the shorter reporting period as the Company ceased to have control over the division after August 30, 2024.

Other operating expenses

For three and nine months ended September 30, 2024 and 2023, other operating expenses include advertising and promotion, depreciation, interest expenses, office and administrative expenses and travel and entertainment expenses.

In total, these expenses decreased by \$102,117 for the three months ended September 30, 2024, and \$144,318 for the nine months ended September 30, 2024, due to a shorter reporting period in the current year as the Company ceased to have control over the division after August 30, 2024.

The Company also ceased to recognize depreciation on equipment of the Film Division upon classification of the division as held for sale during the second quarter of 2024, in accordance with *IFRS 5*.

Other expenses

Other expenses increased for the three and nine months ended September 30, 2024, mainly due to recognition of a valuation loss on the long-term assets of the Film Division amounting to \$2,852,614 for the three months ended, and \$8,053,825 for the nine months ended, in accordance with the requirements of *IFRS 5* to present the disposal group at the lower of carrying value and fair value less cost to sell.

FINANCIAL CONDITION AND LIQUIDITY

As at September 30, 2024, the Company had a cash balance of \$6,341,337 and working capital of \$5,064,894 (December 31, 2023 – cash of \$2,479,292 and working capital deficit of \$21,802,781). The decrease in working capital deficit was due to the sale of TV Division and Film Division, which liquidated significant non-current assets in film and television title assets, and assigned liabilities associated with the carrying on of the Film and Television business.

As of September 30, 2024, the Company has fully repaid the GBP 1 million working capital facility provided by Oranmore. Prior to the amendment and restatement of the facility on April 9, 2024, the credit limit of that working capital facility was US\$1.25 million.

During the nine months ended September 30, 2024, the Company used \$5,491,513 in cash from continuing operations; generated \$11,195,458 for investing activities, being the receipt of cash proceeds from the sale of the TV Division and HCI totalling \$11,827,510, partly net off by the segregation of cash in the disposal groups related to the TV Division and Film Division of \$632,052; and used \$3,216,551 in its financing activities, in the form of the repayment of loans payable. The Company also generated \$4,820,303 in discontinued operations; used \$5,656,690 in discontinued investing activities in the purchase of television and film titles; and generated \$1,658,874 in discontinued financing activities, with \$3,069,838 received from drawdown of loans, netted off by \$1,410,964 in repayment of loans. This resulted in a net cash inflow of \$3,862,045 with cash on hand balance of \$6,341,337 as at September 30, 2024, after the impacts of currency translation of \$552,164. Foreign exchange exposure mitigation is currently being reviewed by the board of directors.

	Nine months ended September 30, 2024 \$	Nine months ended September 30, 2023 \$
Net cash provided by (used in):		
Operating activities	(5,491,513)	(144,515)
Discontinued operations	4,820,303	8,222,363
Investing activities	11,195,458	(28,249)
Discontinued investing activities	(5,656,690)	(10,276,992)
Financing activities	(3,216,551)	(1,271,026)
Discontinued financing activities	1,658,874	910,439
Increase (Decrease) in cash	3,862,045	(2,546,530)

Prior period cash flow activities are restated to separately present impacts from discontinued operations.

During the nine months ended September, 2024, operating activities were funded by:

- the Company's internal resources and;
- third-party debt.

Management plans to return capital to shareholders, as approved by shareholders at the annual general and special meeting on August 28, 2024, after the orderly settlement of all the existing liabilities of the Company, prior to the dissolution of the Company. Management anticipates that the Company would cease operating within the next 12 months. With the cash resources available to the Company as a result of the sale of its active business, the Company believes enough financing will be available to meet the cash requirements involved in the settlement of all its commitments and liabilities. However, there are many unknown variables that cannot be accurately predicted at this time, along with known items that are difficult to quantify, all of which will impact the ultimate amount, and the anticipated timing, of any distribution(s) payable to Shareholders. The ultimate distributions may be materially lower in the event that any significant liabilities or costs arise during the windup and dissolution process which are not currently foreseen by the Company or its advisors.

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

The decrease in accounts and payable and accrued liabilities as at September 30, 2024 when compared to December 31, 2023 is largely due to the sale of the TV Division and Film Division. Included in the TV Division was Abacus, which previously contributed substantial balances in minimum guarantees payable in larger scale, higher profile and more expensive titles, as well as the Flame Media library which is held by APL, which previously contributed material balances of royalties payables to producers related to the large volume of older titles in that library, among other balances that are no longer presented as accounts payable and accrued liabilities as of September 30, 2024.

Gross contractual obligations as at September 30, 2024 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	-

CAPITAL RESOURCES

The Company manages the capital structure and adjusts it following the consideration of changes in economic conditions and the risk characteristics of the underlying assets.

On June 25, 2024, the Company entered into an agreement to dispose of its TV Division. The transaction was completed on August 30, 2024 for an aggregate consideration of \$18.3 million in cash, plus the assumption of liabilities of \$6.3 million.

On July 28, 2024, the Company entered into an agreement to dispose of its Film Division. The transaction was completed on August 30, 2024 for an aggregate consideration of US\$900,000 in cash, plus the assumption of obligations and liabilities of \$4.03 million.

The Company has no remaining active operations thereafter, and predominantly holds its assets in cash.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There were no contingent liabilities as at September 30, 2024 or September 30, 2023.

BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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

As at September 30, 2024, applicable related parties consist of the following individuals and entities:

Alex Stojanovic, Independent Director

Michele Maheux, Independent Director

Larry Howard, CEO, CFO and Director (until September 6, 2024 – CFO and Director)

Paul McGowan, holder of 41.5% interest in the Company, former Chairman (resigned on August 30, 2024)

Michael Walker, former Director (resigned on August 30, 2024)

Martin Andrew Lyon, former Director (resigned on August 30, 2024)

Michelle Kowalchuk, former Independent Director (cessation on December 8, 2023)

Janet Grove, Independent Director (appointed on December 8, 2023 and resigned on August 30, 2024)

Robert Price, former CEO (resigned on September 6, 2024) and Director (resigned on August 30, 2024)

Amcomri GP BVI Limited, controlled by Paul McGowan

Oranmore, controlled by Paul McGowan

Norton Rose Fulbright Canada LLP, of which Janet Grove is a partner

2439710 Ontario Ltd., controlled by Michael Walker

Tropico, controlled by Paul McGowan, Martin Andrew Lyon, and Robert Price

Positivor, a joint venture in which the Company has a 60% interest (sold on August 30, 2024)

(a) Balances with related parties:

	September 30, 2024	December 31, 2023
	\$	\$
Due from/(to) related party⁽¹⁾		
Former Joint Venture of the Company ⁽²⁾	1,936	(89,585)
Former CFO ⁽³⁾	(5,000)	(5,000)
Former Director ⁽⁴⁾	(129)	(129)
	(3,193)	(94,714)
Accounts payable⁽¹⁾		
Company, controlled by former Chairman ⁽⁵⁾	-	(339,116)
Company, controlled by former Chairman ⁽⁶⁾	(15,693)	(14,627)
Company, of which a former independent director is a partner ⁽⁷⁾	(87,826)	(270,028)
Independent directors ⁽⁸⁾	(64,975)	(12,500)
Former independent director ⁽⁹⁾	(18,288)	(1,644)
Former CEO ⁽¹⁰⁾	(700,000)	-
Former Director ⁽¹¹⁾	(3,051)	-
	(889,833)	(637,915)
Loans payable		
Company, controlled by former Chairman ⁽¹²⁾	-	(1,321,557)
Production loan payable		
Company, controlled by former Chairman ⁽¹³⁾	-	(2,160,947)

Notes:

- Amounts are unsecured, non-interest bearing and due on demand.
- Amounts due from/(to) Positivor relate to expenses paid by the Company on behalf of Positivor, and certain royalties to be paid by the Company to Positivor.
- Amounts owing to Christine Harris, a former CFO, relate to management fees.
- Amounts owing to Michael Walker, a former director, relate to expense reimbursement.
- Amounts owing to Oranmore, a company controlled by the former Chairman, relate to loan extension fees on the production loan payable of the Company. On April 9, 2024, upon amendment and restatement of the loan agreements, the outstanding amounts of US\$256,000 were capitalized into the production loan payable.
- Amounts owing to Amcomri Holdings Limited, a company controlled by the former Chairman, relate to expense reimbursement.
- Amounts owing to Norton Rose Fulbright Canada LLP, an entity of which a former independent director is a partner, relate to professional fees.
- Amounts owing to independent directors relate to directors' fees. Amounts owing as at September 30, 2024 are owing to Michèle Maheux.
- Amounts owing to a former independent director relate to directors' fees owing to Janet Grove. Ms. Grove resigned as the Company's director on August 30, 2024.
- Amounts owing to Robert Price, a former CEO, relate to redundancy payments and consideration for cancellations of Options and RSUs previously granted.
- Amounts owing to Michael Walker, a former director, relate to director's fees.
- A short term loan was payable to Oranmore, which is secured against the assets of the Company, bears interest of 15% per annum and was due on June 30, 2024.
- A production loan was payable to Oranmore, which is secured against the assets of the Company, bears interest of 15% per annum and was due on June 30, 2024.

(b) Transactions during the period with significant shareholders, key management personnel, directors or companies controlled by those significant shareholders, key management personnel or directors:

For the nine months ended	September 30, 2024	September 30, 2023
	\$	\$
Salaries and benefits		
Former CEO	736,267	193,169
CEO & CFO	659,383	183,713
Martin Andrew Lyon, former Director	240,283	204,369
	1,635,933	581,251
Management fees		
Independent directors ⁽¹⁾	144,144	68,750
Michael Walker, former Director ⁽¹⁾	21,600	-
	165,744	68,750
Professional fees		
Michael Walker, former Director	23,915	133,616
Former Chairman	87,524	107,676
Company, of which a former independent director is a partner ⁽²⁾	721,206	-
	832,645	241,292
Share based payments^(4, 5, 6)		
Former CEO	169,210	32,023
Interest expense to related party		
Company, controlled by former Chairman ⁽³⁾	408,733	314,038
Consideration received for sale of Film Division		
Company, controlled by former Chairman and former directors ⁽⁷⁾	1,123,686	-

Notes:

- Directors' fees were paid or payable to two independent directors, a former independent director, and a former non-executive director of the Company.
- Janet Grove, a former independent director, is a partner of Norton Rose Fulbright Canada LLP. Professional fees were paid or payable for legal services rendered to the Company. Amounts incurred subsequent to Ms. Grove's resignation on August 30, 2024 were excluded.
- Oranmore is a company controlled by the former Chairman of the Company. Interest expenses were paid or payable on the production loan payable balance owed by the Company to Oranmore.
- On June 8, 2023, the Company issued 500,000 RSUs of the Company to the former CEO. The RSUs will vest in three equal installments on each of September 30, 2023, 2024, and 2025. Once vested, the RSUs will entitle the CEO to acquire up to 500,000 common shares in the capital of the Company, or the cash equivalent amount, at the discretion of the Company.
- On August 15, 2023, the Company granted 2,500,000 options to the former CEO, with an exercise price of \$0.10. The options vests in five equal installments every 12 months, with the first tranche vesting 12 months from the grant date.
- On July 28, 2024, the Company approved the cancellation of the 500,000 RSUs and 2,500,000 Options granted to the former CEO, contingent on the completion of the disposal of the Television Division. The Television Division was disposed on August 30, 2024. As such, the former CEO received \$700,000 of payment in connection with such cancellations. All previously unvested amounts are accelerated for recognition as share-based payments. The Company recognized a reduction of reserves of \$47,500 and \$159,438, being the cancellation date fair value of the RSUs and Options, respectively, and the remaining \$493,062 was recognized as a termination payment to the former CEO included within salaries and benefits in the condensed interim consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2024.
- On August 30, 2024, the Company completed the disposal of the Film Business to Tropico, a Company controlled by Paul McGowan, the former Chairman; Martin Andrew Lyon, a former director; and, Robert Price, a former director and the former CEO, for an aggregate consideration of US\$900,000 in cash and assumption of certain liabilities and obligations connected to the Film Business (See "Sale of Business" and "Discontinued Operation" sections above).

On July 1, 2022, the Company entered into a service agreement (the “CEO Agreement”) with the Company’s former CEO, Robert Price. Under the terms of the CEO Agreement, Mr. Price receives a base salary of GBP 150,000 per annum and is eligible to receive an annual cash bonus. The initial term of the CEO Agreement is five years, with a commencement date of July 1, 2022 and will automatically continue unless terminated in accordance with the provisions of the CEO Agreement.

On July 1, 2022, the Company entered into an employment agreement (the “CFO Agreement”) with the Company’s Chief Financial Officer (“CFO”), Laurence Howard. Under the terms of the CFO Agreement, Mr. Howard receives a base salary of EUR 177,000 per annum and is eligible to receive an annual cash bonus. The CFO Agreement has no fixed term, with a commencement date of June 1, 2022. The CFO Agreement may be terminated by the Company immediately on an at fault basis where gross misconduct is found to have occurred. The Company may terminate Mr. Howard by providing 12 months written notice or four weeks in such scenarios provided for under the minimum terms of Employment Acts 1973 – 2005 of the Republic of Ireland, whichever is the greater.

On July 28, 2024, the board of directors approved a one-time termination payment payable to Mr. Price, contingent on the completion of the Television Sale Transaction, in the amount of \$700,000 as settlement for amounts owing to the Mr. Price, including in respect of RSUs and Options held that are to be cancelled in connection with the Television Sale Transaction. The board of directors also approved a one-time termination payment payable to Mr. Howard, contingent on the completion of the Television Sale Transaction, in the amount equal to twelve (12) months’ salary plus additional payments in the aggregate amount of GBP105,900. The board of directors also approved a one-time payment, contingent on the completion of the Television Sale Transaction, in the amount of \$45,000 to each of Michèle Maheux and Alexander Stojanovic as consideration for their contributions as independent directors of the Company in connection with the Sale Transactions.

On September 6, 2024, Mr. Price resigned from his position as the CEO of the Company. Mr. Howard was appointed as his successor as the CEO of the Company.

OUTSTANDING SECURITIES

As at September 30, 2024 and the date of this MD&A, the following table summarizes the outstanding common shares, and options.

Outstanding, September 30, 2024, and November 13, 2024	
Common shares	73,606,424
Options	100,000

As at the date of this MD&A, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

Outstanding	Exercise Price	Expiry Date	Vested
20,000	\$0.50	March 30, 2027	20,000
20,000	\$0.75	March 30, 2027	20,000
20,000	\$1.00	March 30, 2027	20,000
20,000	\$1.50	March 30, 2027	-
20,000	\$2.00	March 30, 2027	-
100,000			60,000

During the nine months ended September 30, 2024, the Company cancelled previously granted equity securities amounting to 2,500,000 Options, and 500,000 RSUs, as part of a settlement with the CEO of the Company (see “Transactions with Related Parties” above). The cancellation included 166,666 RSUs previously vested on September 30, 2023 but not yet settled until cancellation.

SUBSEQUENT EVENTS

Name change

On October 18, 2024, in connection with certain conditions of the completed sale of its film business, 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”.

ACCOUNTING ESTIMATES AND STANDARDS

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. On an ongoing basis, management evaluates its judgments, estimates and assumptions using historical experience and various other factors it believes to be reasonable under the given circumstances. Actual outcomes may differ from these estimates under different assumptions and conditions that could require a material adjustment to the reported carrying amounts in the future.

Impairment of Non-Financial Assets

Goodwill and intangible assets are tested annually for impairment, or earlier if circumstances indicate an impairment.

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The Company's estimate of the recoverable amount for the purpose of impairment testing requires management to make assumptions regarding future cash flows before taxes. Future cash flows are estimated based on multi-year extrapolation of the most recent historical actual results and/or budgets, and a terminal value calculated by discounting the final year in perpetuity. The future cash flows are then discounted to their present value using an appropriate discount rate that incorporates a risk premium specific to the North American business.

The actual results may vary and may cause significant adjustments to the Company's assets within the next financial period. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated financial statements cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in these inputs could affect the reported fair value of financial instruments.

As at September 30, 2024 and 2023, the carrying amounts for cash, accounts receivables and other receivables, due to related parties, and accounts payable and accrued liabilities approximate their fair value due to their immediate or short-term nature.

New Accounting Standards

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

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS financial measures in this MD&A: EBITDA and adjusted EBITDA.

EBITDA and adjusted EBITDA are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets. "EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) corporation tax expense; and (iii) depreciation and amortization. Adjusted EBITDA removes one-time, irregular, and non-recurring items from EBITDA.

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

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

EBITDA¹

	For the three months ended ²		For the nine months ended ²	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(unaudited) \$	(unaudited) \$	(unaudited) \$	(unaudited) \$
Net loss – continuing operations	3,614,101	(1,154,923)	962,141	(2,556,078)
Add:				
Net interest	(121,680)	609,448	1,516,713	1,304,518
Tax expense (recovery)	(927,313)	(115,649)	(1,221,083)	(245,918)
Amortization and depreciation	5,029	4,003	14,728	9,975
EBITDA ¹	2,570,137	(657,121)	1,272,499	(1,487,503)

Notes:

1. Denotes a non-IFRS measure.
2. Conversions to Canadian dollars from British pound sterling have been calculated at an average rate of GBP1.00 to \$1.73658 for the nine months ended September 30, 2024.
3. Prior period figures are restated to separately present discontinued operations. Discontinued operations are excluded from EBITDA calculations.

Adjusted EBITDA¹

	For the three months ended ²		For the nine months ended ²	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(unaudited) \$	(unaudited) \$	(unaudited) \$	(unaudited) \$
Net loss – continuing operations	3,614,101	(1,154,923)	962,141	(2,556,078)
Add:				
Net interest	(121,680)	609,448	1,516,713	1,304,518
Tax expense (recovery)	(927,313)	(115,649)	(1,221,083)	(245,918)
Amortization and depreciation	5,029	4,003	14,728	9,975
Share based payments	117,595	35,950	170,137	43,755
Bad debts	238,326	-	238,326	-
Gain on sale of Hollywood Classics	-	-	(961,005)	-
Gain on sale of Television Division	(5,653,895)	-	(5,653,895)	-
Adjusted EBITDA ¹	(2,727,837)	(621,171)	(4,933,938)	(1,443,748)

Notes:

1. Denotes a non-IFRS measure.
2. Conversions to Canadian dollars from British pound sterling have been calculated at an average rate of GBP1.00 to \$1.73658 for the nine months ended September 30, 2024.
3. Prior period figures are restated to separately present discontinued operations. Discontinued operations are excluded from adjusted EBITDA calculations.

DIVIDENDS

There are no restrictions that could prevent the Company from paying dividends on its common shares. The Company has not paid any dividends on its common shares.

As the Television Sale Transaction and the Film Sale Transaction were completed on August 30, 2024, the Company ceased to have an operating business, and the assets of the Company and its subsidiaries primarily consisted of cash, being primarily the proceeds to be received on the completion of the Television Sale Transaction and the Film Sale Transaction.

The Board and the Company have determined that it may be in the best interests of the Company to distribute to the Shareholders the assets of the Company remaining following satisfying outstanding debts and liabilities, by way of a return of capital on the common shares in one or more tranches. Notwithstanding the present intention that distributions be made as a reduction of stated capital of the common shares, the Board may determine that it would be desirable to make such distributions by way of a dividend or otherwise, provided that such distributions are made in accordance with applicable laws. There are many unknown variables that cannot be accurately predicted at this time, along with known items that are difficult to quantify, all of which will impact the ultimate amount, and the anticipated timing, of any distribution(s) payable to shareholders.

RISK FACTORS

Readers are directed to carefully consider all of the risk factors disclosed in the Company's Annual Information Form for the year ended December 31, 2023 and in the Management Information Circular of the Company dated July 28, 2024, which are incorporated by reference herein. A copy of the Annual Information Form and Management Information Circular are available under the Company's profile on SEDAR+ at www.sedarplus.com.

Risks Related to Potential Material Weaknesses

Canadian securities laws require an annual assessment by management of the effectiveness of the Company's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). The Company's management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's DC&P and ICFR as of December 31, 2023. As a result of this evaluation, management concluded that there were deficiencies relating to certain control matters, including (i) formalized policies and procedures, and (ii) user access controls, which in the aggregate, could result in a material weakness. A material weakness, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators, is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

In light of such deficiencies, the Company believes it had ineffective ICFR as of December 31, 2023 in accordance with applicable Canadian securities laws. The Company's inability to maintain effective ICFR could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm its business and negatively impact the trading price or the market value of its securities. In light of the aforementioned material weakness, management has developed and intends to implement a remediation plan to strengthen the operating effectiveness of ICFR. Management believes that there are no material inaccuracies or omissions of material fact and, to the best of its knowledge, believes that the audited consolidated financial statements for year ended December 31, 2023 fairly present in all material respects and the financial condition and results of operations for the Company in conformity with IFRS. Notwithstanding the foregoing, readers are advised that in the event a material weakness is, or material weaknesses are, found, such material weaknesses could result in material inaccuracies in the Company's audited consolidated financial statements for year ended December 31, 2023 as well as subsequent quarterly financial statements, which are prepared in reliance on that information.

If the Company is unable to address its control deficiencies, this could result in inaccuracies in its future financial statements and could also impair its ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. No evaluation can provide complete assurance that the Company's ICFR will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's processes, procedures and controls could also be limited by simple errors or faulty judgments. As the Company continues to expand, the challenges involved in implementing appropriate ICFR will increase and will require that the Company continue to monitor its ICFR.

Influence of Significant Shareholders

To the Company's knowledge, no shareholder beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting rights attached to the Company's outstanding voting securities, except for Mr. Paul McGowan, the former Chairman of the Company, who holds or controls, directly or indirectly, 30,538,421 common shares of the Company, representing in aggregate 41.49% of the total voting rights attached to the outstanding common shares, and Mr. Larry Howard, the CEO and CFO of the Company, who holds directly 9,591,240 common shares, representing in aggregate 13.03% of the total voting rights attached to the outstanding common shares. Shareholders with significant shareholdings often have the ability to exercise influence over matters submitted to the shareholders of the Company for approval, whether subject to approval by a majority of the shareholders of the Company or subject to a class vote or special resolution.

The Corporation Ceased to Carry on Active Business

The Corporation ceased to carry on an active business subsequent to the Television Sale Transaction and Film Sale Transaction. The Corporation will not have any realistic prospects of generating any further financial returns beyond distributing the proceeds of the Television Sale Transaction and Film Sale Transaction after payment of associated transaction and winding up expenses.

Market Price and Liquidity of Common Shares

As the Corporation ceased to have an operating business, trading volumes of the Common Shares may be reduced and it may be difficult for Shareholders to liquidate their Common Shares. In addition, the Corporation expects that the Common Shares will be delisted from the Exchange, either by the Exchange or by the Corporation voluntarily, pursuant to the Delisting Resolution is approved by Shareholders. The market price at which Shareholders can sell Common Shares may not reflect the net asset value of the Corporation and the ability to sell any Common Shares prior to the Dissolution will likely be materially affected, including potentially significantly lower trading volumes. As a result, Shareholders may be unable to sell their Common Shares.

Payments in Connection with the Exercise of Dissent Rights in respect of the Television Sale Transaction could impair the Corporation's Financial Resources

Registered Shareholders have the right to exercise the Dissent Rights in respect of the Television Sale Transaction and Film Sale Transaction and demand payment of the fair value of their Common Shares in cash in connection with the Television Sale Transaction and Film Sale Transaction in accordance with the BCBCA. If there are significant numbers of Dissenting Shareholders, a substantial cash payment may be required to be made to such Dissenting Shareholders that could have an adverse effect on the Corporation's financial condition, cash resources and ability to settle outstanding liabilities.

Amount and Timing of Return of Capital is Uncertain

The Corporation intends to, upon satisfaction of the liabilities of the Corporation, distribute the remaining assets of the Corporation in one or more distributions as part of the Return of Capital and the Dissolution. While the Corporation intends for the initial distribution to take place as soon as practicable after the completion of the Television Sale Transaction, the number and timing of such distribution(s) will be determined by the Board and there can be no certainty, and the Corporation can not provide any assurance, as to how many and when such distribution(s) are to take place.

In addition, the amount of such distribution(s) made by the Corporation to Shareholders pursuant to the Dissolution is subject to a number of risks, including the following:

- the amount available for distribution to Shareholders may be reduced if the Corporation's expectations regarding the actual proceeds received from the Television Sale Transaction and Film Sale Transaction and the expectations of on-going operating expenses following the Television Sale Transaction and Film Sale Transaction and dissolution costs are inaccurate;
- the Corporation's estimate of the amount available for distribution to Shareholders as set out in the section "Approval of the Return of Capital Resolution and the Dissolution Resolution – Distributions on Common Shares" of the Management Information Circular dated July 28, 2024 is based on a number of assumptions, including with respect to the aggregate debts and liabilities of the Corporation, costs incurred until the Dissolution (including with respect to the listing of the Common Shares on the Exchange and continuing to be a reporting issuer under applicable securities laws), day-to-day operations and the transaction expenses of the Television Sale Transaction, the Film Sale Transaction, the Return of Capital, the Dissolution and the Delisting;
- a delay in closing the Television Sale Transaction, the Film Sale Transaction, the Return of Capital, the Dissolution and the Delisting will decrease the funds available for distribution to Shareholders, as the Corporation will continue to be subject to ongoing operating expenses; and

- the Board may determine not to proceed with the Dissolution.

Accordingly, the amount of cash available to be distributed to Shareholders cannot currently be quantified with certainty, and Shareholders may receive substantially less than their *pro rata* share of the current estimated amounts available for distribution to Shareholders under the Return of Capital and the Dissolution.

The Return of Capital and the Dissolution may result in Tax Payable by Shareholders

To the extent that the aggregate value received by a Shareholder from the Return of Capital or the Dissolution in respect of such Shareholder's Common Shares exceeds the paid-up capital as determined for purposes of the *Income Tax Act* (Canada) and the regulations thereunder, each as amended (collectively, the "Tax Act") in respect of such Common Shares, such excess will generally be deemed to be a taxable dividend received by the Shareholder from the Corporation. Withholding taxes may apply in the case of a taxable dividend deemed to be received by a Shareholder that is a non-resident of Canada. In addition, a Shareholder may be required to pay tax on any gains resulting from the Return of Capital or the Dissolution. Shareholders are advised to carefully read the summaries of certain Canadian federal income tax considerations under "*Canadian Federal Income Tax Considerations*" as set forth in the Management Information Circular dated July 28, 2024, and to consult with their own tax advisors to determine the tax consequences of the Return of Capital and the Dissolution to them.

Timing of the Dissolution

The voluntary dissolution process of a public company such as the Corporation involves significant uncertainties that affect both the amount that can be distributed to Shareholders and the time to complete the Dissolution. Some of the principal uncertainties relate to the process of obtaining tax clearance certificates and the potential for tax liabilities or other contingent liabilities.

Liability of Shareholders Following Dissolution

Under the BCBCA, despite the Dissolution, each Shareholder to whom any of the Corporation's assets has been distributed as part of the Dissolution is liable to certain persons claiming under sections 346 to 349 of the BCBCA to the extent of the amount of such distributions received by such Shareholder, and an action to enforce such liability may be brought. Sections 346 to 349 of the BCBCA provide that, despite the Dissolution, a legal proceeding commenced by or against the Corporation before its dissolution may be continued as if the Corporation had not been dissolved and a legal proceeding may be brought against the company within two (2) years after its dissolution as if it had not been dissolved and provides, among other things, that a Shareholder may be liable to the value of the assets received by such Shareholder on the distribution. The Shareholders may also be added as parties to the relevant legal proceedings or have legal proceedings brought against the Shareholder to enforce such liability. The potential for shareholder liability regarding a distribution continues until the statutory limitation period for the applicable claim has expired. Under the BCBCA, the Dissolution does not remove or impair any remedy available against the Corporation for any right or claim existing, or any liability incurred, prior to its dissolution or arising thereafter.

Litigation

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

The Company's Results of Operations Are Vulnerable to Currency Fluctuations

The Company reports its results of operations in Canadian dollars, but the majority of the Company's operations is earned in the United Kingdom in the form of British pounds sterling. The Company's currency exposure is primarily between Canadian dollars, British pound sterling, Euros and U.S. dollars. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. The Company cannot accurately predict the impact of future exchange rate fluctuations on revenues and operating margins, and such fluctuations may have a material adverse effect on the Company's financial condition and operating results. Moreover, the Company may experience currency exposure on expenses from foreign countries. This could have a material adverse effect on the Company's financial condition, operating results, liquidity and prospects.

The Company does not currently have a foreign exchange hedging program in place. In the future, the Company may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not

hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

The Company's results may be affected by an increase in expenses incurred in connection with the operation of the Company's business. The Company's expenses may fluctuate based on a number of factors beyond the Company's control and outside of the Company's business, including: oil prices and other energy related costs, changes in supply and demand, general economic conditions, labour costs, competition, import duties, tariffs, currency exchange rates and government regulation.

Inflation

The general rate of inflation impacts the economies and business environments in which the Company operates. Inflation increased significantly in 2022 and 2023 and may continue to increase in 2024. Accordingly, the Company expects that costs of all inputs to the Company's products, including supplier costs and general employee and overhead costs, will increase. These increases in cost may adversely impact the profitability of our current and future contracts. To the extent that the Company is not able to pass these costs on to the Company's customers through increased pricing of the Company's products, the Company's margins on its products will be reduced. Further, increased pricing of the Company's products may result in reduced demand and negatively impact the Company's revenues. Accordingly, increased inflation and any economic conditions resulting from governmental attempts to manage or reduce inflation, such as the imposition of higher interest rates or wage and price controls, may negatively impact the Company's costs as well as the demand for its products and services, and have a material adverse effect on the Company's business, financial condition and results of operations.

The Impact of Any Changes in Interest Rates

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

Changes to Taxation Legislation

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

Income Taxes and Audits From Tax Authorities

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

Dependence on Management Information Systems

The Company's ability to conduct its business, including maintaining financial controls, is based in part on the efficient and uninterrupted operation of its computer systems, including management information systems and access to the internet. If any of the Company's financial, rights management, personnel, email, other information technology systems, internet access or other systems or processes were to stop operating properly for any significant period of time for any reason (including, for example, hardware or software malfunctions, computer viruses, internet problems, sabotage, cyber-attacks, security breaches, theft, or other destruction, invasion or interruption, or unauthorized access to our systems), it could suffer a disruption to its business, loss of data, regulatory intervention or reputational damage. These threats are increasing in number and severity and broadening in type of risk, including a number of geopolitical events and cyber attacks ongoing in that context, which may broaden.

Risks Related to Privacy and Information Security

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

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

Conflicts of Interest

Certain of the directors and officers of the Company are or may become directors of, or be employed by or affiliated with other entertainment companies or other organizations which have entered into agreements or will enter into agreement with the Company. In certain circumstances, such persons may have a conflict of interest requiring them to abstain from certain decisions of the Board. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation.

Under the *Business Corporations Act* (British Columbia), directors have a duty to act honestly and in good faith with a view to the best interests of the Company. Additionally, a director or senior officer with a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer of the Company must promptly disclose the nature and extent of that conflict, and a director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter may generally not vote on any directors' resolution to approve such contract or transaction. The corporate laws of England and Wales require the directors of the Company's United Kingdom-based subsidiaries to act in a way most likely to promote the success of the Company for the benefit of its members as a whole. Despite these protections under applicable corporate laws, the Company cannot assure that any decision or recommendation made by such persons involving the Company will be made in accordance with such persons' obligations under applicable corporate laws.

Claims Against a Seller for Claims Against the Company Relating to Any Acquisition or Business Combination That the Seller May Not Indemnify for or That May Exceed the Seller's Indemnification Obligations

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

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

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

Business Interruptions Could Adversely Affect the Company's Operations

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

Holding Company Structure

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

Market for Securities

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

CONTROLS AND PROCEDURES

Prior to 2022, the Company's shares traded on the TSXV, and all requirements of the TSXV were satisfied by the Company. On January 4, 2022, in advance of the closing of the Company's plan of arrangement with Trinity and the Trinity shareholders, the Company's common shares were voluntary de-listed from the TSXV and, on January 14, 2022, the Company's common shares commenced trading on the CBOE. It was recognized by the Company that being listed on the CBOE, a Tier 1 Canadian stock exchange, would require more stringent disclosure controls and as such, the Company started by implementing a review of its internal controls as well as more stringent controls upon completing its required reporting for the fiscal year ended December 31, 2021.

When the Company was listed on the TSXV, management was not required to assess DC&P and ICFR. As a result of the Company's listing on the CBOE, the Company became subject to additional requirements under applicable securities laws relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). Such requirements also include the evaluation of both DC&P and ICFR. Consequently, the Company took and continues to take a number of actions to improve its DC&P and ICFR. The Company is currently implementing measures designed to improve its ICFR environment and remediate the

control deficiencies identified below, that in the aggregate could result in a material weakness.

In accordance with the provisions of NI 52-109, the Company will be filing certificates signed by the CEO and CFO that report on, among other items: (i) their responsibility for establishing and maintaining DC&P and ICFR for the Company; and (ii) the design of DC&P and ICFR.

Disclosure controls and procedures

The Company, under the supervision of the CEO and CFO, has designed DC&P in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others; and
- information required to be disclosed by the Company in its filings, under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

In accordance with NI 52-109, an evaluation was carried out, under the supervision of the CEO and CFO, of the design of the Company's DC&P. Based on this evaluation, the CEO and CFO concluded that deficiencies existed in the design of the Company's ICFR and in the DC&P, which raises the possibility that the Company's DC&P were ineffective as of December 31, 2023.

Internal Controls over Financial Reporting

The Company, under the supervision of the CEO and CFO, is responsible for designing ICFR in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the International Accounting Standards Board.

In accordance with NI 52-109, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the Company's ICFR. Based on this evaluation, the CEO and the CFO concluded that deficiencies concerning the design of the Company's ICFR exist and therefore, the Company's ICFR was potentially ineffective as of December 31, 2023. The control framework used to design and evaluate effectiveness of the Company's ICFR is established under the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

Per NI 52-109, a material weakness is a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In connection with the Company's evaluation of DC&P and ICFR, the following control deficiencies were identified:

- **Formalized Policies and Procedures:** The Company did not implement and maintain formalized policies or procedures relating to: (i) the alignment of decision making at various levels with the Company's overall strategy; (ii) human resources, including with respect to strategy, termination or equity compensation; (iii) the enterprise risk management process, including processes to identify and evaluate fraud risk; (iv) certain IT security and cybersecurity matters; (v) the opening and closing of accounting periods; (vi) due diligence for merger and acquisition transactions; (vii) cash management; and (viii) share based compensation.
- **User Access Controls:** The Company did not design and maintain effective user access controls to adequately restrict user access to certain financial applications and related data.

As a consequence of the aggregation of the foregoing deficiencies in the Company's DC&P and ICFR design, the Company did not have effective control activities related to the design of process-level and management review control activities. Aside from these deficiencies, management believes that the Company's audited consolidated financial statements for year ended December 31, 2023, present fairly in all material respects, the Company's financial position, results of operations, changes in shareholders' equity and cash flows in accordance with IFRS as issued by the International Accounting Standards Board. The Company does not believe, and is not aware of any circumstance in which the potential weaknesses have impacted the Company's financial reporting and as a result, there were no material adjustments to the Company's audited consolidated financial statements for year ended December 31, 2023. In addition, there were no changes to previously released financial results. However, if the collective deficiencies were deemed to create a material weakness, a material misstatement to our consolidated financial statements might not be prevented or detected on a timely basis.

Management's Remediation Measures

To address the deficiencies identified, management, with oversight of the audit committee of the Company, has implemented, or will implement, remediation measures to further address the deficiencies in the design of its DC&P and ICFR. The Company intends to complete such remedial measures by December 31, 2024.

Management has also performed an initial risk assessment using a top-down, risk-based approach with respect to the risks of material misstatement of the consolidated financial statements. In addition, compensating controls have been applied to a number of areas where the risks of material misstatement are considered moderate to high. Management of the Company has taken a number of steps to remedy the deficiencies, including: (i) the implementation of monthly meetings between the CEO, CFO and the managing directors of the Company's direct and active subsidiaries, (ii) the implementation of monthly executive team meetings, (iii) the engagement of an external contractor to formalise the human resources function from a process and documentation perspective and to, in the future, assist the Company in developing its human resources strategy, (iv) the adoption of numerous formal human resources policies, (v) the hiring of additional dedicated employees in the finance team to, among other things, improve capacity to take on projects related to the formalization of enterprise risk management processes, and (vi) the provision, on a monthly basis, of material journals to the CFO. The Company is using, and plans to continue to use, outside resources to strengthen the business process documentation and help with management's self-assessment and testing of internal controls.

Although the Company can give no assurance that these actions will remediate these deficiencies or that additional deficiencies or a material weaknesses will not be identified in the future, management believes the foregoing efforts will, when implemented, strengthen our DC&P and ICFR. Management will take additional remedial actions as necessary as they continue to evaluate and work to improve the Company's control environment.

Changes in internal controls over financial reporting

Other than the deficiencies described above, and the remediation process described above, there were no changes to the Company's ICFR for the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations on Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management recognizes that any disclosure controls and procedures and internal control over financial reporting, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because of their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect all errors or misstatements on a timely basis.

CORPORATE INFORMATION

ADSL Holdings Inc.
Larry Howard – Chief Executive Officer
1800 - 510 West Georgia Street,
Vancouver, BC V6B 0M3, Canada
T: +1 416 879 9425
E: larry.howard@amcomri.com

TRANSFER AGENT

Odyssey Trust Company
United Kingdom Building #323 – 409 Granville Street
Vancouver, British Columbia, Canada, V6C 1T2

T: 1-587-885-0960

AUDITOR

MNP LLP
1 Adelaide St E Suite 1900,
Toronto, ON M5C 2V9, Canada

T: +1 (416) 596 1711

ADDITIONAL INFORMATION

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